



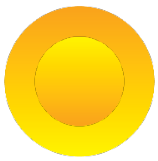
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Earnings presentation Full Year 2017

22 February 2018



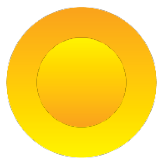
Executive Summary

Underlying earnings growth of >30% driven by strong RAB growth and regulatory developments

Proposed dividend of 0.30TL per share¹ implying 68% payout

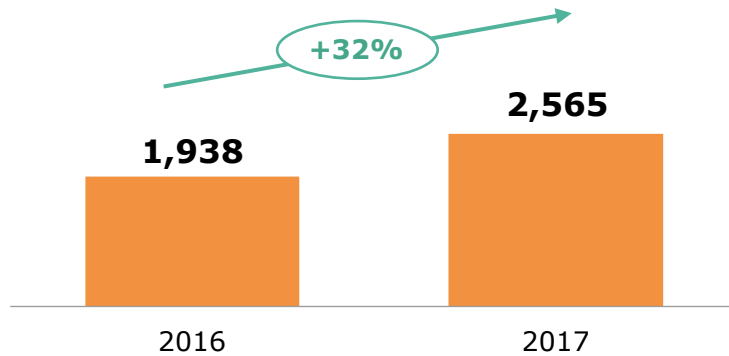
Deleveraging trend continues

Mid-term outlook confirmed

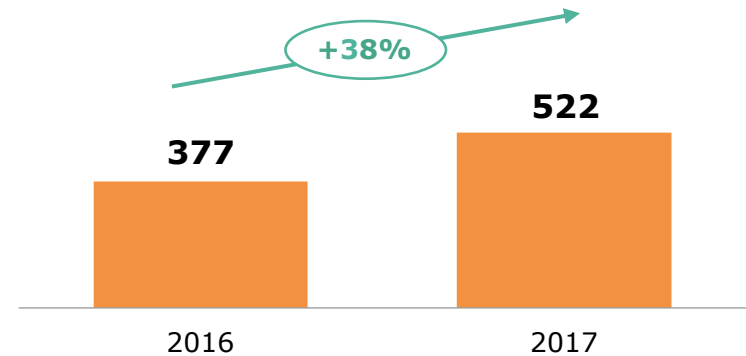


Financial Highlights

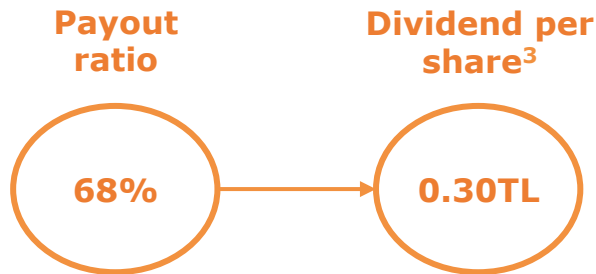
Operational earnings¹ (TLm)



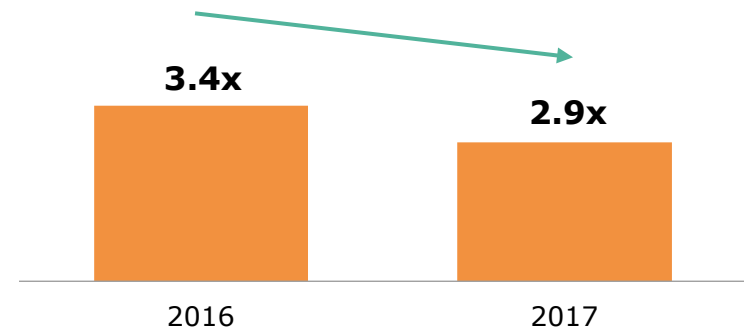
Underlying Net Income² (TLm)



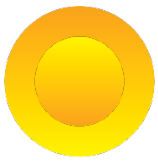
Dividend proposal



Leverage⁴



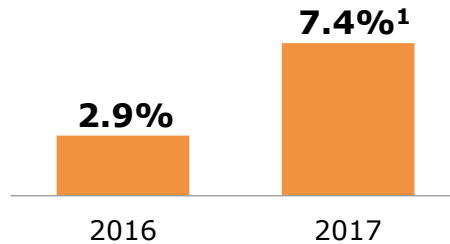
- 1 EBITDA + Capex reimbursements excl. exceptional items; in 2017 includes change in fair value of financial asset (TL467m) as well as income from Capex outperformance and theft accrual collections related to the fiscal year 2016 (TL115m).
- 2 Net Income excl. exceptional items; in 2017 includes change in fair value of financial asset (TL374m) as well as income from Capex outperformance and theft accrual collections related to the fiscal year 2016 (TL92m).
- 3 Dividend per 100 shares; total number of outstanding shares is 118,106,896,712.
- 4 Ending period net debt / Operational earnings (EBITDA + Capex reimbursements excl. exceptional items).



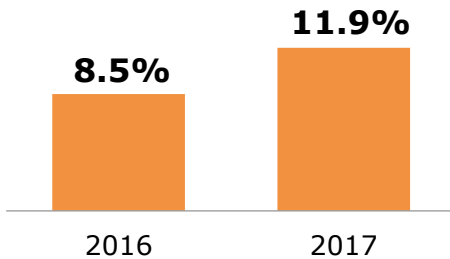
Market environment

Turkey

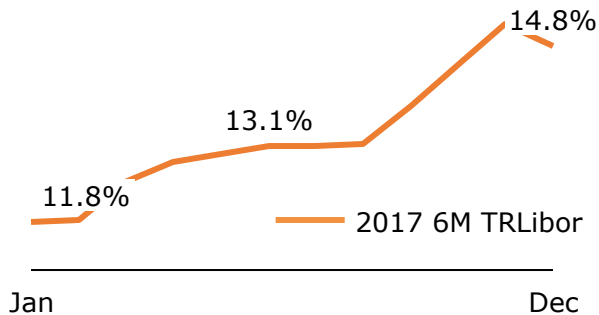
Real GDP growth (%)



Inflation (%)



Interest rates (%)



Sector (Regulatory Developments)

