



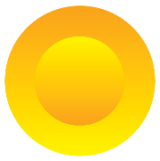
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Earnings presentation FY 2019

19 February 2020

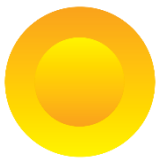


Executive Summary

>60% bottom-line earnings growth for full year 2019

Positive free cash flow achieved at year-end

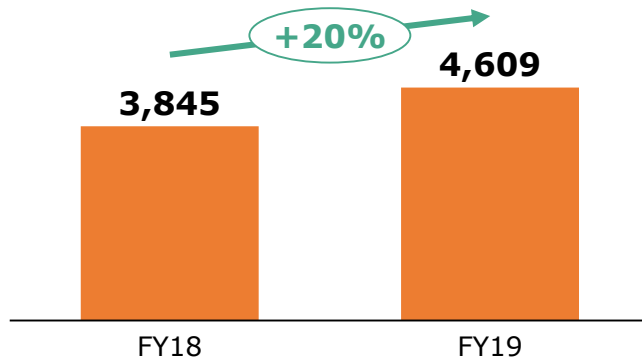
50% dividend growth to 0,60 TL/share dividend



Financial Highlights

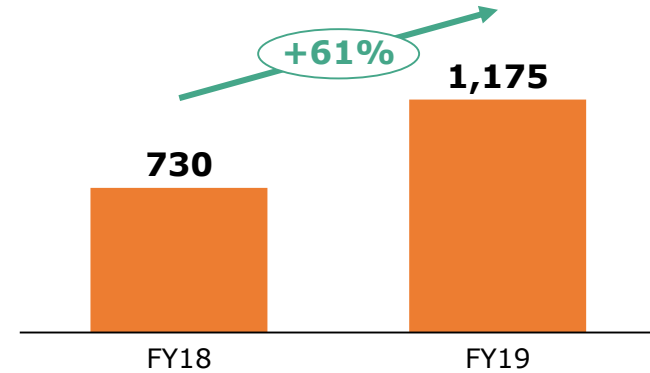
Operational earnings¹

(TLm)



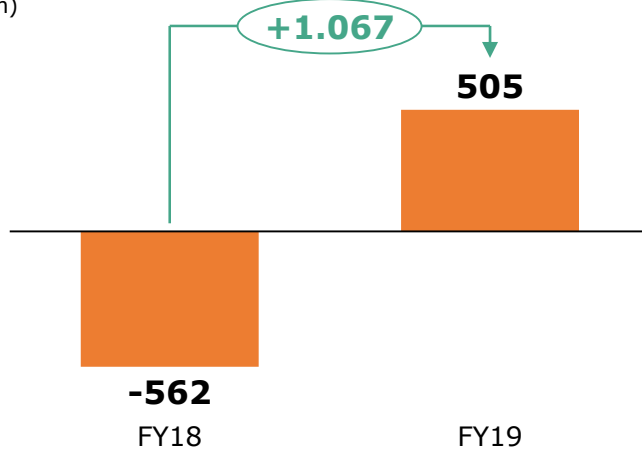
Underlying Net Income²

(TLm)



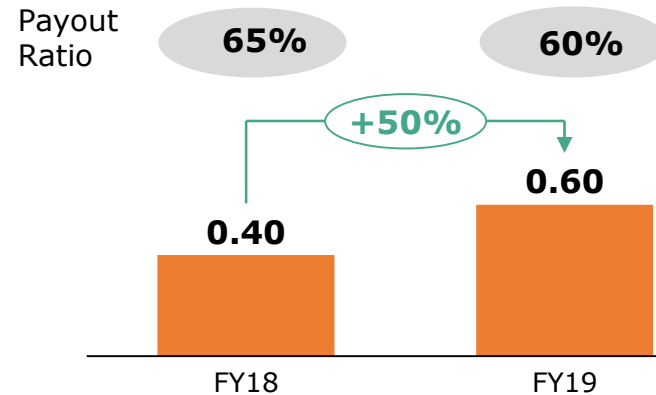
Free Cash Flow after interest and tax

(TLm)



