

RWE



CCPP Denizli – *Increased performance despite Covid impacts*

December 24th, 2020

**Gareth Cribb,
CEO & CTO, RWE & Turcas Güney Elektrik A.Ş. (RTG)**

Disclaimer

This document contains forward-looking statements. These statements reflect the present opinions, expectations and assumptions of the management and are based on information the management has at its disposal at the present time. Forward-looking statements contain no guarantee for the occurrence of future results and developments and are associated with known and unknown risks and uncertainties. The real future results and developments can therefore on the basis of different factors fundamentally deviate from the expectations and assumptions expressed here. These factors particularly include changes in the general economic situation and the competitive situation. In addition, the developments in the financial markets, exchange rate fluctuations, national and international changes in the law, particularly regarding tax regulations, and other factors can have an influence on the future results and developments of the company. Neither the company nor a company associated with it takes on an obligation to realise the statements contained in this announcement.

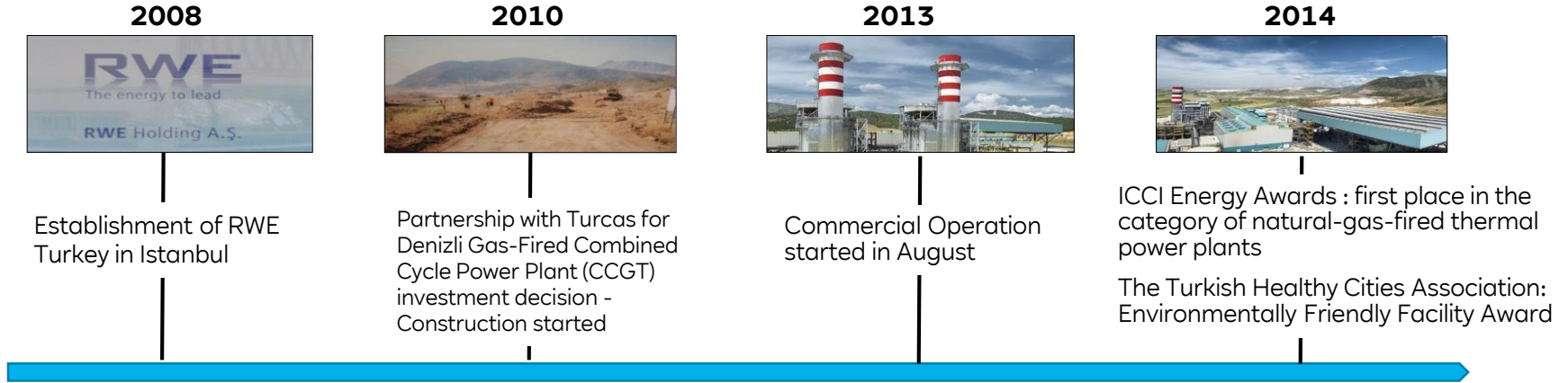
Agenda

Topics

- 1. Company Profile**
- 2. Operational Excellence**
- 3. Company Financials, KPIs & Projections**
- 4. Assessment of Future Potential of Turkish Market**
- 5. Gas Market**
- 6. RTG Optimized Gas Portfolio - 2020**
- 7. Final Remarks**

