



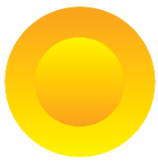
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SABANCI

Earnings presentation 1H 2019

7 August 2019



Executive Summary

Continued strong earnings growth

Free Cash Flow after interest and tax about to turn positive

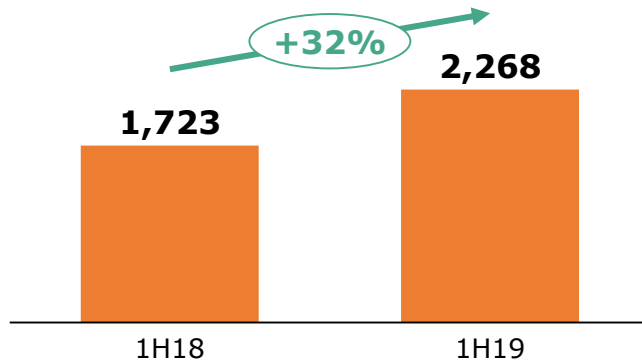
Outlook confirmed



Financial Highlights

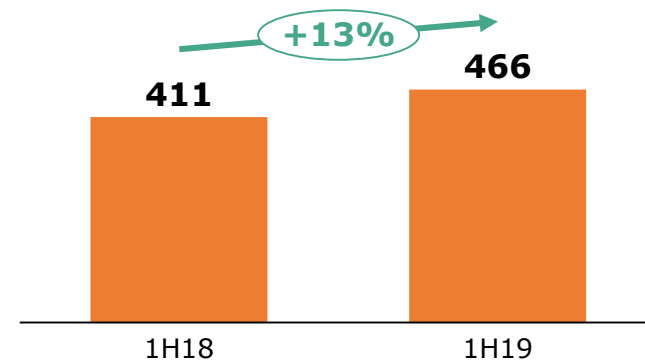
Operational earnings¹

(TLm)



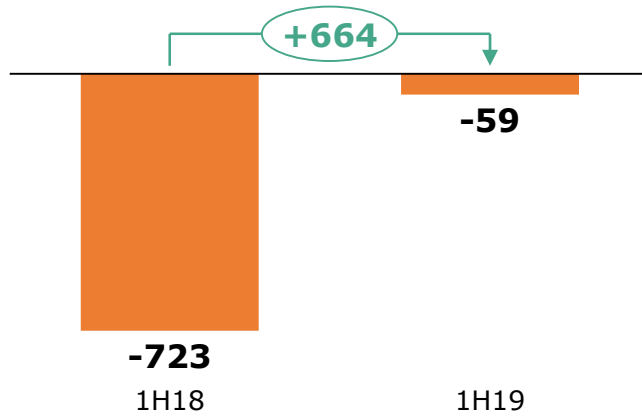
Underlying Net Income²

(TLm)



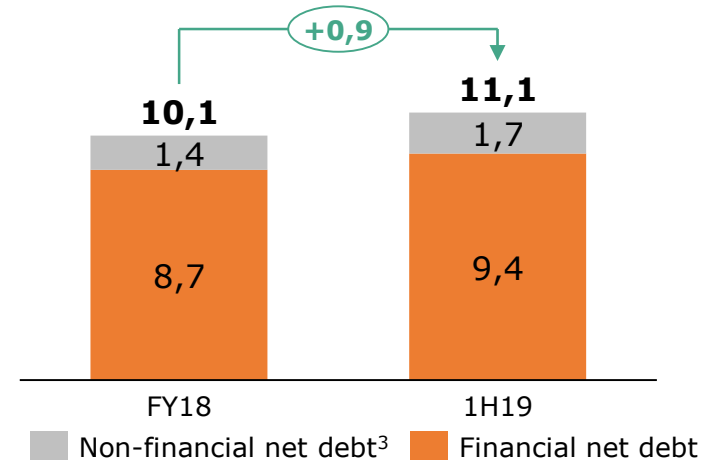
Free Cash Flow after interest and tax

(TLm)

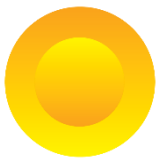


Economic Net Debt

(TLbn)



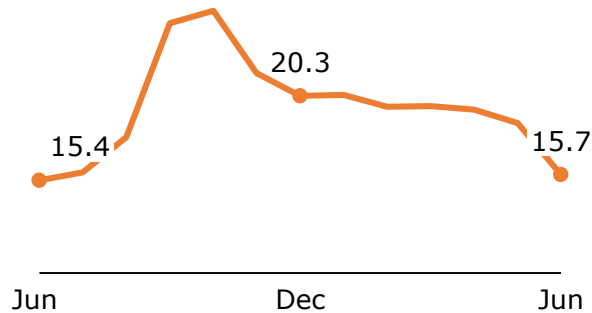
1 EBITDA + Capex reimbursements excl. exceptional items: 1H18 includes (244 mTL) IFRIC income adjustment and (-107 mTL) Competition Authority penalty fee; 1H19 includes (-9 mTL) IFRIC income adjustment;
2 Net Income excl. exceptional items: 1H18 includes (195 mTL) IFRIC income adjustment and (-107 mTL) Competition Authority penalty fee; 1H19 includes (-7 mTL) IFRIC income adjustment;
3 Incl. lease obligations (IFRS 16) as well as customer deposits



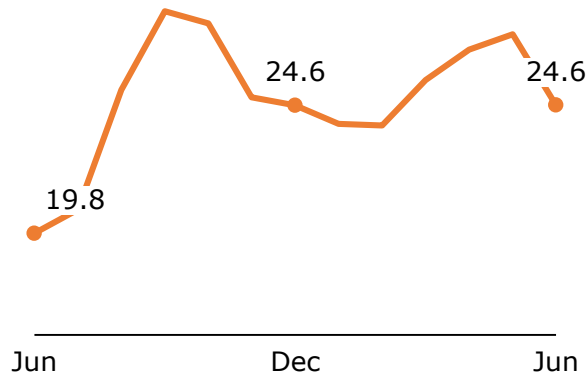
Market environment

Turkey

Inflation (%)