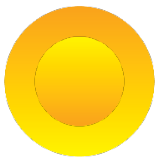
Distribution

- Real regulated WACC revised from 11.91% to 13.61% starting 2018
- Opex allowance increased to incentivize additional call center and repair & maintenance activities
- More favorable theft detection & invoicing incentive with retrospective application to 2016
- Quality incentives increased from 1% to 5% of total revenue ceiling starting in 2018 with targets to be specified

Retail

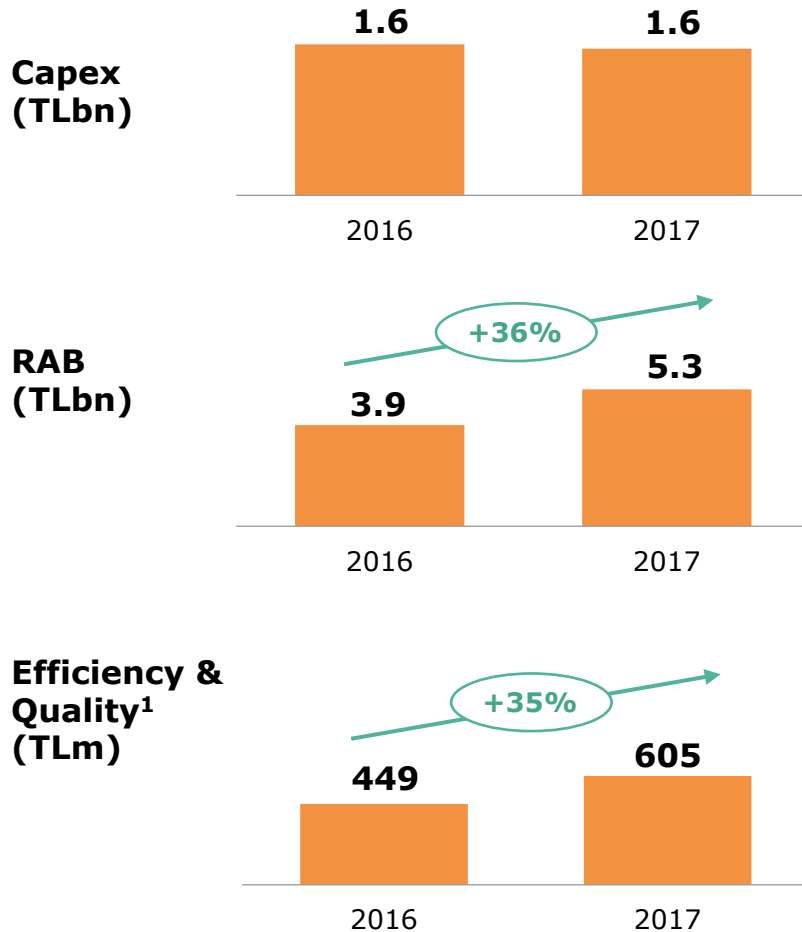
- Regulated margin of 2.38% now calculated on top of total regulated procurement cost including also Feed-in-Tariff costs
- Increase in regulated tariff by 7% as of 1.1.2018
- Eligibility limit decreased further from 2,400kWh/year to 2,000kWh/year

¹ Latest available figure for 9M 2017.