1. Company Profile

RTG – Contribution to secure electricity supply in Turkey



RWE
%70

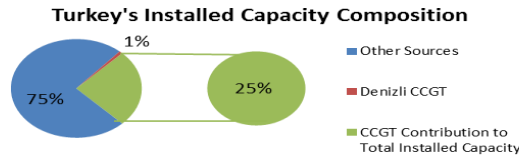
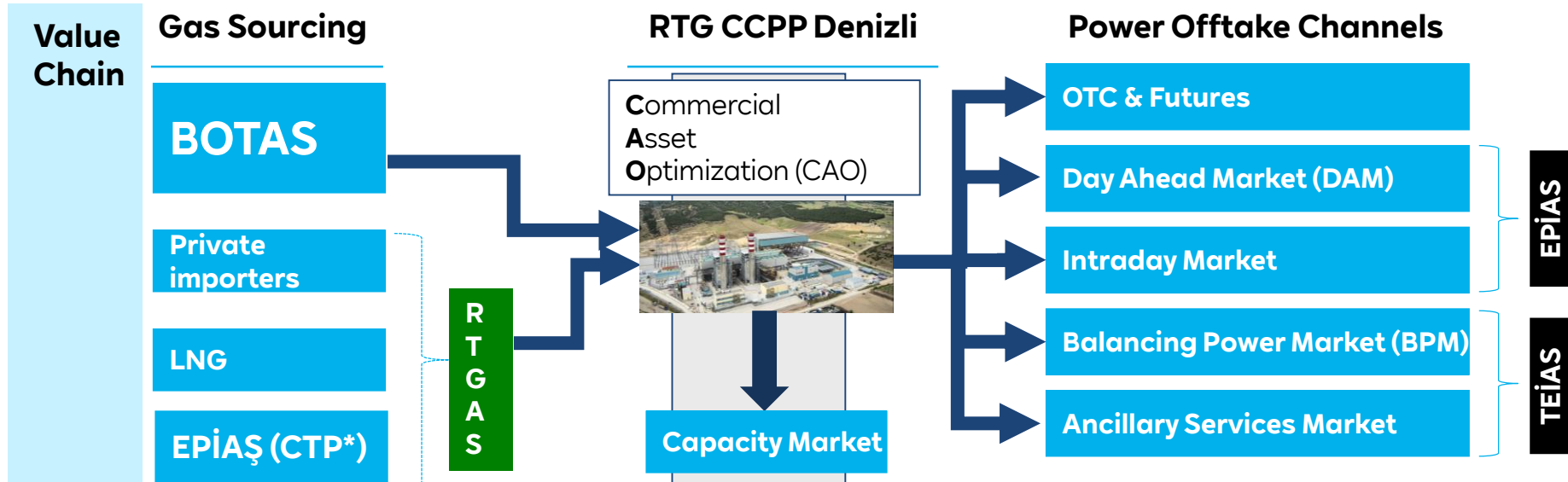
TURCAS
%30

Commercial operation:	August 2013
Installed capacity:	800 MW
Full Load Efficiency :	56.6%
Residential customers equivalent:	> 3.5 mio

Key messages

- RTG is running with technical excellence and is available to ensure sustainability in Turkish energy supply.

RTG creates additional value via flexible gas strategies and capacity mechanism revenues



Key messages

- RTG utilizes day ahead market effectively thanks to RWE's international expertise.
- Utilization of RTGas adds flexibility to supply RTG.

2. Operational Excellence

RTG continues to achieve sales prices with a premium to day ahead market base price

Performance	Gas Consumption (mcm)	Generation (GWh)	RTG Avr. Sales Prc. (TL/MWh)	SM* Base Prc. (TL/MWh)	RTG Avr. Spark Spread** (TL/MWh)	SM Base Spread** (TL/MWh)
2014	683	3,596	180	164	41	25
2015	654	3,410	189	138	41	-10
2016	629	3,227	197	141	53	-4
2017	730	3,806	186	164	52	29
2018	581	2,994	280	232	46	-2
2019	519	2,682	343	260	47	-36
2020-FY (***)	806	4,233	328	279	56	-1

Technical KPIs	Capacity Factor**** (%)	Tech. Availability (%)	Efficiency***** (%)	Running hours, h/a
2014	59.9%	93.3%	54.9%	5,986
2015	51.7%	95.9%	54.2%	6,274
2016	49.5%	94.1%	53.5%	6,342
2017	60.1%	85.1%	54.4%	6,953
2018	49.0%	97.5%	53.8%	5,364
2019	46.6%	96.8%	53.9%	4,847
2020-FY (***)	63.7%	97.3%	54.7%	7,062