Dividend proposal

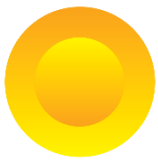
(TL/share³)



1 EBITDA + CAPEX reimbursements excl. exceptional items: FY18 includes (+984 mTL) IFRIC income adjustment, (+74 mTL) theft accrual related to 2017 due to retention rate increase, (+68 mTL) retrospective application of quality bonus for CAPEX realization in 2016 and 2017, and (-107 mTL) Competition Authority penalty fee; FY19 includes (-230 mTL) IFRIC income adjustment and (+48mTL) retrospective application of quality bonus for call centre performance in 2018.

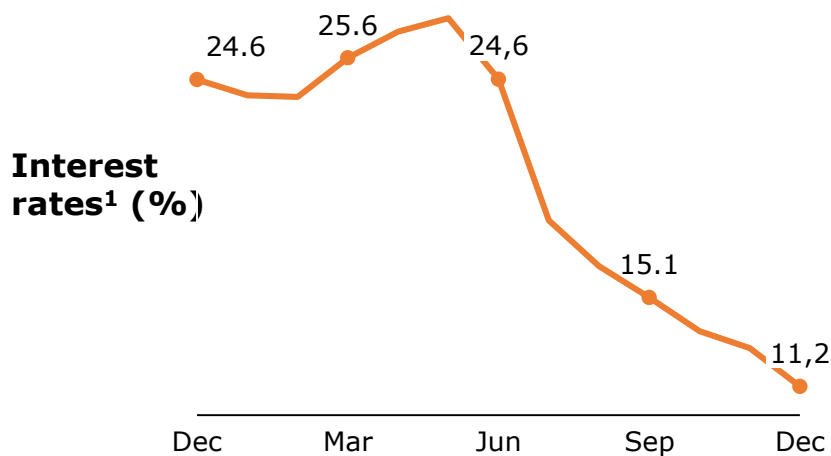
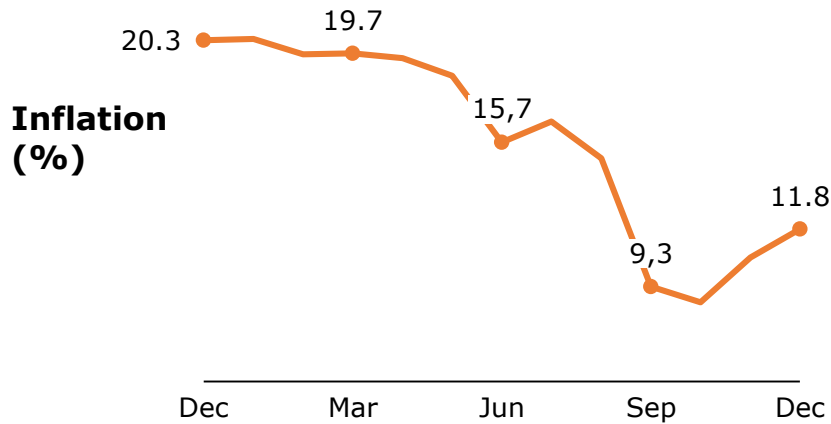
2 Net Income excl. exceptional items: FY18 includes (+768 mTL) IFRIC income adjustment, (+58 mTL) theft accrual related to 2017 due to retention rate increase, (+52 mTL) retrospective application of quality bonus for CAPEX realization in 2016 and 2017, (-107 mTL) Competition Authority penalty fee and (-753 mTL) Goodwill impairment effect; FY19 includes (-179 mTL) IFRIC income adjustment and (+37mTL) retrospective application of quality bonus for call centre performance in 2018.