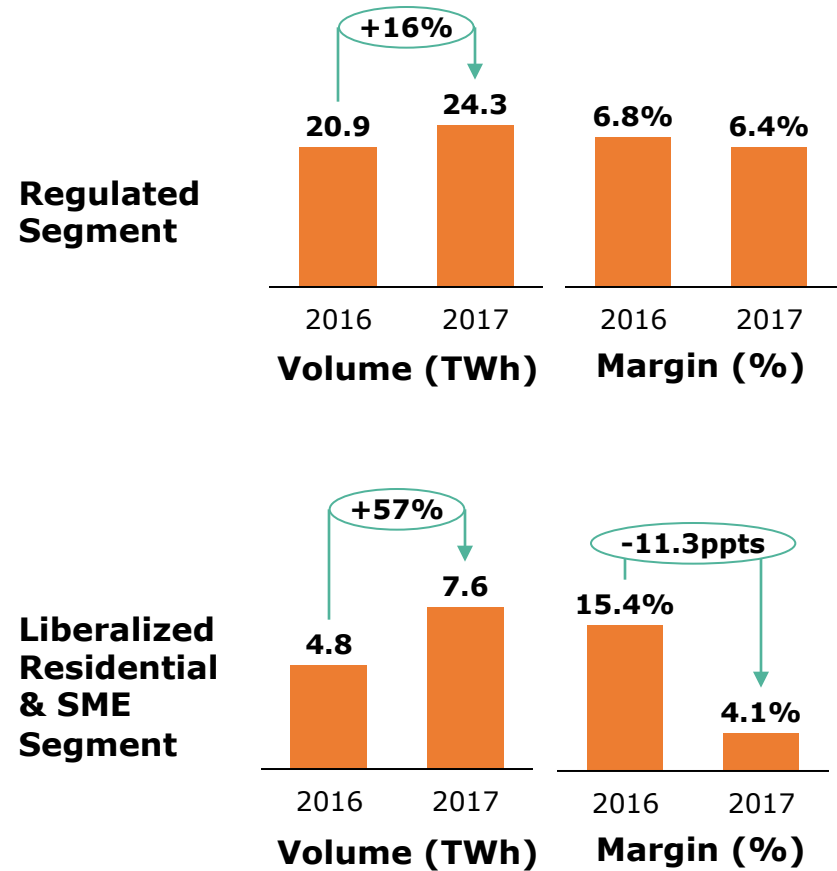


Operations

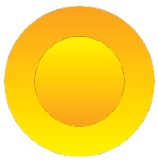
Distribution



Retail

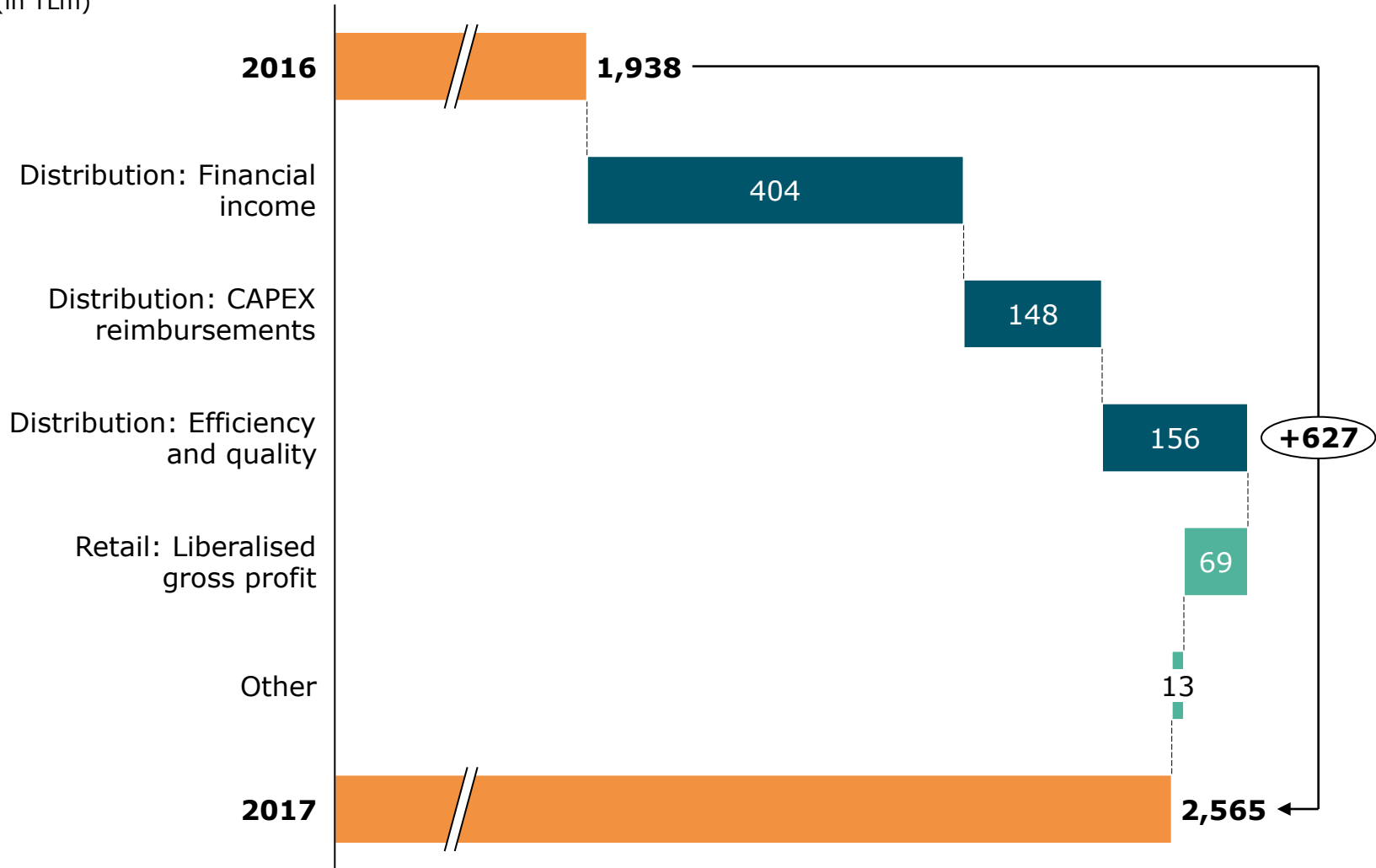


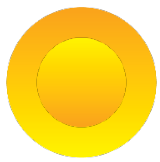
1 Incl. Capex, Opex and T&L outperformances as well as theft accrual & collection.



Consolidated Operational Earnings Development

(in TLm)





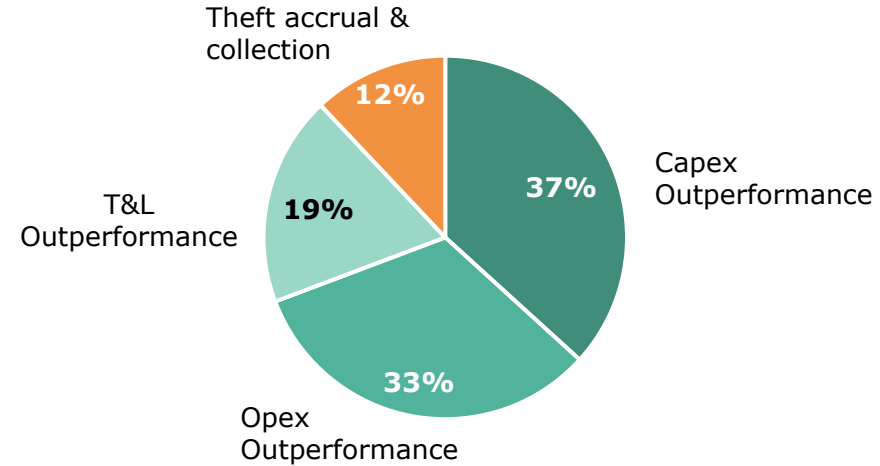
Distribution: Operational Earnings & Cash Development

Operational Earnings and Free Cash Flow Before Interest and Tax

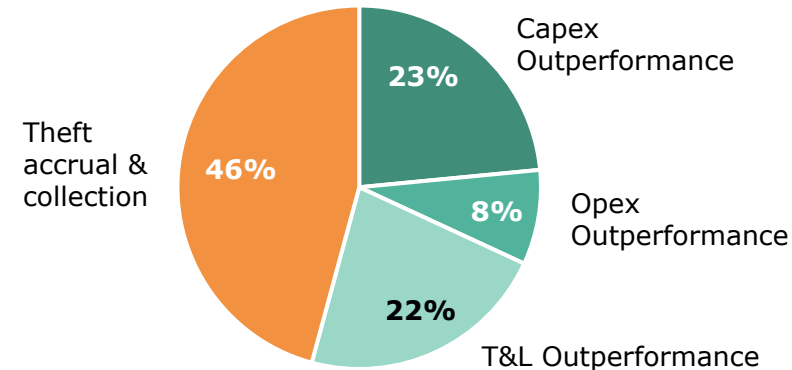
(TLm)