* Spot Market

** Calculated with 56.6% efficiency

*** Realised values as of 12/12/2020 & latest estimations for BoY-20

**** Generation / Available Capacity

***** Generation / Gas Consumption

- ISO 27001:2013 Information Security Management System Standard
- ISO 9001:2015 Quality Management System Standard
- ISO 14001:2015 Environmental Management System Standard
- ISO 450001:2018 Occupational Health & Safety Management System Standard
- ISO 50001:2011 Energy Management System Standard

Key messages

- Maintained ZERO Lost Time Injury record // Operations and Maintenance continued whilst applying strict Covid precautions.
- Average Sales Price is well beyond the DAM price.
- Gas consumption, generation and capacity factor are expected to reach its highest level in 2020 since commercial operations started, thanks to RTG's successful gas strategy in 2020.
- Even though total power demand in Turkey has been stable since 2018, diversified gas portfolio have helped Denizli CCPP to reach highest average spark spread and capacity utilisation rate in 2020.

3. Company Financials, KPIs & Projections

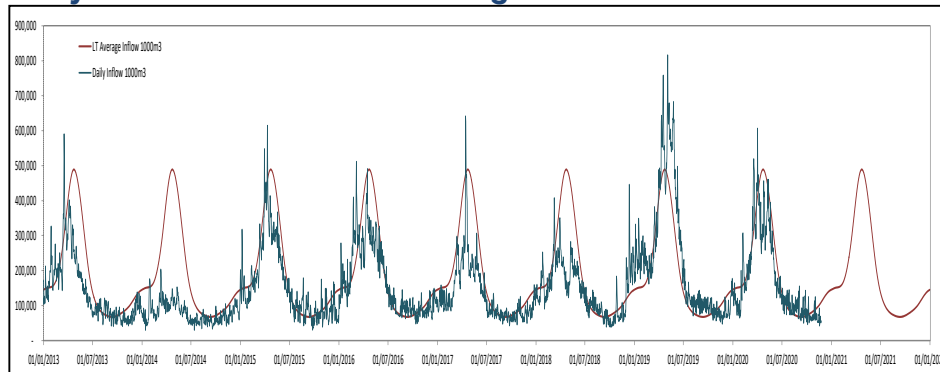
Key messages

- RTG; with its gas strategy throughout 2020, expects to achieve its highest total margin and gas consumption at year end.
- RTG does not carry any project finance liability. As at year end 2019, the remaining SHL was converted to equity to further strengthen the balance sheet. RTG also does not have any fx denominated financial liability.
- Capacity utilization is increasing with higher H2 demand after Covid-19 effect in spring.
- We expect the Gross Profit and EBITDA figures to increase in the upcoming years mainly due to demand growth and normalized hydro generation levels. RTG is expected to continue receiving capacity mechanism payments.

RTG – Actuals in m TL

mTL	2018 FY	2019 9M	2019 FY	2020 9M
Gross Profit	104.6	57.1	77.6	100.2
EBITDA	57.7	5.9	-2.1	23.0
Capacity Payments	62.0	40.5	55.6	49.8