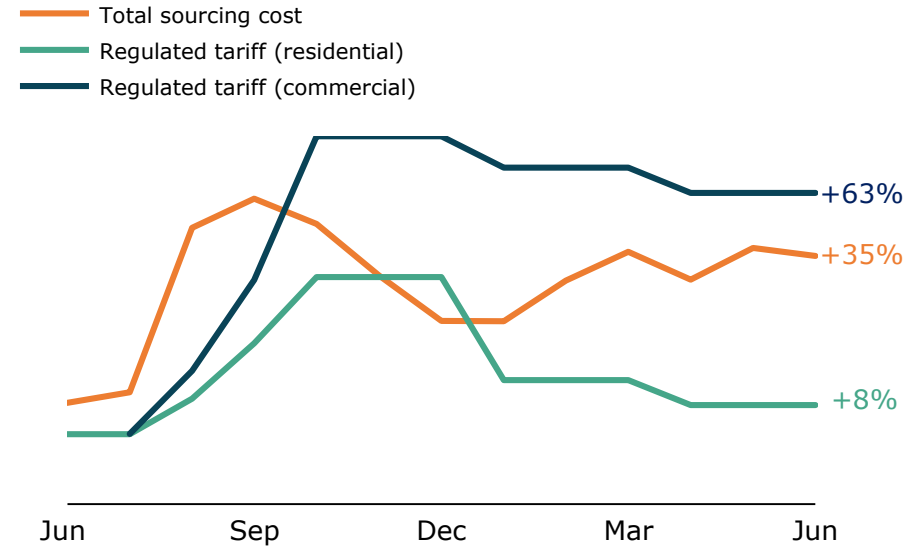


Interest rates (%)

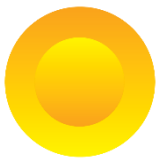


Sector: Regulatory Developments

Retail



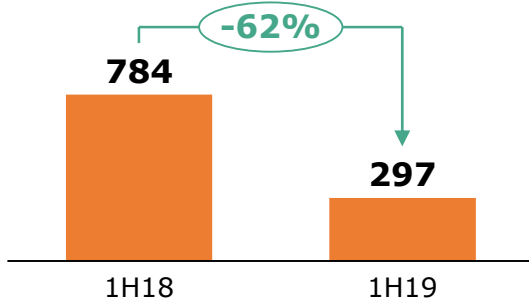
- Regulated Retail tariffs have been adjusted upwards by 15% as of 1.7.2019 in line with procurement cost increases during the second quarter
- Late payment interest penalty rate increased from 2% per month to 2.5% as of 1.7.2019 in line with nominal financing interest rate environment



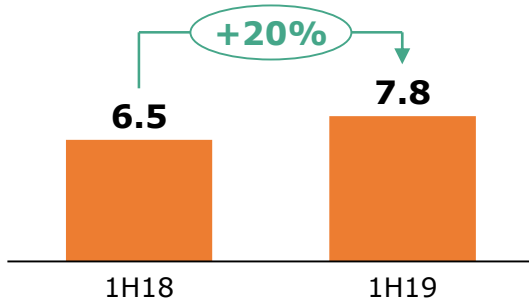
Operations

Distribution

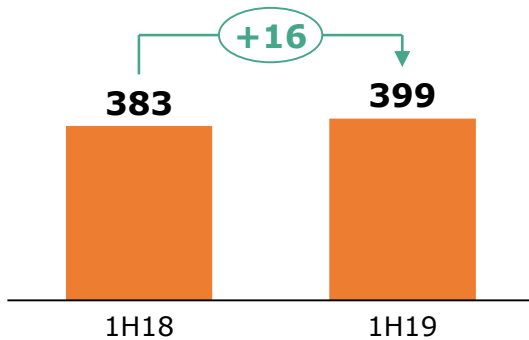
Capex
(TLm)



RAB
(TLbn)

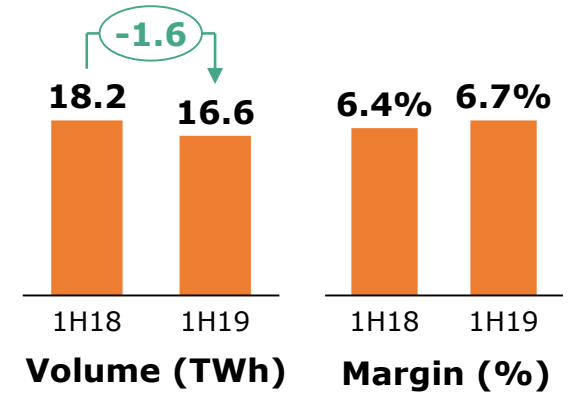


Efficiency & Quality¹
(TLm)