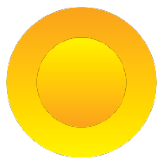
	FY 2016	FY 2017
Financial income	610	1,014
CAPEX reimbursements	443	592
Efficiency & quality	449	605
Tax correction	43	86
Other	105	47
Operational earnings	1,650	2,344
Financial income not yet cash effective	-265	-577
Capex outperformance	-165	-142
Other (non-cash, Working Capital and VAT)	413	21
Operating Cash Flow before interest and tax	1,633	1,646
Actual allowed Capex (nominal)	-1,599	-1,573
Capex outperformance	165	142
Unpaid/previous year Capex and VAT	-78	-274
Cash-effective Capex	-1,512	-1,705
Free Cash Flow before interest and tax	121	-59

Efficiency & quality 2016



Efficiency & quality 2017



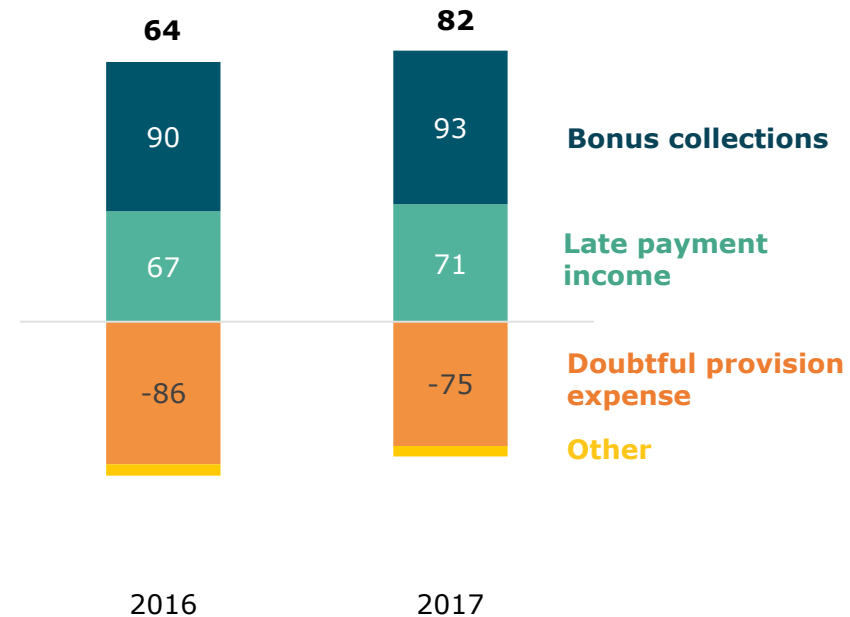


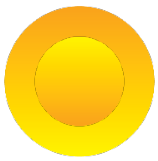
Retail: Operational Earnings & Cash Development

Operational Earnings and Free Cash Flow Before Interest and Tax (TLm)

	FY 2016	FY 2017
Regulated gross profit	312	335
Liberalised gross profit	145	76
Opex	-231	-246
Bad debt related income and expense	64	82
Operational earnings	290	247
Δ in NWC	68	82
Operating Cash Flow before interest and tax	358	329
Capex	-35	-30
Free Cash Flow before interest and tax	323	299

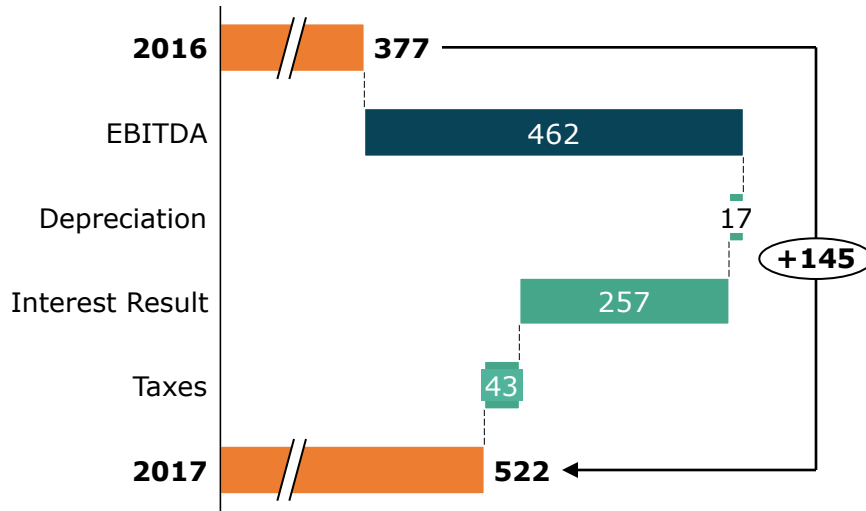
Bad debt related income and expense (TLm)



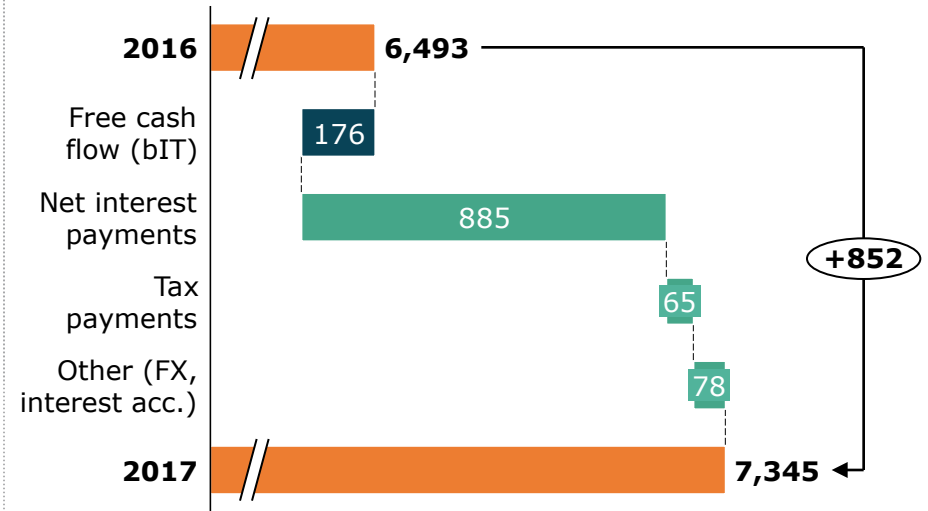


Consolidated Net Income & Leverage

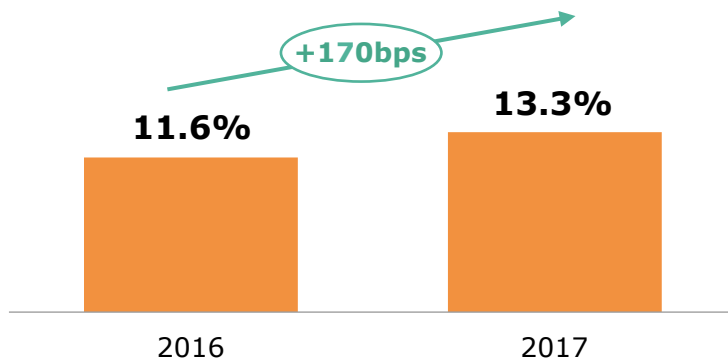
Underlying net income development (TLm)