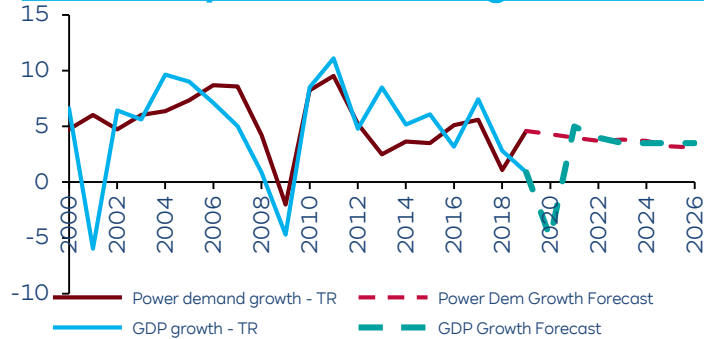
Daily historical inflow vs LT average



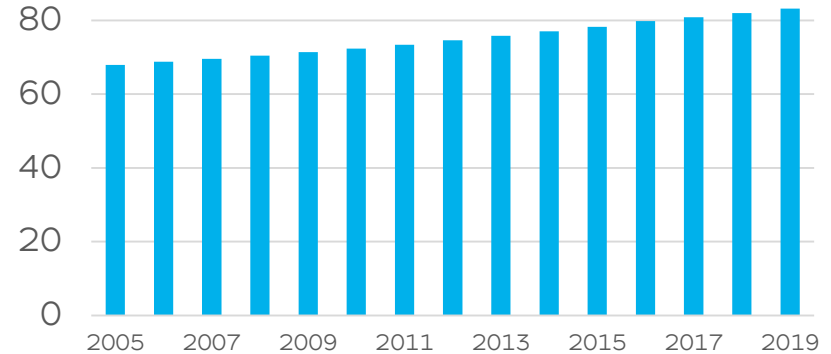
Source: TFRS figures

Turkey is expected to bounce back despite the negative growth effect from Covid-19

GDP* and power demand growth, %



Population, Total (in millions)

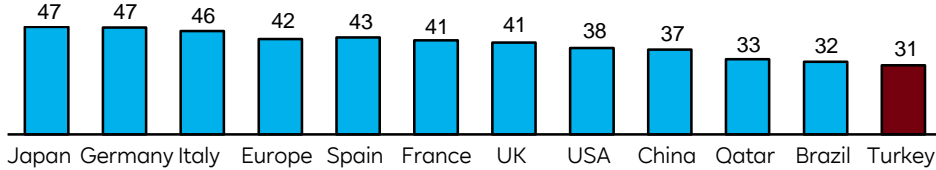


Facts

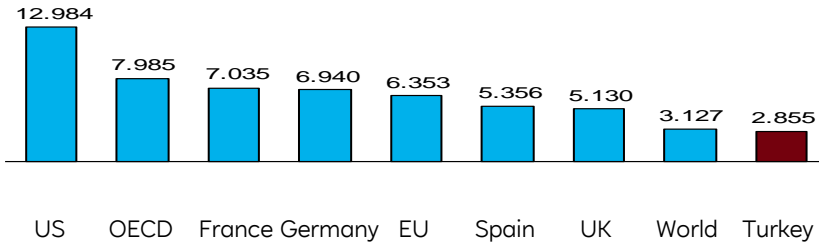
- Main drivers for GDP growth have been infrastructure development and population growth.
- Turkish electricity demand is expected to grow 3-4% in 2021 onwards.
- To meet this demand, Turkey has over 94 GW of total installed capacity as of Nov-20.