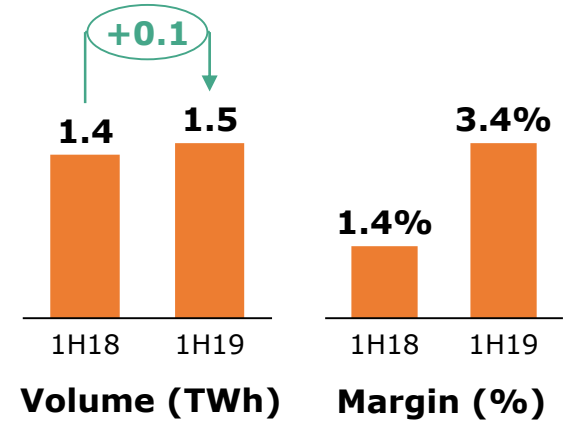


Retail

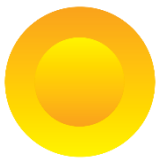
Regulated Segment



Liberalized Corporate Segment

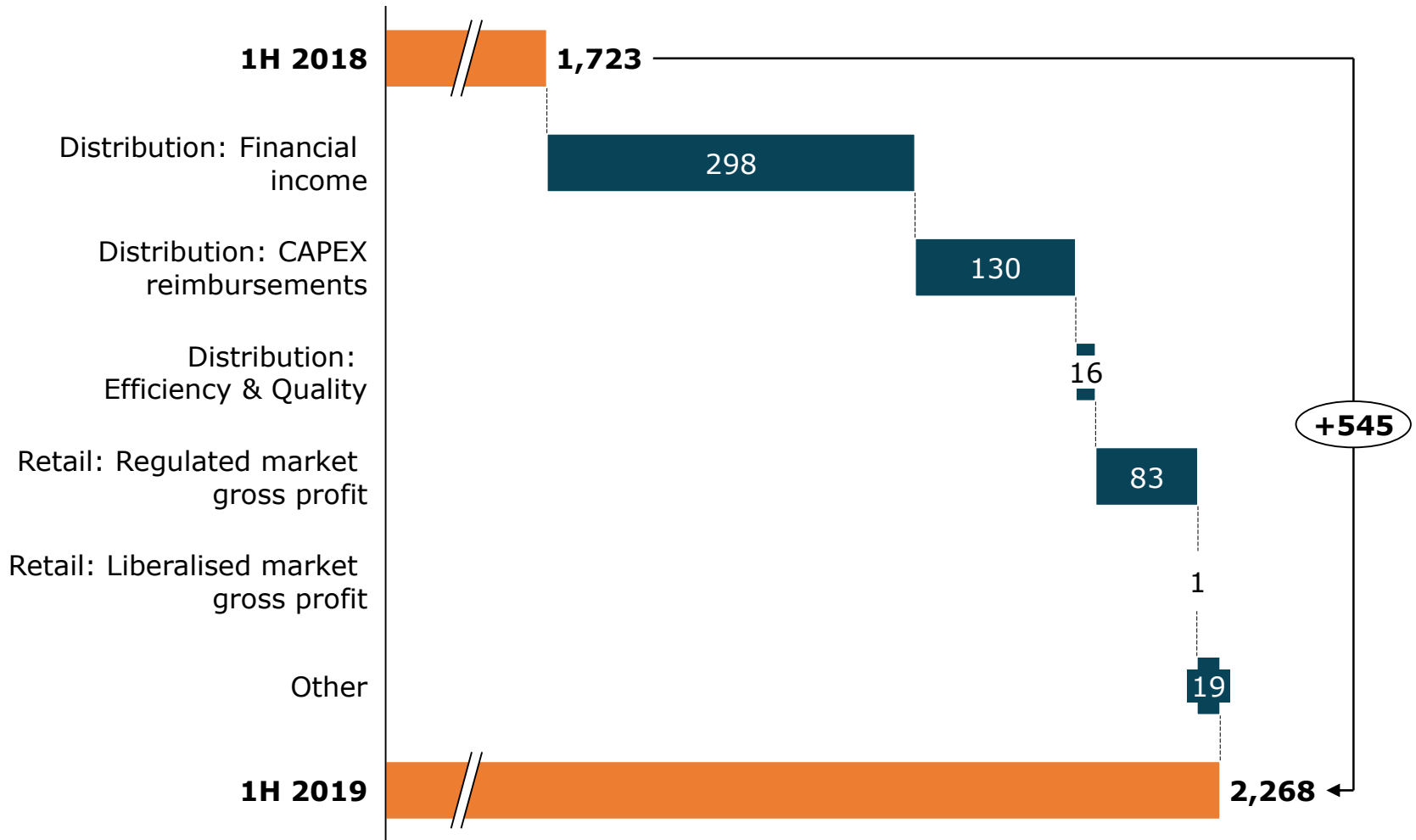


1 Incl. Capex, Opex and T&L outperformances as well as theft accrual & collection and quality bonus



Consolidated Operational Earnings Development

(TLm)





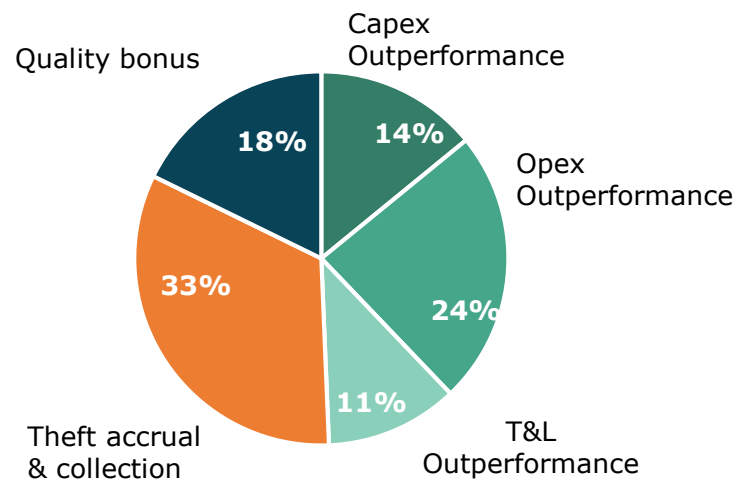
Distribution: Operational Earnings & Cash Development