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



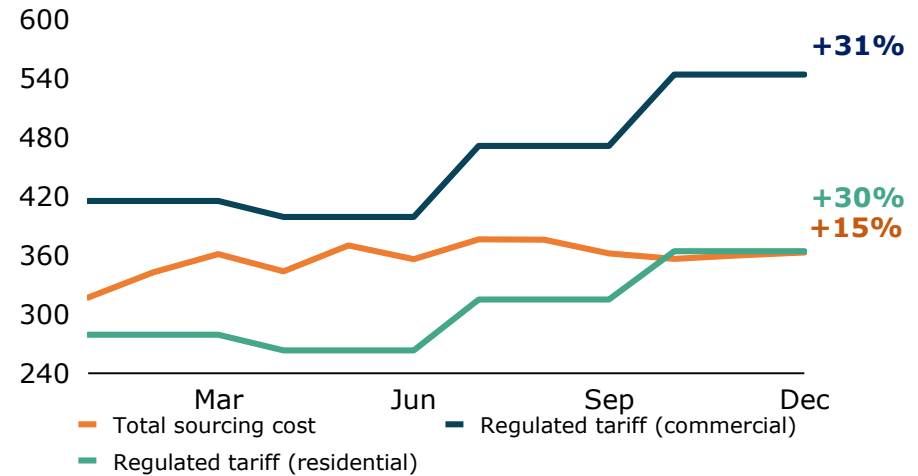
Market environment

Turkey



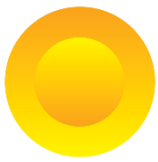
Sector: Regulatory Developments

Retail (TL/MWh)



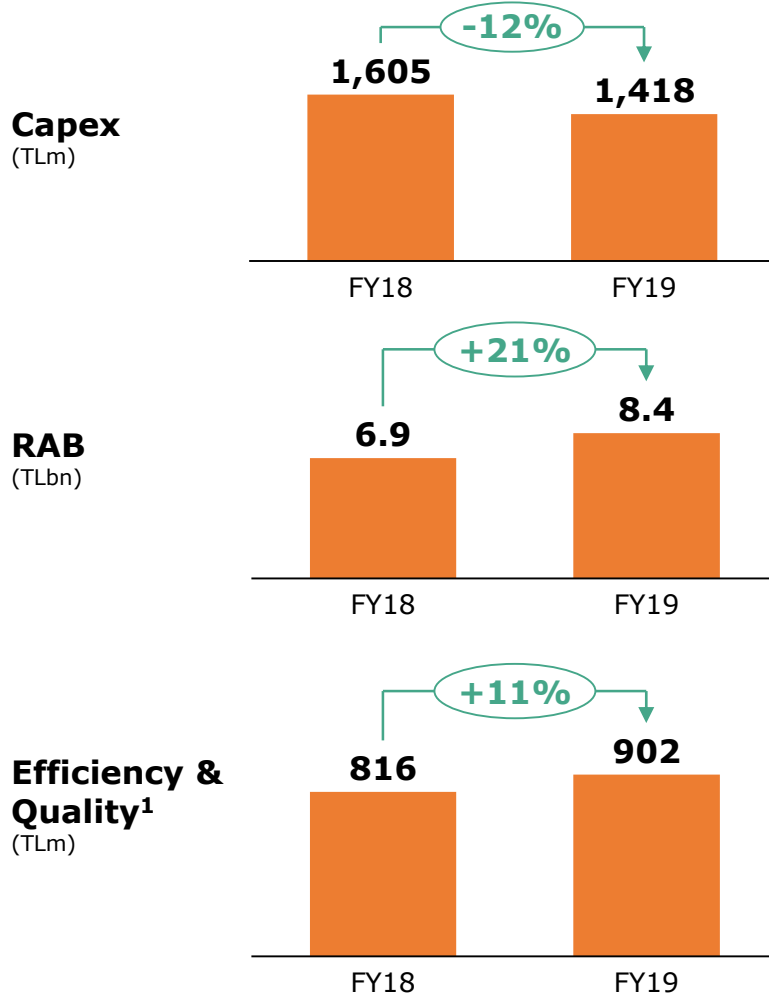
- Regulated Retail tariffs have been adjusted upwards by around 30% in the second half of 2019.
- Market procurement costs have remained flat in Q4, however the regulator has increased regulated wholesale prices (EÜAŞ) by 70% as of October in order to realign regulated and market procurement costs and allow for market liberalization.
- Late payment interest penalty rate has been reduced from 2.0% to 1,6% per month as of 30.12.2019 in line with lower nominal financing interest rate environment.

