Turkish power market entry

4th December 2012

Cleaner & better energy

Summary

Transaction	• Trilateral agreement between E.ON, Sabanci and Verbund is win-win for all parties • Asset swap: Acquisition of 50% stake in Enerjisa from Verbund against 350MW hydro capacity in Germany • E.ON enters Turkey with very limited initial cash outlay
Partnership	• High capability match between E.ON and Sabanci, 50:50 JV, solid platform • Attractive projects under construction, further development to reach at least 7.5GW and 6 million customers by 2020

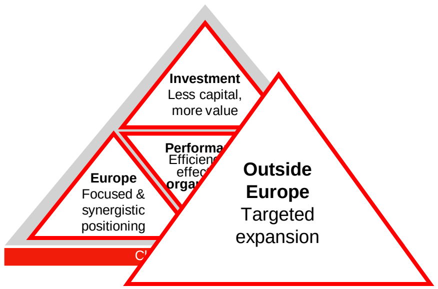
Strategic rationale	• Entry into attractive Turkish power market with a strong partner
	  ◦ Power demand growth driven by structural economic and demographic factors
	  ◦ Sensible regulatory framework, need for substantial new capacity additions
	• Key step in implementation of Outside Europe strategy

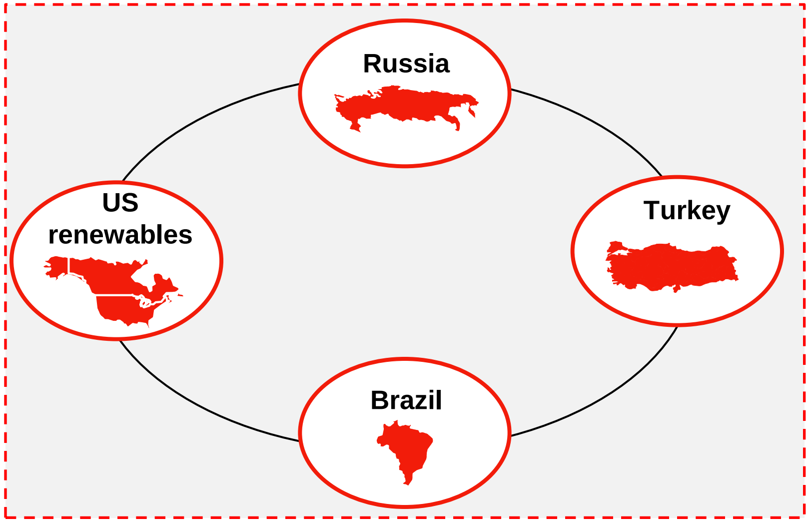
Further step in E.ON's transformation

e·on

Market entry Turkey - overview

Outside Europe – Important pillar of E.ON strategy





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

Fast track, targeted entry into attractive Turkish market

Transaction overview

Verbund receives from E.ON	E.ON receives from Verbund
• 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	• 50% stake in Enerjisa[1] 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

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 capabilites of Sabanci

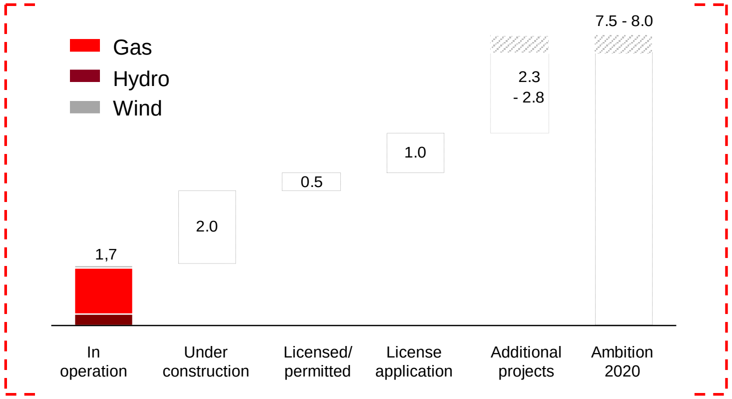
- Extensive knowledge of Turkish power market
- Superior stakeholder management in Turkey
- Proven track record of financing in energy sector
- Wide ranging expertise and track record in large infrastructure projects
- Strong expertise in retail customer businesses
- Broad range of partnerships with 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:**



- Distribution & sales: 3.5m customers in Ankara region, 11TWh distributed in 2011
- Long-term assets: PPA & intangible assets: ~€2.5bn
- Net debt[1]: ~€1.5bn
- Targeted capital structure: debt 60%, equity 40%