Operational Earnings and Free Cash Flow Before Interest and Tax

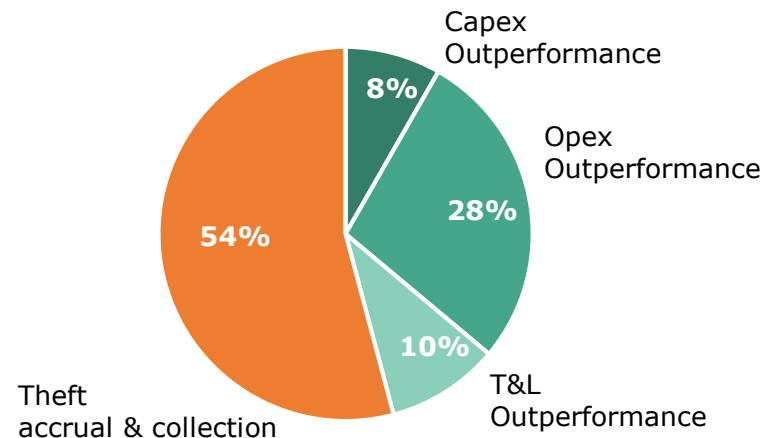
(TLm)

	1H 2018	1H 2019
Financial income	674	972
CAPEX reimbursements	399	529
Efficiency & Quality	383	399
Tax correction	60	87
Other	10	-5
Operational earnings	1.526	1.982
Financial income not yet cash effective	-358	-582
Capex outperformance	-54	-33
Net VAT	237	247
Other (Working Capital)	-540	-973
Operating Cash Flow before interest and tax	811	641
Actual allowed Capex (nominal)	-784	-297
Capex outperformance	54	33
VAT	-160	-53
Previous year/unpaid Capex	32	-593
Cash-effective Capex	-858	-910
Free Cash Flow before interest and tax	-47	-269

Efficiency & quality 1H 2018



Efficiency & quality 1H 2019



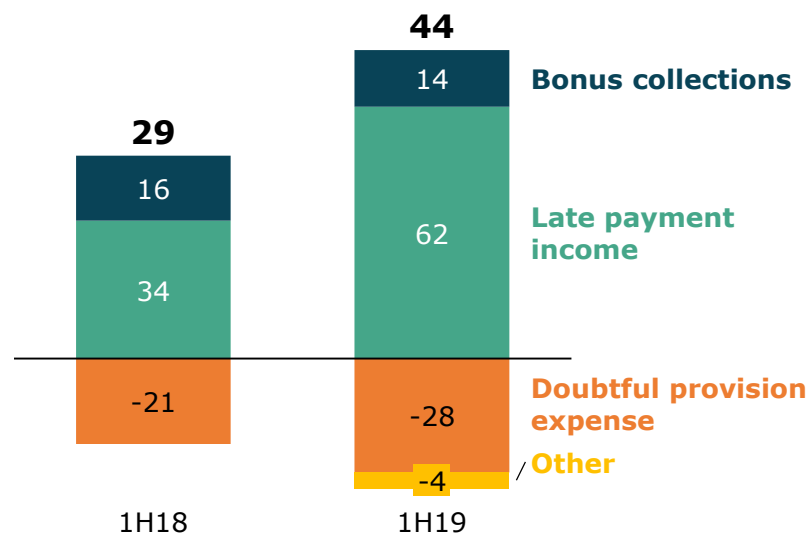


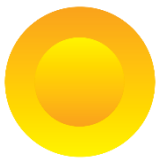
Retail: Operational Earnings & Cash Development

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

	1H 2018	1H 2019
Regulated gross profit	284	367
Liberalised gross profit	19	18
Customer Solutions gross profit	5	8
Opex	-125	-146
Bad debt related income and expense	29	44
Operational earnings	212	291
Price equalization effects	-375	330
Net customer deposit additions	157	57
Other (Working Capital)	-162	434
Operating Cash Flow before interest and tax	-168	1.112
Capex	-28	-27
Free Cash Flow before interest and tax	-196	1.085

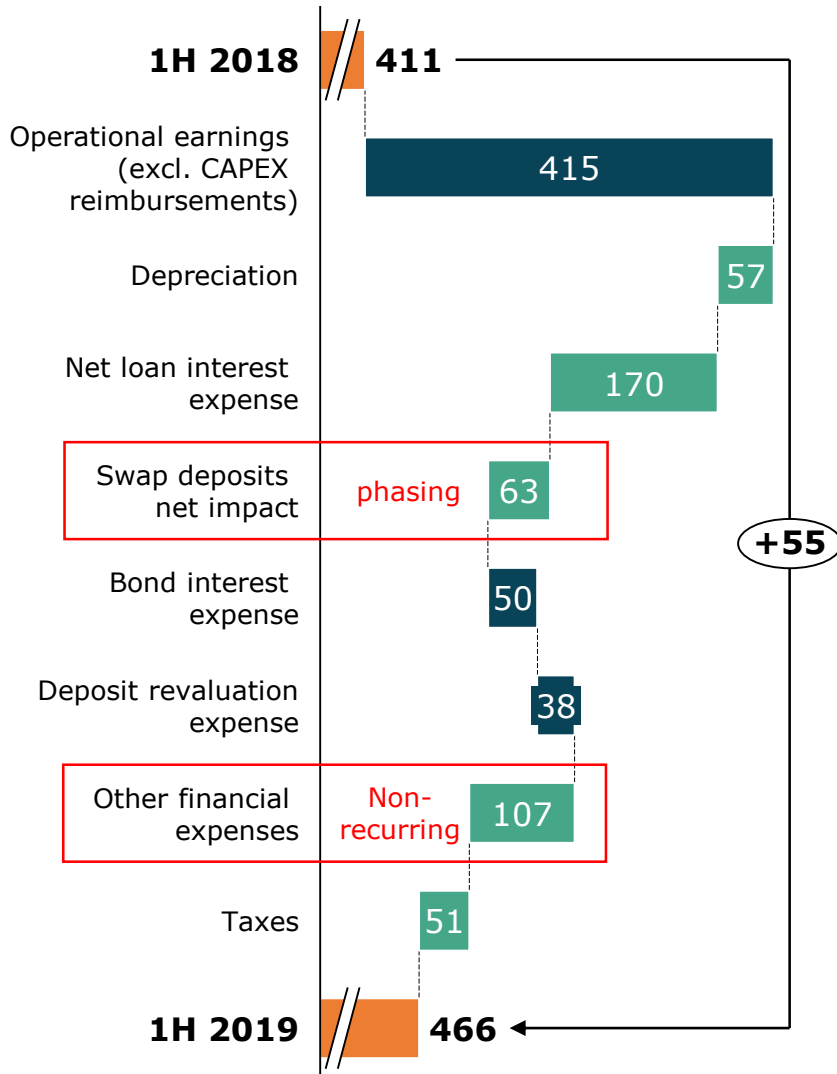
Bad debt related income and expense (TLm)