Outlook: Power demand to continue growing by ~3.3% p.a. until 2027

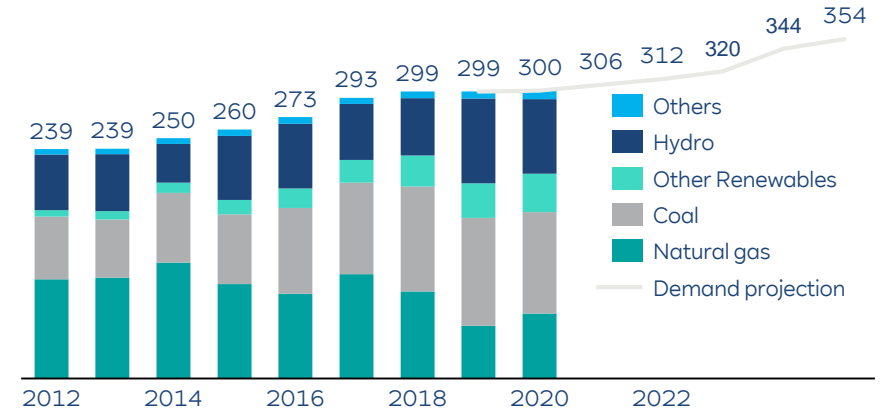
Median Age by countries*



Electricity consumption (kWh per capita)*



Generation and Demand Projection of Turkey, GWh**

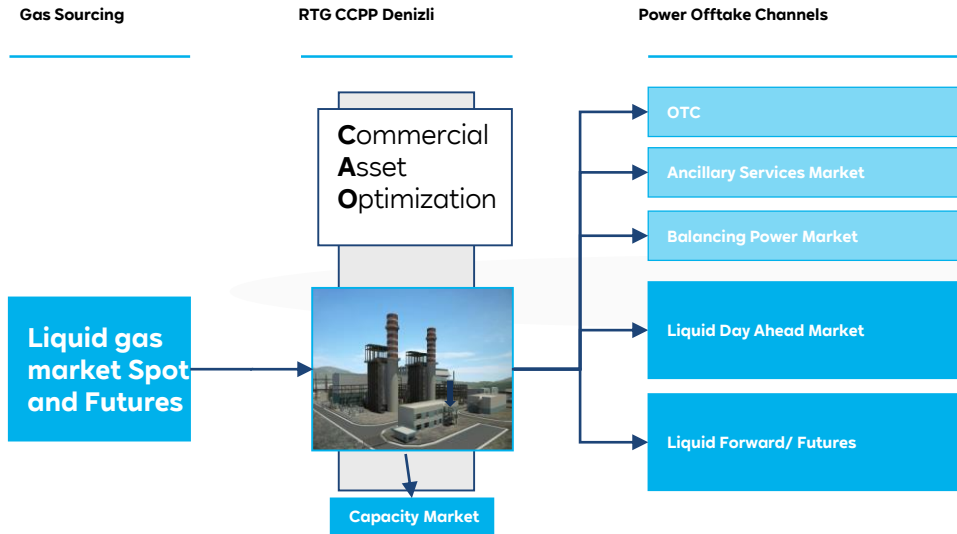


- High GDP growth resulted in high electricity demand growth expectations (appx. 3.3% p.a.)
- High growth rate of population, increasing number of new applications, home appliances and electronical devices
- Lagging behind the per capita electricity consumption
- It is expected for the power demand to converge to the long term averages with the accelerating effect of stuck demand

4. Assessment of Future Potential of Turkish market

All objectives of a CCGT can be achieved in a liberalized energy market, greatly encouraging investment

Power plant operation in a liberalized energy market



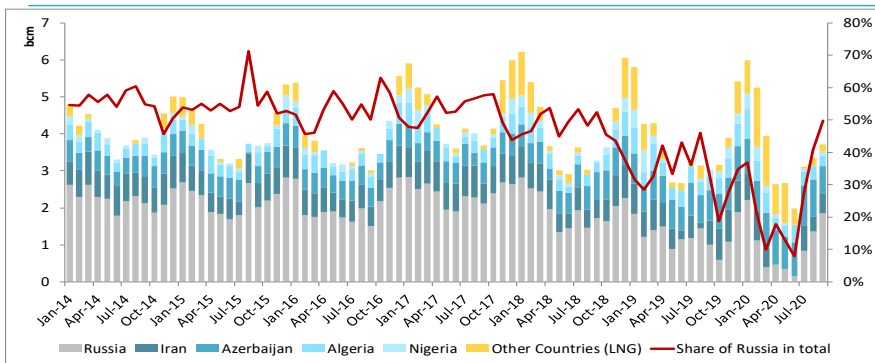
Operator's objectives...