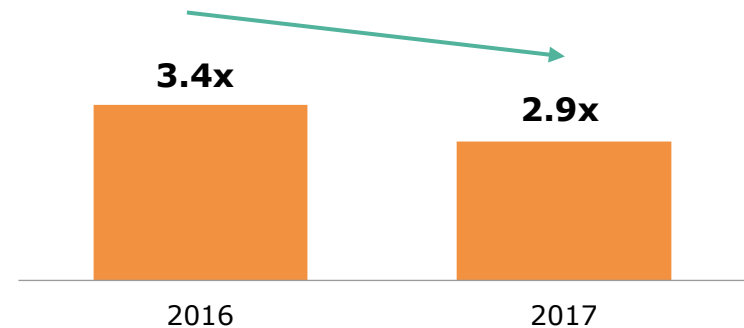
Net debt development (TLm)

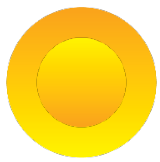


Weighted average interest rates



Debt factor development

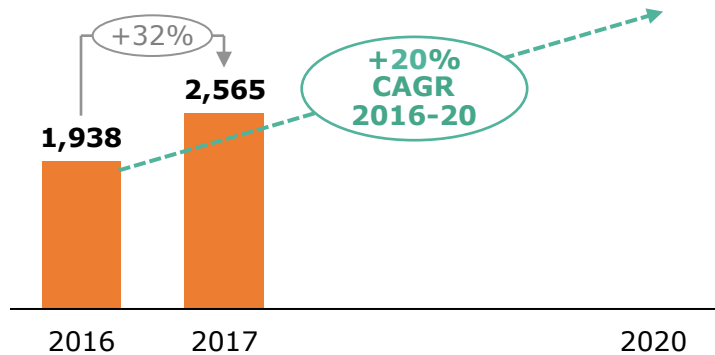




Mid-term outlook

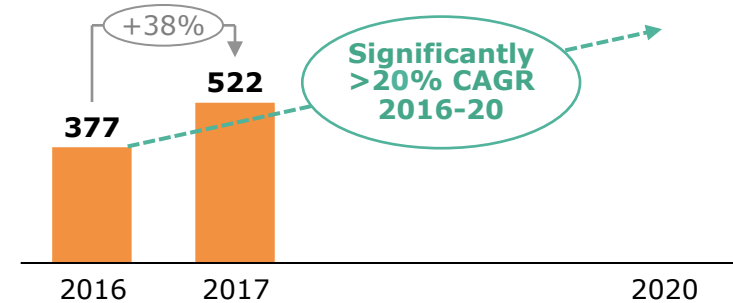
Operational earnings

(TLm)

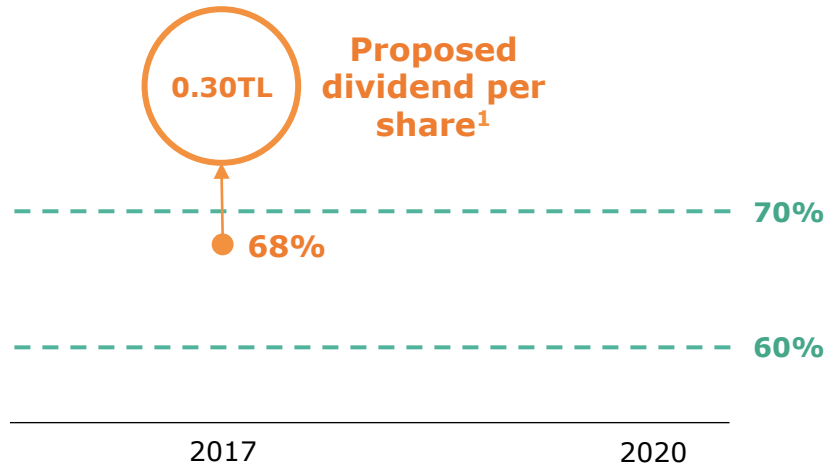


Underlying Net Income

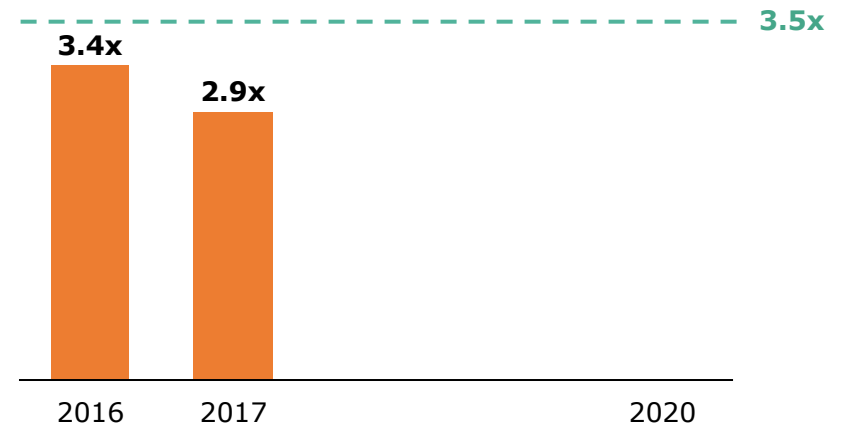
(TLm)



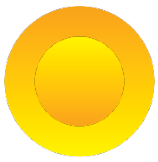
Dividend policy 60-70% of Underlying Net Income



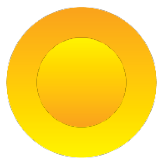
Leverage <3.5x Net Debt/Operational earnings



¹ Dividend per 100 shares; total number of outstanding shares is 118,106,896,712.