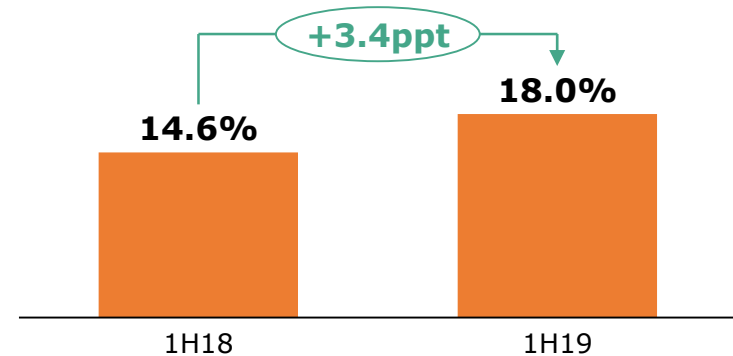


Consolidated Underlying Net Income Development

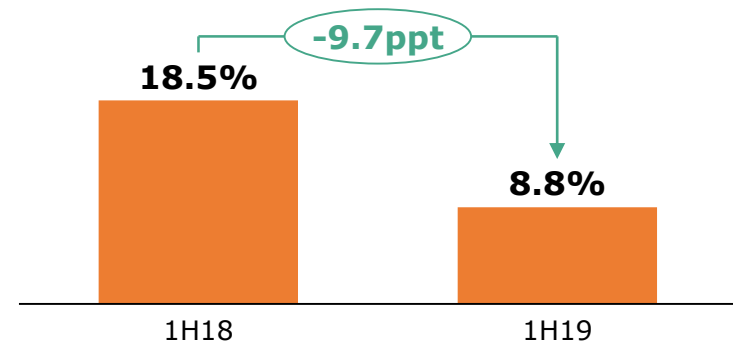
Underlying net income development (TLm)

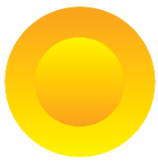


Weighted average loan interest rates

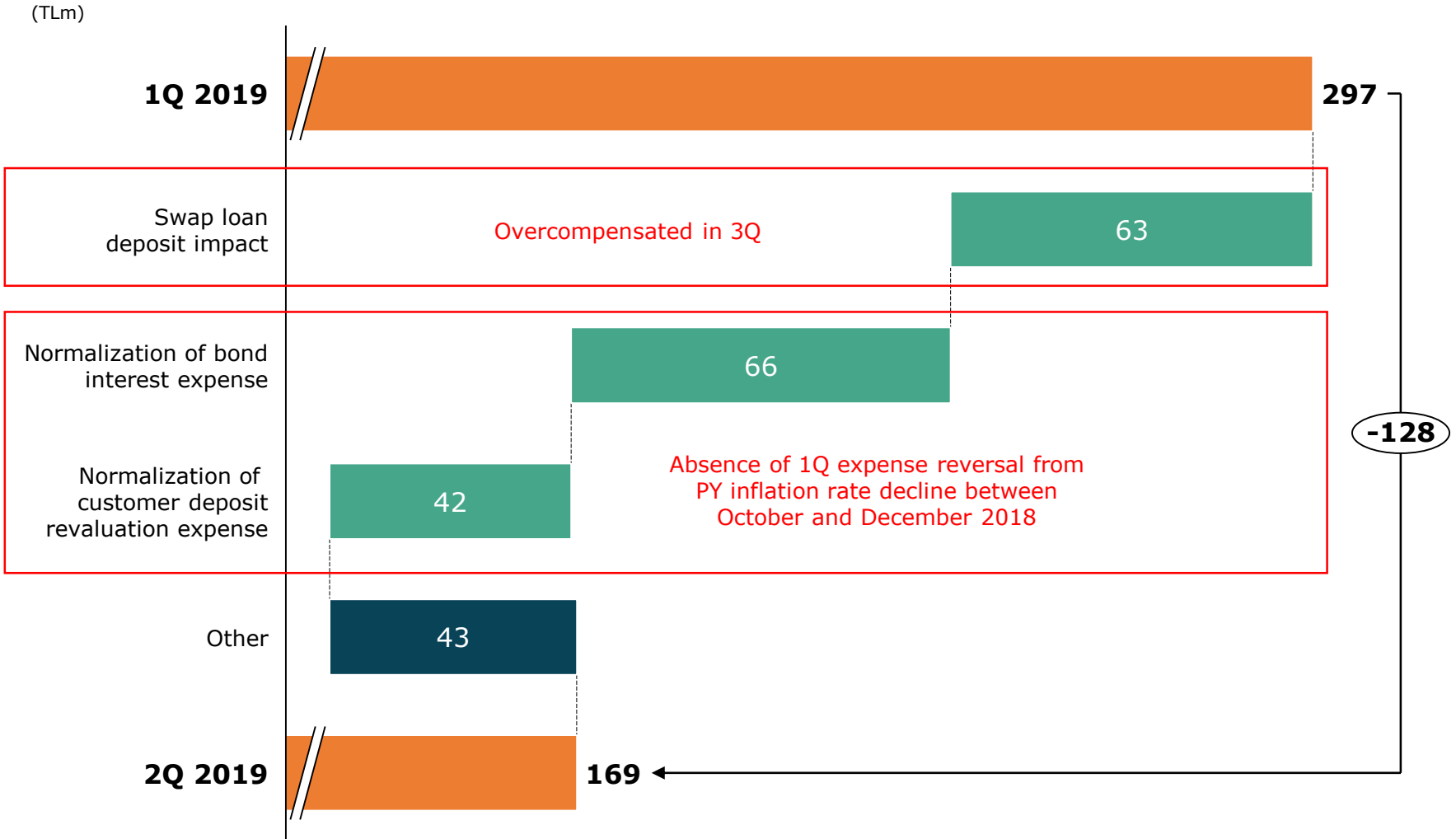


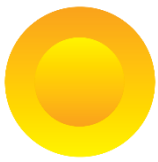
Weighted average bond interest rates (CPI-linked)