1 6-month TRLibor

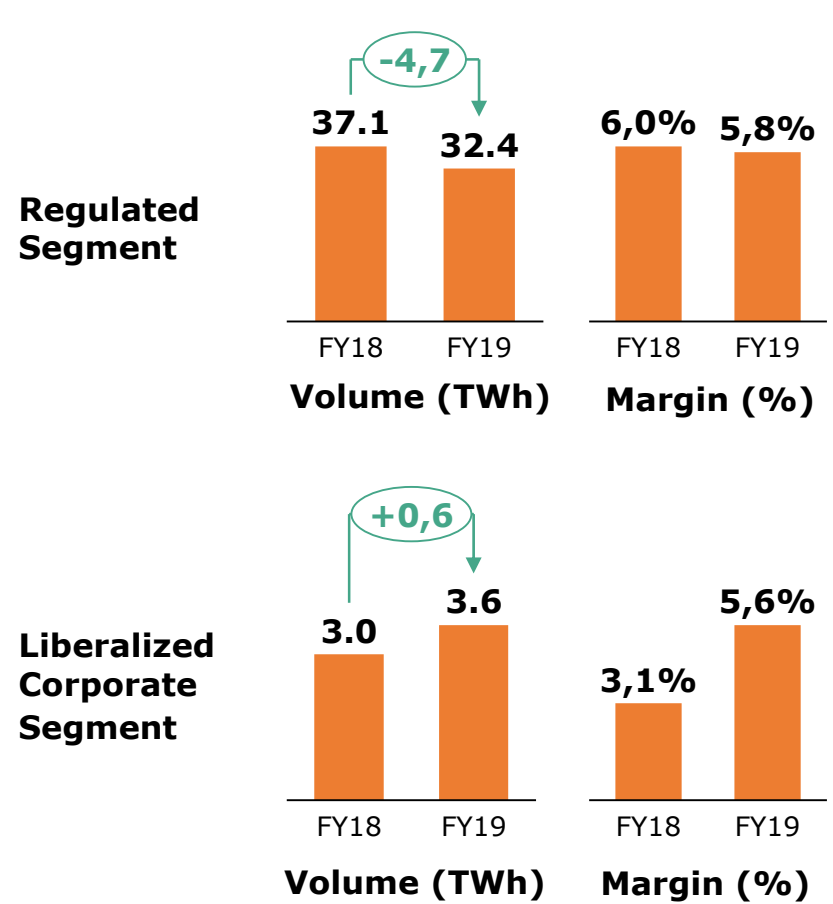


Operations

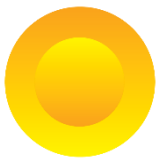
Distribution



Retail

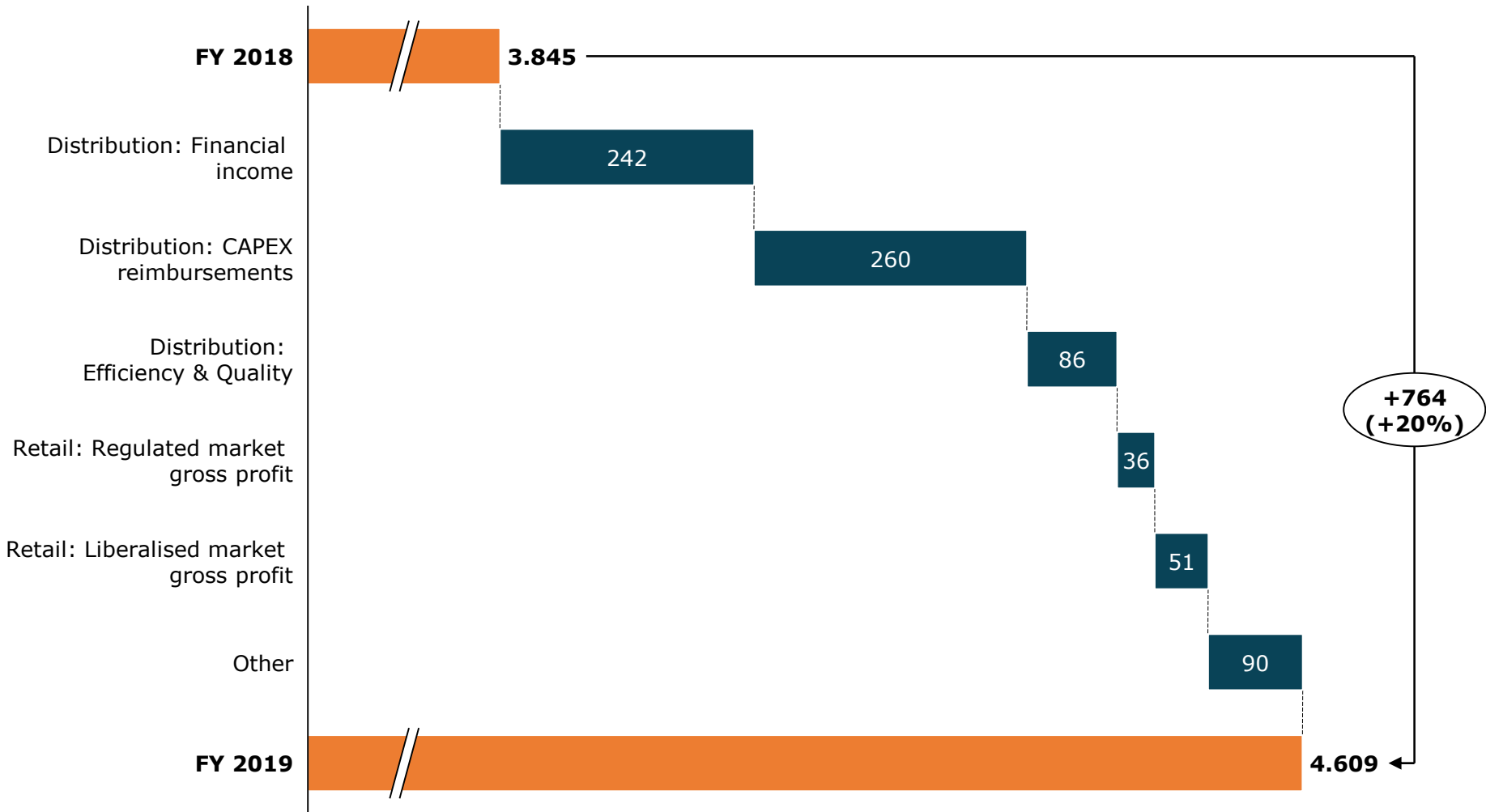


1 Incl. Capex, Opex and T&L outperformances