

ODAS Group's Summary Strategic Report for 2015

As ODAS Group, our activities in electricity generation and sales in the energy sector are carried out in line with our long-term strategic plan. Our activities will continue growing stronger with high Equity IRR projects and investments by taking into account of the national and international conjuncture in the energy sector. In this context, Çan Coal Fired Power Plant of 340 MWm/330 MWe, in which our Group has begun to invest at Çan district of Çanakkale province, is one of our projects that meet our growth strategy and our investment expectations of high equity IRR. Thus, the investment will be completed as the quickest time period with optimum financial and environmental solutions.

However, our expectations of high equity IRR in new investments in our growing industrial activities are likely to be limited our capacity increment after a certain size. In this regard, our Group aims to maximize its increasing revenues in the energy sector by diversification.

ODAŞ Enerji seeks to create a two-way additional strategy to develop its presence in the sector. Thanks to two-way strategy as it will provide us additional synergy in the business area by enabling vertical and horizontal integration.

Within this framework, we would like to integrate coal mining production and its direct sales, in the fastest way, to our current main activities, electricity generation and sales. Especially we think that, the recent accidents in underground mining and the new standards introduced in this context will make the small underground mines inoperable. We also expect this situation to change the supply-demand balance. With this expectation, we aim to set Çan mine and its close surrounding area as a coal-supply centre and we will begin mining operations, incorporate the reserves that can be operated as openpit, especially in close province and establish an openpit supply chain with our reserves. These efforts will enable both diversity in our revenue and integration of our activities in the sector. Regarding the new fields, even if the availability of high-calorie coal reserves which can be operated as openpit will be certain for the input, the potential of metal mining in the same license area will also be examined.

Our Group and our managers also have significant know-how regarding the issues of maximum efficiency in energy generation from various sources, trade of obtained energy in optimum conditions and its introduction to the market. Thanks to this know-how as our Group is planning to enter to the contractor works in energy sector in neighbourhood regions if the conditions and opportunities match with our expectations. This will provide us to penetrate these regions and will also create additional revenue in our energy business.

In addition to that we aim Köprübaşı Hydroelectric Power Plant to be operational in Spring 2015 and Çan Coal Fired Power Plant in the first half of 2017. Though, we will have expanded the production range of the sources of natural gas, hydroelectric, thermic and solar sources.

We also plan to reduce the weight of corporate clients who require working capital need in electricity sales and to whom we sell electricity at low prices due to competition in our portfolio. Although it will have a temporary negative effect on turnover, it will contribute to the cash flow positively.

Yours Sincerely
ODAS Energy Group