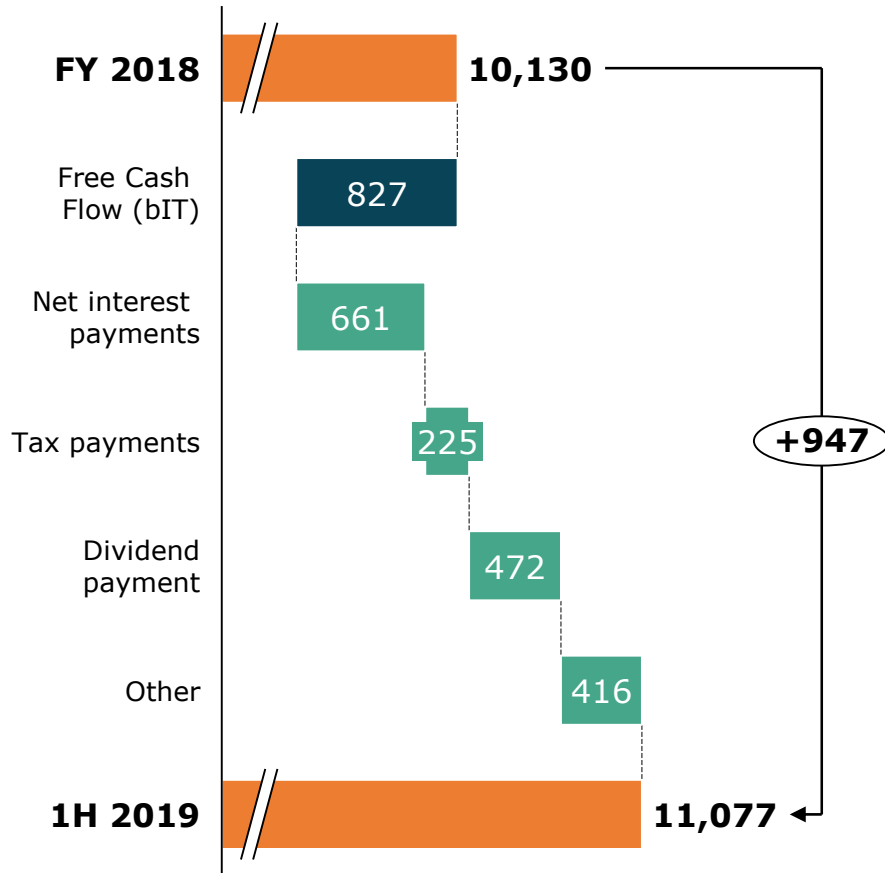
Consolidated Underlying Net Income progression



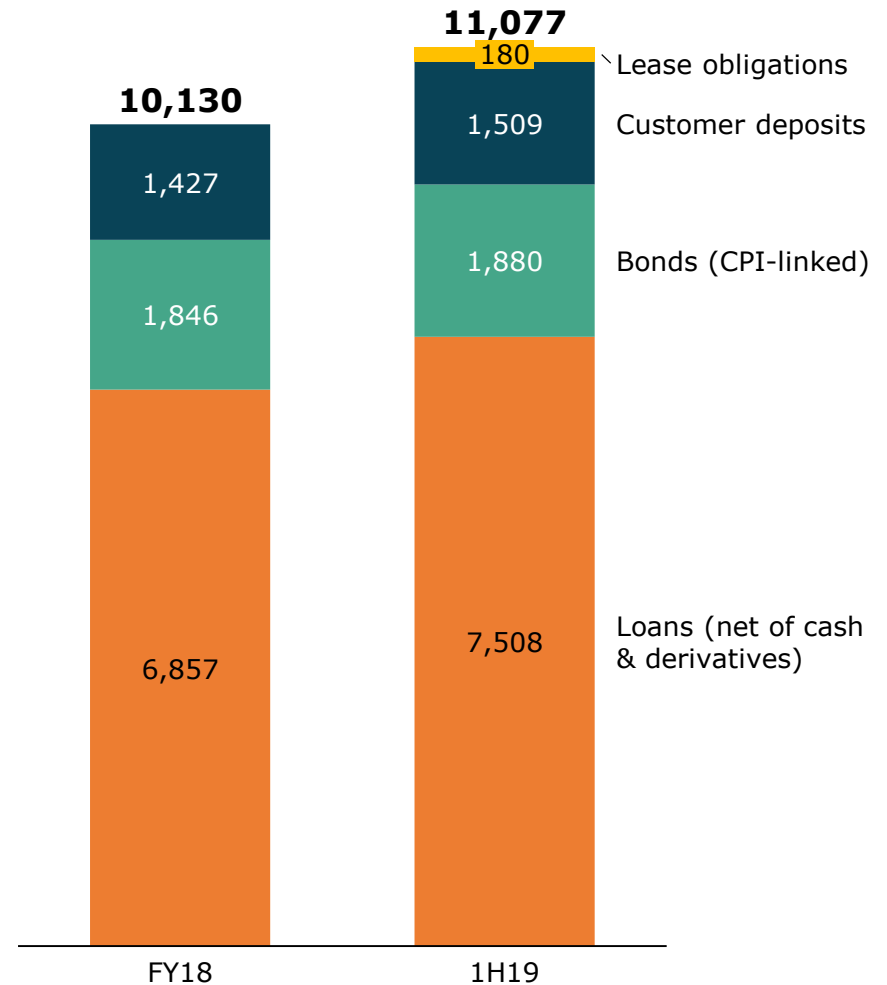


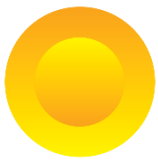
Economic Net Debt

Economic Net Debt development (TLm)