as well as theft accrual & collection and quality bonus



Consolidated Operational Earnings Development

(TLm)





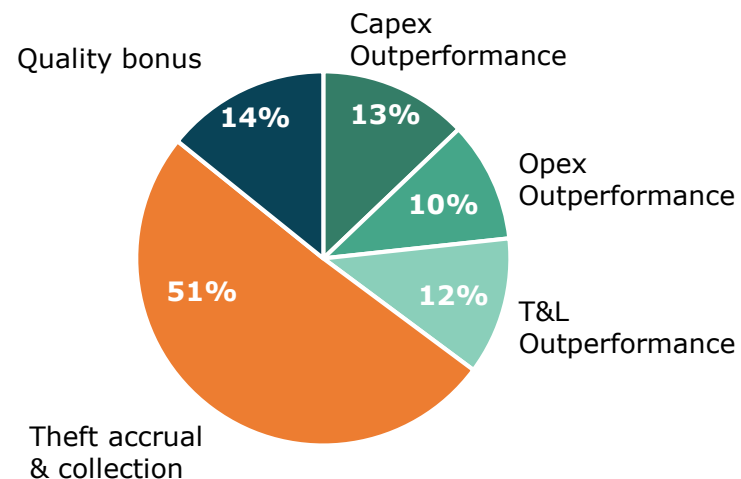
Distribution: Operational Earnings & Cash Development