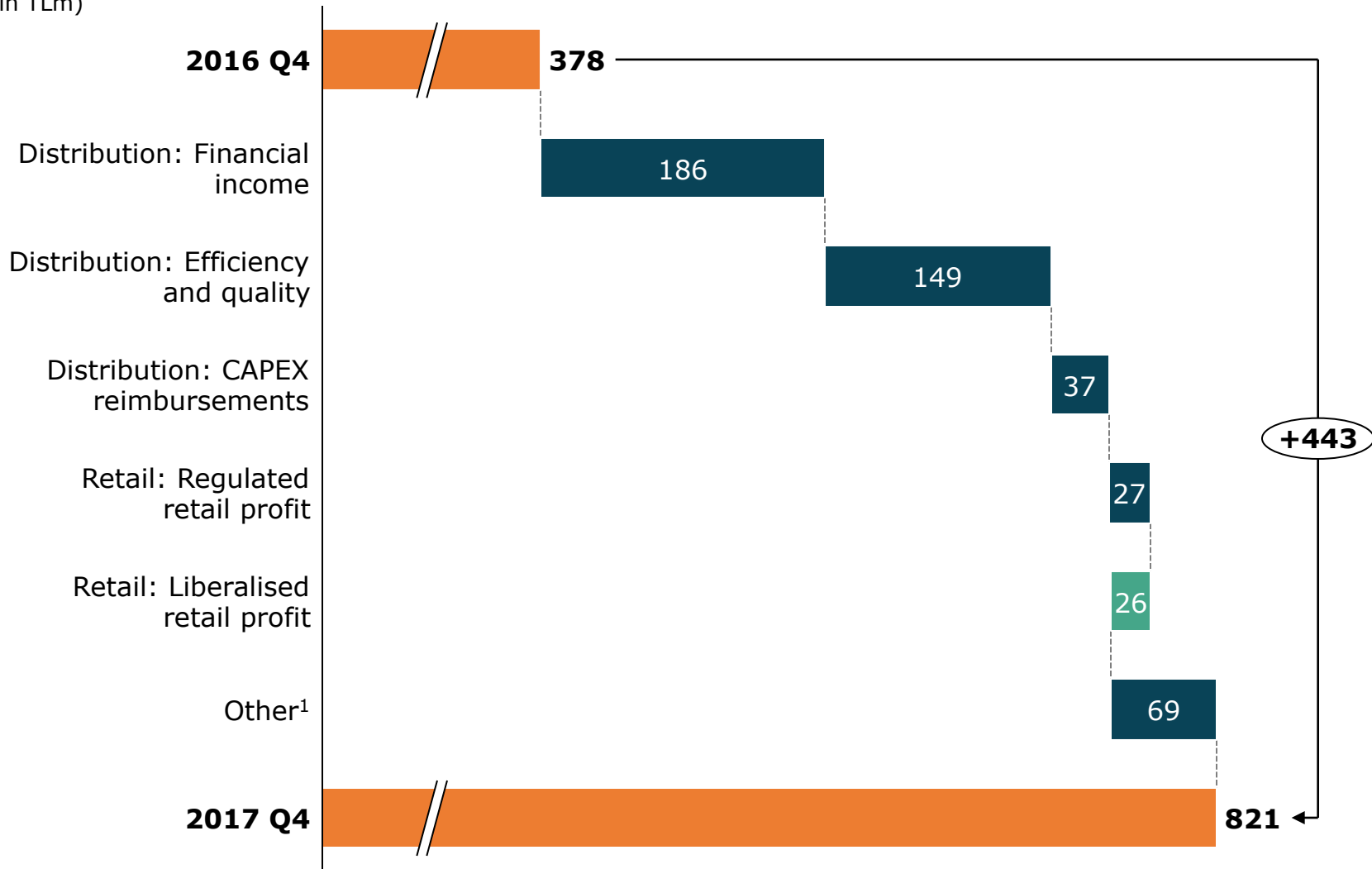


Appendix

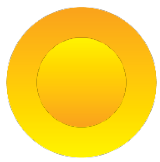


Consolidated Operational Earnings Development Q4

(in TLm)