Economic Net Debt composition (TLm)

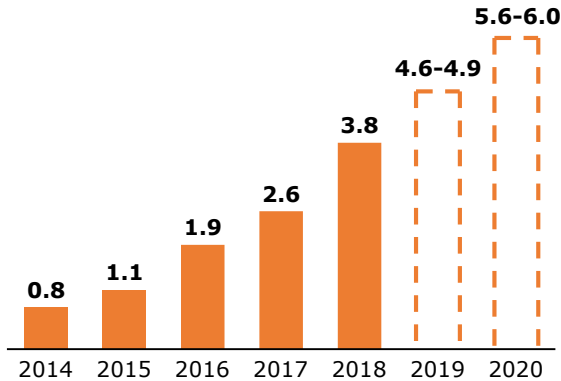




Outlook confirmed

Operational earnings

(bnTL)

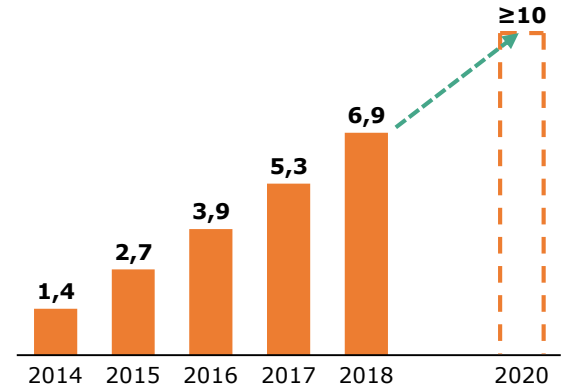


Operational assumptions

- Short-term **inflation** 15-18% p.a.
- **Distribution**
 - Nominal investment return = real WACC (13.61%) + mid-term inflation (10-12%)
 - Capex Ø 1.6bnTL p.a. 2019-20
 - Efficiency & Quality growth in line with inflation
- **Retail** growth ≥ inflation

Regulated Asset Base

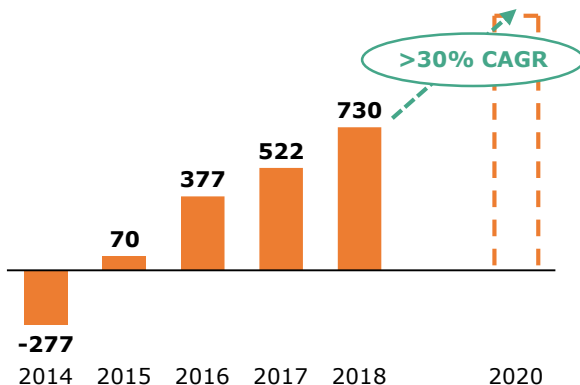
(bnTL)



Underlying Net Income & Dividend

(mTL)

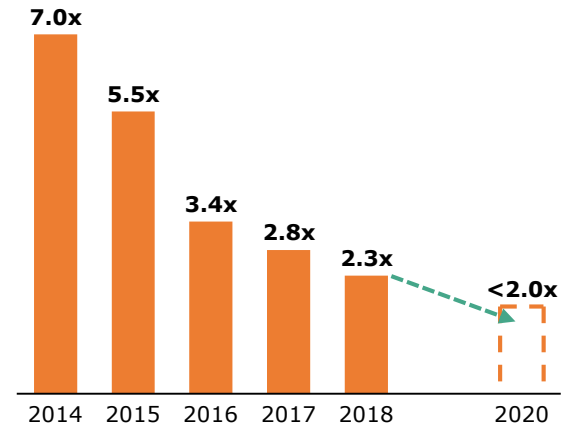
Payout ratio 68% 65% 60-70%

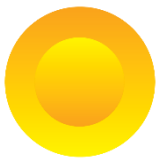


Financial assumptions

- Avg. effective **loan** rate ~20%
- Avg. effective **bond** rate ~CPI+300bps
- Average effective **tax** rate approaching marginal income tax rate of 22%
- **Free Cash Flow** after interest and tax > 0

Leverage





Appendix



Summary Financial Statements

Consolidated Income Statement

	1 January 30 June 2018	1 January 30 June 2019		1 January 30 June 2018	1 January 30 June 2019
(TLm)	2018	2019	(TLm)	2018	2019
Sales Revenue	7.808	9.327	Operating profit before finance income/(expense)	1.275	1.524
Cost of Sales	-5.534	-6.611	Adjustment of depreciation and amortization	124	181
Gross Profit	2.274	2.716	Adjustments related to operational fx gains and losses	16	8
OPEX	-837	-991	Adjustments related to fair value difference arising from deposits	62	24
Other Income/(Expense)	-162	-201	Interest income related to revenue cap regulation	-16	-6
Operating profit before finance income/(expense)	1.275	1.524	EBITDA	1.461	1.730
Financial Income/(Expense)	-566	-855	CAPEX Reimbursements	399	529
Profit before tax	709	669	EBITDA+CAPEX Reimbursements	1.860	2.259
Taxation	-210	-210	Fair value changes of financial assets	-244	9
Net Income	499	459	Competition Authority penalty provision	107	0
			Operational earnings	1.723	2.268
			Net Income	499	459
			Fair value changes of financial assets	-195	7
			Competition Authority penalty provision	107	0
			Underlying Net Income	411	466