Operational Earnings and Free Cash Flow Before Interest and Tax

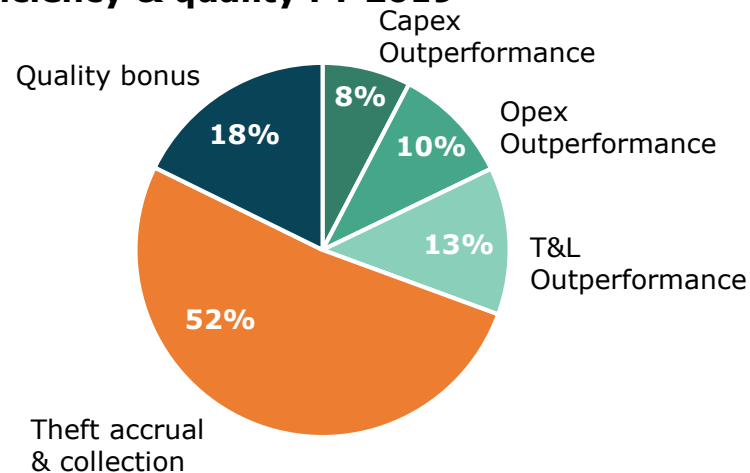
(TLm)

	FY 2018	FY 2019
Financial Income	1.717	1.959
Capex reimbursements	798	1.058
Efficiency & Quality	816	902
Tax correction	133	174
Other	26	-20
Operational Earnings	3.490	4.073
Financial income not yet cash-effective	-1.082	-1.178
Capex outperformance	-105	-69
Net VAT received/paid	362	410
Other (non-cash NWC)	-291	-859
Operating Cash Flow (before interest & tax)	2.374	2.377
Actual allowed Capex	-1.605	-1.418
Capex outperformance	105	69
VAT paid	-308	-255
Unpaid and previous year Capex	259	49
Cash-effective Capex	-1.549	-1.555
Free Cash Flow (before interest & tax)	825	822

Efficiency & quality FY 2018



Efficiency & quality FY 2019





Retail: Operational Earnings & Cash Development

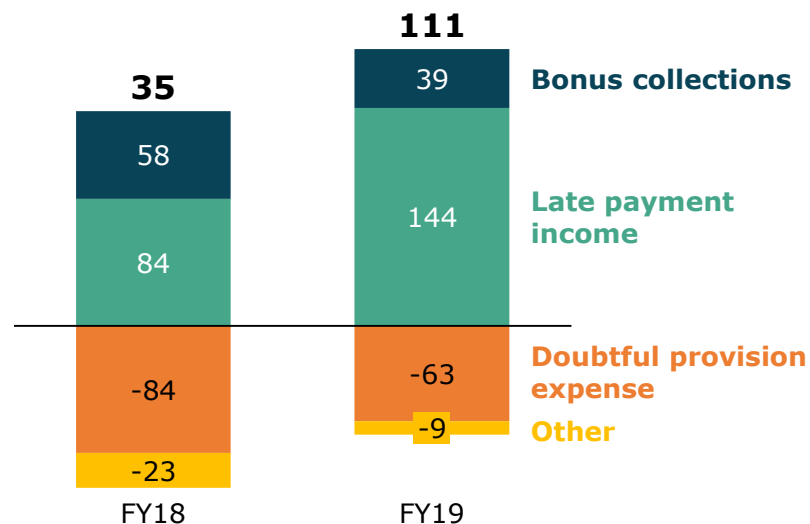
Operational Earnings and Free Cash Flow Before Interest and Tax

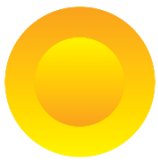
(TLm)