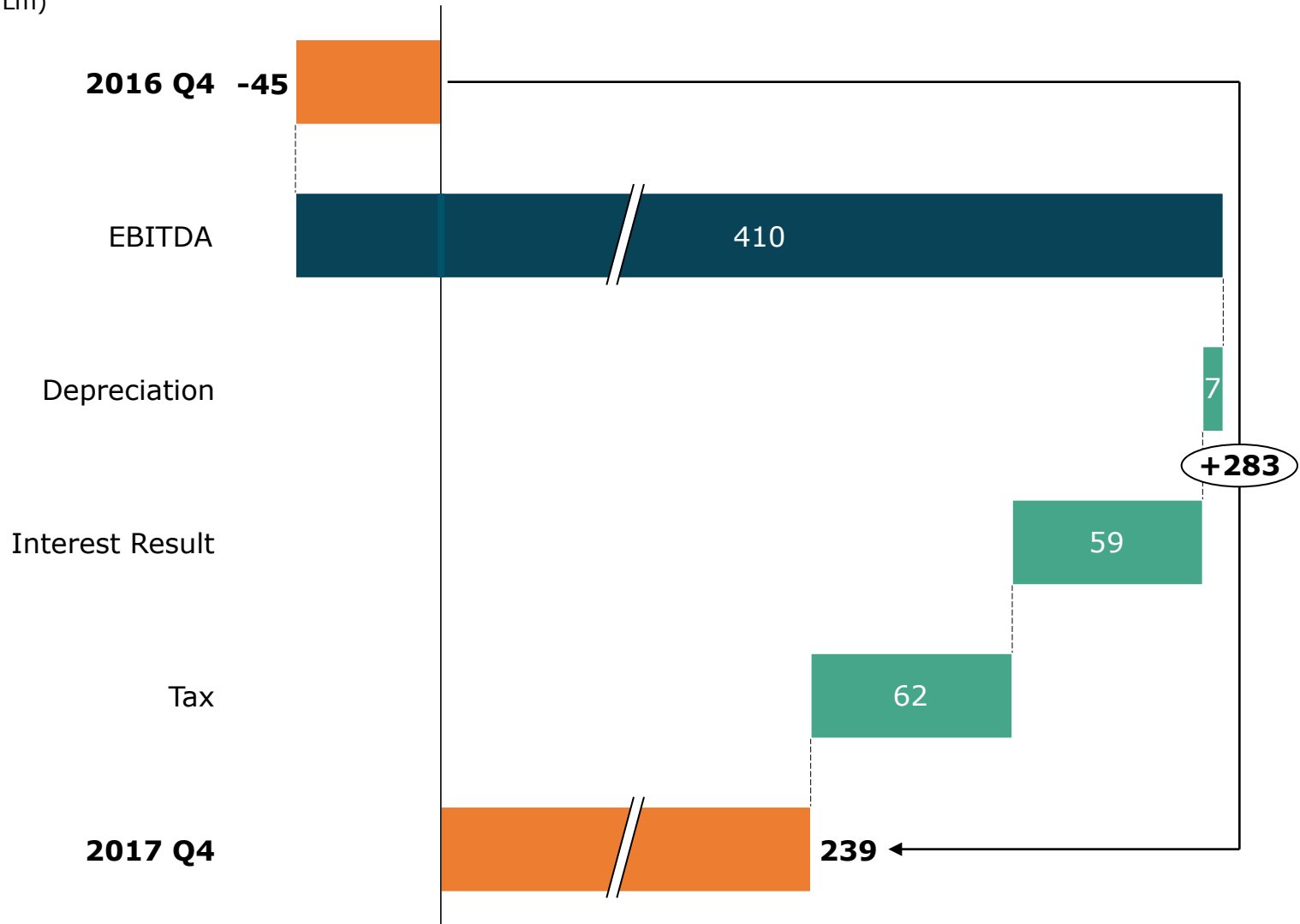


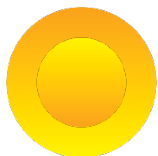
1 Incl. absence of retrospective effects contributing to 2016 Q4 net income loss.



Consolidated Underlying Net Income Development Q4

(in TLm)



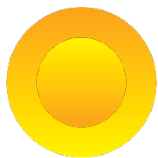


Summary Financial Statements

Consolidated Income Statement

	1 January 31 December	1 January 31 December		1 January 31 December	1 January 31 December
(TLm)	2016	2017	(TLm)	2016	2017
Sales Revenue	9,103	12,345	Operating profit before finance income/(expense)	1,272	2,241
Cost of Sales	-6,501	-8,412	Adjustment of depreciation and amortization	218	235
Gross Profit	2,602	3,932	TradeCo-related pro-forma EBITDA adjustments	-16	0
OPEX	-1,228	-1,519	Adjustments related to fair value difference arising from deposits	40	79
Other Income/(Expense)	-102	-173	Interest income related to revenue cap regulation	-19	0
Operating profit before finance income/(expense)	1,272	2,241	EBITDA	1,495	2,555
Financial Income/(Expense)	-758	-957	CAPEX Reimbursements	443	592
Profit before tax	514	1,284	EBITDA+CAPEX Reimbursements	1,938	3,147
Taxation	-137	-296	Fair value changes of financial assets	0	-467
Net Income	377	988	Non-recurring income related to fiscal year 2016	0	-115
			Operational earnings	1,938	2,565
			Net Income	377	988
			Fair value changes of financial assets	0	-374
			Non-recurring income related to fiscal year 2016	0	-92
			Underlying Net Income	377	522

Note: Consolidated numbers include the Business Units Distribution and Retail as well as the legal holding entity.

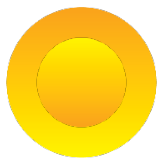


Summary Financial Statements

Consolidated Balance Sheet

(TLm)	31 December 2016	31 December 2017
Cash and Cash Equivalents	75	173
Financial Assets	654	692
Trade Receivables	1,721	2,382
Other Current Assets	490	855
Current Assets	2,940	4,102
Financial Assets	3,640	5,747
Tangible and Intangible Assets	7,949	7,841
Other Non-Current Assets	603	895
Non-Current Assets	12,192	14,483
TOTAL ASSETS	15,133	18,585
Short-Term Financial Liabilities	3,098	1,939
Other Financial Liabilities	25	30
Trade Payables	1,118	1,512
Other current liabilities	710	1,374
Current Liabilities	4,951	4,855
Long-Term Financial Liabilities	3,200	5,269
Other Financial Liabilities	245	280
Other non-current liabilities	1,989	2,301
Long-Term Liabilities	5,434	7,850
Total share capital	3,965	4,017
Other equity items	136	184
Retained Earnings	646	1,679
Equity	4,747	5,880
TOTAL LIABILITIES AND EQUITY	15,133	18,585

Note: Consolidated numbers include the Business Units Distribution and Retail as well as the legal holding entity.

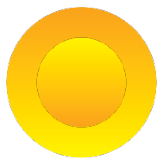


Summary Financial Statements

Consolidated Cash Flow

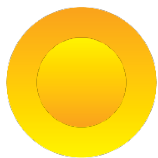
	1 January 31 December	1 January 31 December		1 January 31 December	1 January 31 December
(TLm)	2016	2017	(TLm)	2016	2017
Profit for the period	377	988	Cash Flows from Operating Activities (before interest and tax)	2,004	1,923
Adjustments to reconcile net profit for the period	801	960	CAPEX	-1,560	-1,747
Changes in operating assets and liabilities	-7	-979	Free cash flow (before interest and tax)	444	176
Other inflows (incl. Capex reimbursements)	833	954	Tax payments	-145	-65
Cash Flows from Operating Activities (before interest and tax)	2,004	1,923	Interest received	40	65
Tax payments	-145	-65	Interest paid	-642	-951
Cash Flows from Operating Activities (before interest, after tax)	1,859	1,858	Free cash flow (after interest and tax)	-303	-775
CAPEX	-1,560	-1,747			
Payment to Privatization Administration	-1,188	0			
Interest received	40	65			
Cash Flows from Investing Activities	-2,709	-1,682			
Cash in-flows and out-flows from borrowings	1,414	873			
Interest paid	-642	-951			
Cash Flows from Financing Activities	772	-78			
Increase in cash and cash equivalents	-78	98			
Cash and cash equivalents at the beginning of the period	152	75			
Cash and cash equivalents at the end of the period	75	173			

Note: Consolidated numbers include the Business Units Distribution and Retail as well as the legal holding entity.