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 2018	30 June 2019
Cash and Cash Equivalents	562	1.565
Financial Assets	791	877
Trade Receivables	3.512	2.938
Derivative financial instruments	313	367
Other Current Assets	694	879
Current Assets	5.872	6.626
Financial Assets	8.504	8.764
Tangible and Intangible Assets	7.104	7.284
Other Non-Current Assets	1.113	1.099
Non-Current Assets	16.721	17.147
TOTAL ASSETS	22.593	23.773
Short-Term Financial Liabilities	3.434	7.435
Other Financial Liabilities	44	49
Trade Payables	2.481	1.872
Derivative financial instruments	4	16
Other Current Liabilities	1.049	779
Current Liabilities	7.012	10.151
Long-Term Financial Liabilities	5.765	3.675
Other Financial Liabilities	322	325
Derivative financial instruments	8	0
Other Non-current Liabilities	3.187	3.288
Long-Term Liabilities	9.282	7.288
Total Share Capital	3.966	3.808
Other Equity Items	241	324
Retained Earnings	2.092	2.202
Equity	6.299	6.334
TOTAL LIABILITIES AND EQUITY	22.593	23.773

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

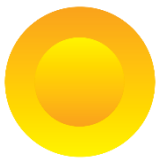


Summary Financial Statements

Consolidated Cash Flow

	1 January 30 June 2018	1 January 30 June 2019		1 January 30 June 2018	1 January 30 June 2019
(TLm)			(TLm)		
Profit for the period	499	459	Cash Flows from Operating Activities (before interest and tax)	565	1.774
Adjustments to reconcile net profit for the period	579	699	CAPEX	-887	-947
Changes in operating assets and liabilities	-1.265	-258	Free cash flow (before interest and tax)	-322	827
Other inflows (incl. Capex reimbursements)	752	874	Tax payments	-6	-225
Cash Flows from Operating Activities (before interest and tax)	565	1.774	Interest received	54	92
Tax payments	-6	-225	Interest paid	-449	-753
Cash Flows from Operating Activities (before interest, after tax)	559	1.549	Free cash flow (after interest and tax)	-723	-59
CAPEX	-887	-947			
Interest received	54	92			
Cash Flows from Investing Activities	-833	-855			
Cash in-flows and out-flows from borrowings	1.019	1.466			
Interest paid	-449	-753			
Dividend paid	-354	-472			
Cash Flows from Financing Activities	216	241			
Increase in cash and cash equivalents before currency translation adjustments on cash and cash equivalents	-58	935			
Cash and cash equivalents at the beginning of the period	173	562			
Cash and cash equivalents at the end of the period	115	1.498			

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



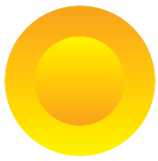
Retail: Income statement

	1 January 30 June 2018	1 January 30 June 2019
(TLm)		
Sales Revenue (net)	5.034	6.017
<i>Regulated</i>	4.465	5.452
<i>Liberalised</i>	564	556
<i>Customer solutions</i>	5	9
Cost of Sales (-)	-4.727	-5.626
<i>Regulated</i>	-4.181	-5.085
<i>Liberalised</i>	-546	-538
<i>Customer solutions</i>	0	-3
Gross Profit	307	391
OPEX	-136	-165
Other Income/(Expense)	-131	20
Operating profit before finance income/(expense)	40	246
Adjustment of depreciation and amortization	11	21
Adjustments related to fair value difference arising from deposits	62	24
EBITDA	113	291
Competition Authority penalty provision	99	0
Operational earnings	212	291



Distribution: Income statement

	1 January 30 June 2018	1 January 30 June 2019
(TLm)		
Sales Revenue	2.772	3.307
<i>Financial income</i>	674	972
<i>Distribution revenue</i>	1.626	1.705
<i>Pass-through transmission revenue</i>	369	495
<i>Lighting sales revenue</i>	103	135
Cost of Sales	-806	-985
<i>Energy purchases (Lighting, T&L)</i>	-437	-490
<i>Pass-through transmission cost</i>	-369	-495
Gross Profit	1.966	2.322
OPEX	-582	-711
Other Income/(Expense)	-30	-223
Operating profit before finance income/(expense)	1.354	1.388
Adjustment of depreciation and amortization	8	54
Adjustments related to operational fx gains and losses	16	8
Interest income related to revenue cap regulation	-16	-6
EBITDA	1.363	1.444
CAPEX Reimbursements	399	529
EBITDA+CAPEX Reimbursements	1.762	1.973
Fair value changes of financial assets	-244	9
Competition Authority penalty provision	8	0
Operational earnings	1.526	1.982



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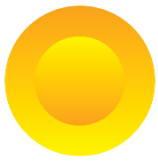


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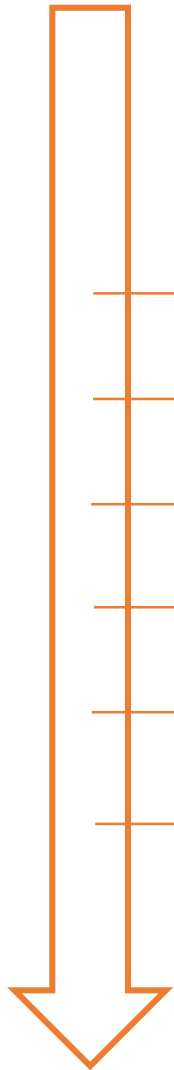
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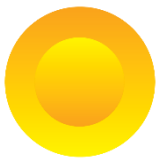
investorrelations@enerjisa.com



Financial calendar 2019



- | | |
|-------------|-----------------------------|
| 7.8.19 | 2Q/1H 2019 Earnings Release |
| 9.10.19 | Turkish Retail Investor Day |
| 14-18.10.19 | NDR in USA & Canada |
| 5.11.19 | 3Q/9M 2019 Earnings Release |
| 12.11.19 | Turkish Retail Investor Day |
| 5-6.12.19 | Wood's Conference in Prague |



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