	FY 2018	FY 2019
Regulated gross profit	621	657
Liberalised gross profit	46	97
Customer solutions gross profit	11	19
Opex	-323	-325
Operational Earnings	390	559
Price equalization effects	-454	811
Net deposit additions	246	64
Delta NWC	-317	342
Operating Cash Flow (before interest & tax)	-135	1.776
Capex	-38	-51
Free Cash Flow (before interest & tax)	-173	1.725

Bad debt related income and expense

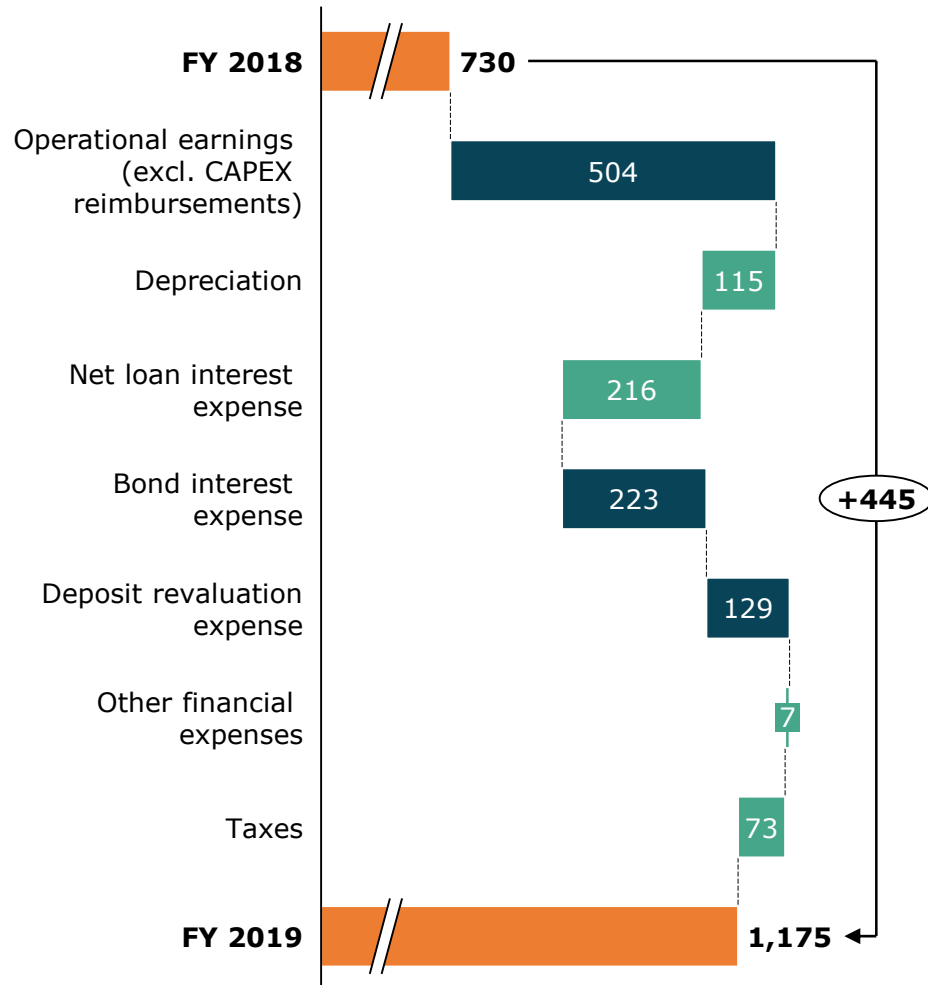
(TLm)