- 1 Support market integrity with prudent commercial operations ✓
- 2 Achieve sustainability in annual results ✓
- 3 Exploit market opportunities ✓
- 4 Create stable basis for planning ✓

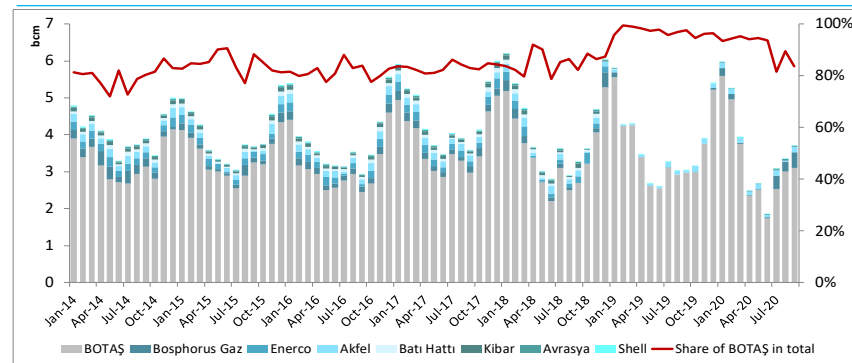
5. Gas Market

Expiring long-term gas contracts are expected to shape the market in the mid-term

Natural Gas Imports by Country



Natural Gas Imports by Company



Share of Russian imports continued its decrease down to 27% on average of the first 3 quarters, greatly due to the cheap LNG supply options that were available within the year.

BOTAS still dominates the natural gas imports in Turkey with a share of 91% on average of the first 3 quarters, despite a slight increase in private imports in 2020.

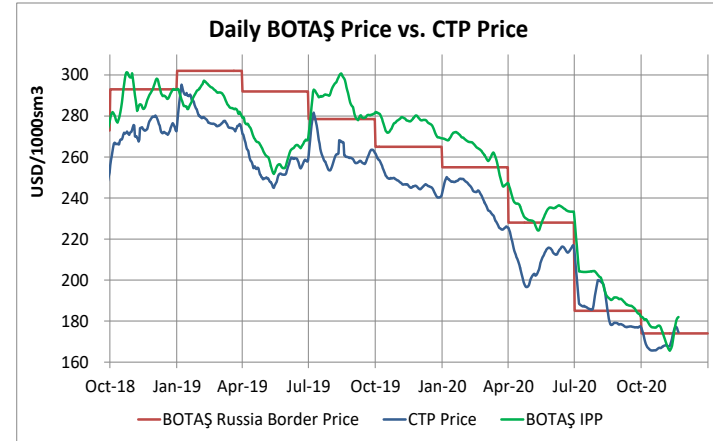
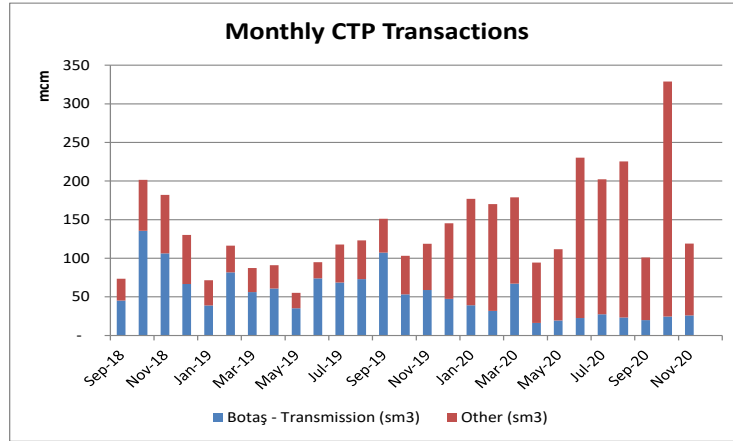
Despite the slight increase in total gas demand in 2020, ToP issues of all importers is still relevant. Increase in demand is mainly due to CCGTs, despite the decrease in commercial services' consumption

It is expected that with the expiry of the long term contracts 2021 afterwards, Turkish gas market will begin to have access to more competitive import/supply options.

Source: Energy Market Regulation Authority reports, as of end of September

Gas Market

Liberalized market and variety of supply options with prices comparable to international markets will improve CCGT financials



- Total annual gas demand is slightly above 2019 (45 bcm), market is still long due to long-term contracts. 2020 gas consumption is expected to be ca. 47 bcm.
- CTP volumes increased however is affected by fx rate, BOTAS pricing policies and CCGT utilization.
- In September, first spot pipeline import has commenced.