Governance

SABANCI e·on

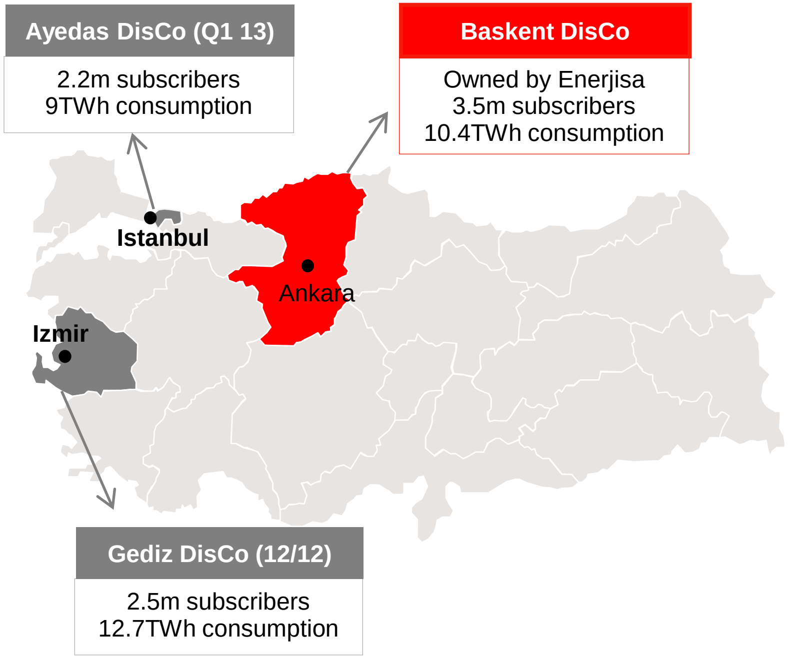
ENERJİSA

- **Shareholder Meeting** – Meeting at least four times; equal nomination rights for Sabanci and E.ON
- **Board of Directors** – Monthly meetings; Chairmam 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



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

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

Enerjisa's generation assets under construction

	Installed capacity (MW)	Start of operation
Total hydro	**1,379**	
Köprü	156	2013
Dagdelen	8	2013
Cambasi	45	2013
Kandil	208	2013
Sarigüzel	103	2013
Kusakli	20	2013
Kavsakbendi	180	2014
Arkun	237	2014
Dogancay	62	2014
Yamalill	80	2014
Alpaslan	280	2017
Total thermal	**450**	
Tufanbeyli (lignite)	450	2015
Total wind	**143**	
Bares	143	2012

- 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

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

Fundamentally attractive power market with potential for further improvement

Power demand evolution

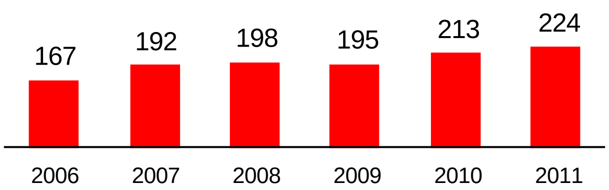
Consumption per capita

kWh

- 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

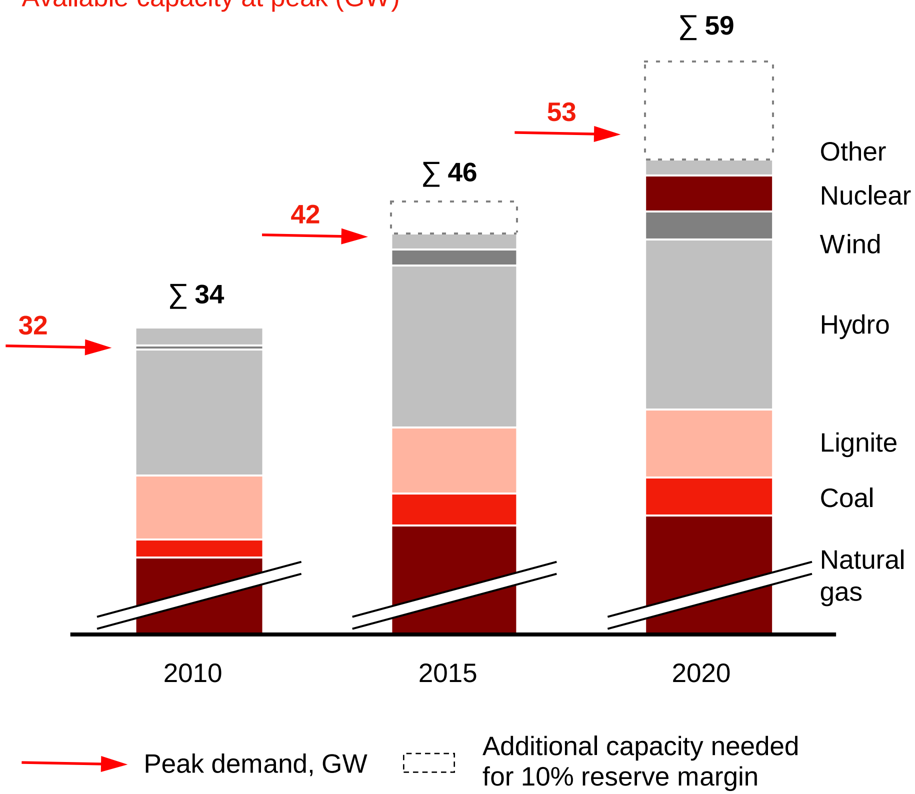
Significant power consumption growth expected until 2020

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

Capacity needs

Reserve margins 2010-2020

Available capacity at peak (GW)



Context and implications

- 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

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

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