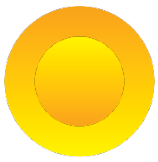
Retail: Income statement

	1 January 31 December	1 January 31 December
(TLm)	2016	2017
Sales Revenue	8,495	10,520
<i>Regulated</i>	4,052	5,075
<i>Liberalised</i>	1,587	2,256
<i>Pass-through grid revenue</i>	2,856	3,189
Cost of Sales	-8,030	-10,109
<i>Regulated</i>	-3,739	-4,740
<i>Liberalised</i>	-1,434	-2,180
<i>Pass-through grid cost</i>	-2,856	-3,189
Gross Profit	465	411
OPEX	-223	-253
Other Income/(Expense)	24	4
Operating profit before finance income/(expense)	266	161
Adjustment of depreciation and amortization	0	8
TradeCo-related pro-forma EBITDA adjustments	-16	0
Adjustments related to fair value difference arising from deposits	40	79
Operational earnings (EBITDA)	290	247



Distribution: Income statement

	1 January 31 December	1 January 31 December
(TLm)	2016	2017
Sales Revenue	3,477	4,934
<i>Financial income</i>	610	1,014
<i>Distribution revenue</i>	2,166	3,146
<i>Pass-through transmission revenue</i>	558	597
<i>Lighting sales revenue</i>	143	177
Cost of Sales	-1,337	-1,402
<i>Energy purchases (Lighting, T&L)</i>	-779	-795
<i>Pass-through transmission cost</i>	-558	-597
<i>Other</i>	0	-10
Gross Profit	2,140	3,532
OPEX	-837	-1,072
Other Income/(Expense)	-87	-143
Operating profit before finance income/(expense)	1,217	2,317
Adjustment of depreciation and amortization	9	16
Interest income related to revenue cap regulation	-19	1
EBITDA	1,207	2,334
CAPEX Reimbursements	443	592
EBITDA+CAPEX Reimbursements	1,650	2,926
Fair value changes of financial assets	0	-467
Non-recurring income related to fiscal year 2016	0	-115
Operational earnings	1,650	2,344



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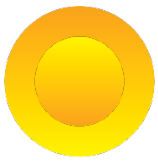


Sibel Turhan

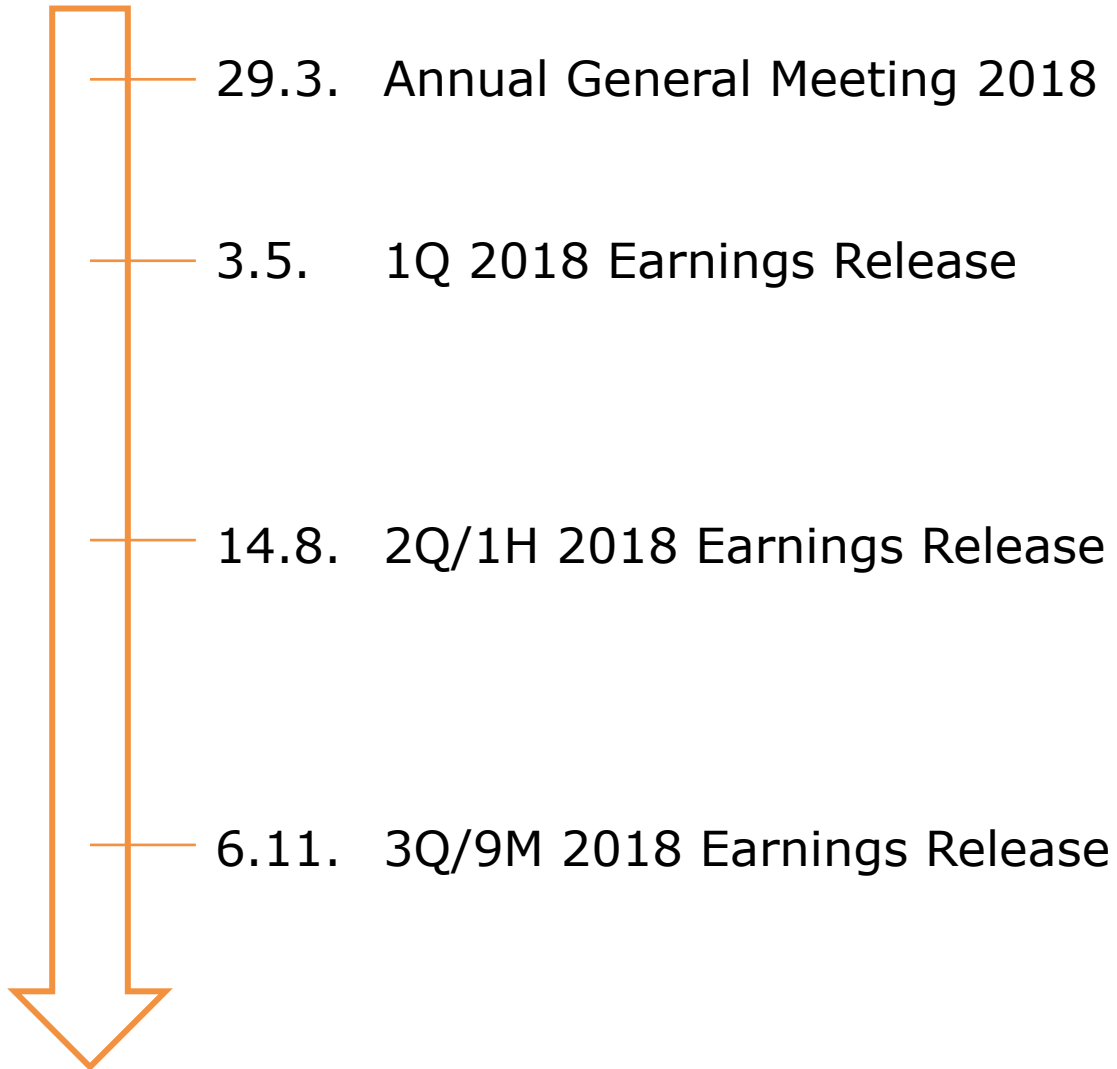
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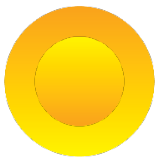
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Financial calendar 2018





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