6. RTG optimized gas portfolio - 2020

Denizli CCGT has been supplied only partially by BOTAŞ in 2020. Private share in CCGT's gas supply was increased substantially in 2020H2, resulting in a financially rewarding flexibility.

Via its subsidiary; RWE&TURCAS Doğalgaz İthalat ve İhracat AŞ, RTG optimized its gas purchases utilizing its;

- BOTAŞ contract,
- Continuous Trading Platform of EPIAŞ,
- Spot and longer term private OTC contracts

at varying percentages on a monthly basis.

Successful long term gas strategy which had been initiated by H2-2019, made mid-merit plant, Denizli CCPP, the cheapest generator from natural gas between Apr-20 and Oct-20.

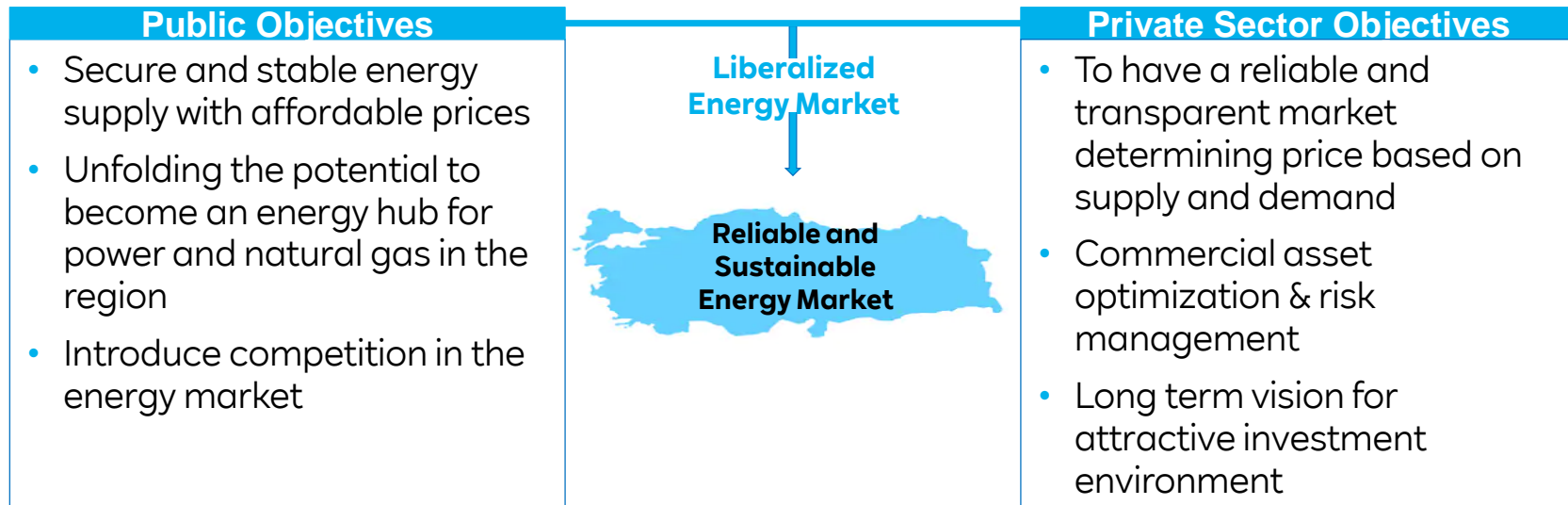
Possible supply scenarios for 2021 gas supply are under review.

Private gas suppliers that are expected to be competitive next year are being approached and discussions are being held to secure a better gas position for Denizli CCPP against BOTAŞ terms and pricing.

RTG's strong financial position helps the company to stay flexible with regards to gas supply decisions.

7. Final Remarks

Turkey has come a long way towards a liberalized market yet still significant progress is needed



A liquid market place where spot and derivatives markets work efficiently will increase security of supply and attract investment...

RWE



**Thank you very much for your
attention**