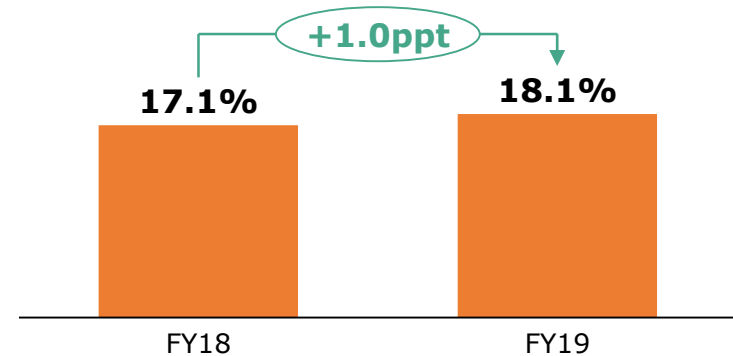


Consolidated Underlying Net Income Development

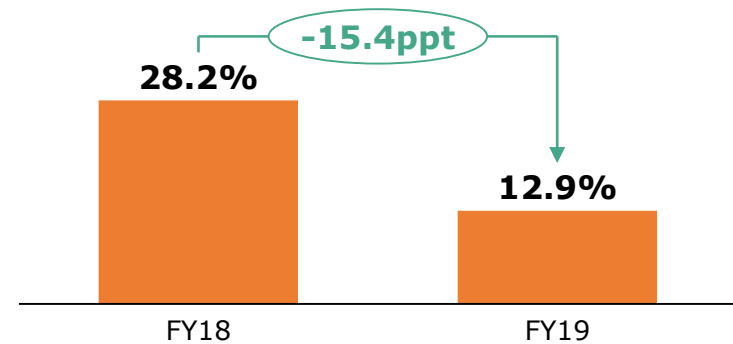
Underlying net income development (TLm)

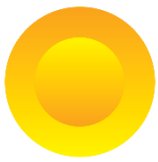


Weighted average loan interest rates



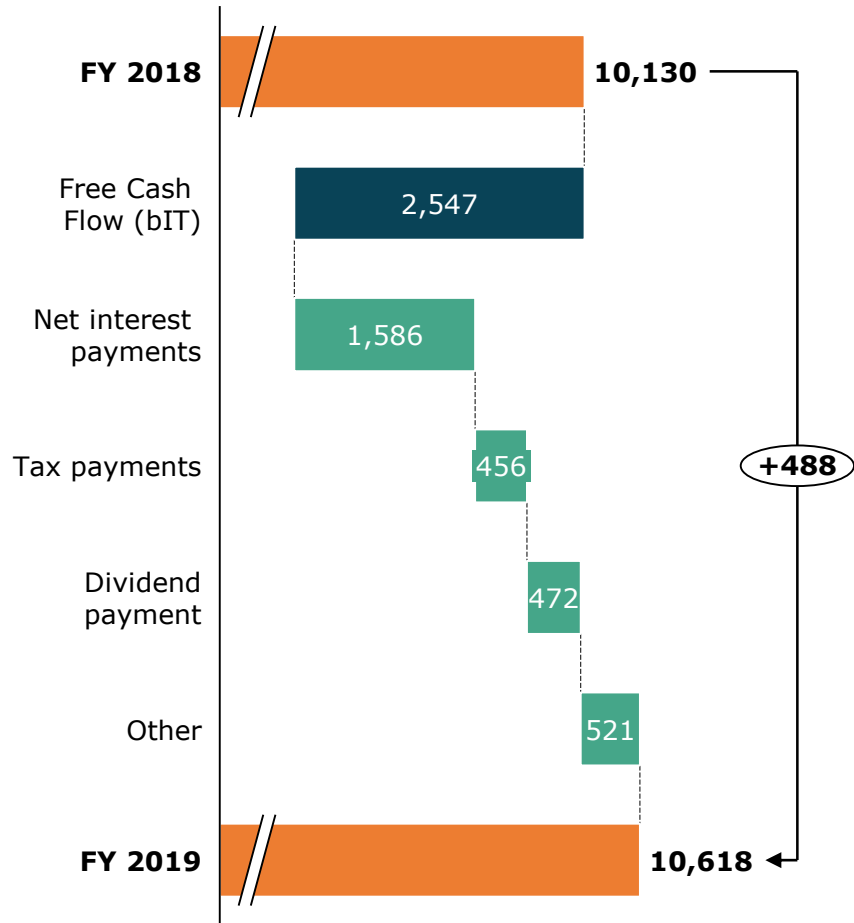
Weighted average bond interest rates (CPI-linked)



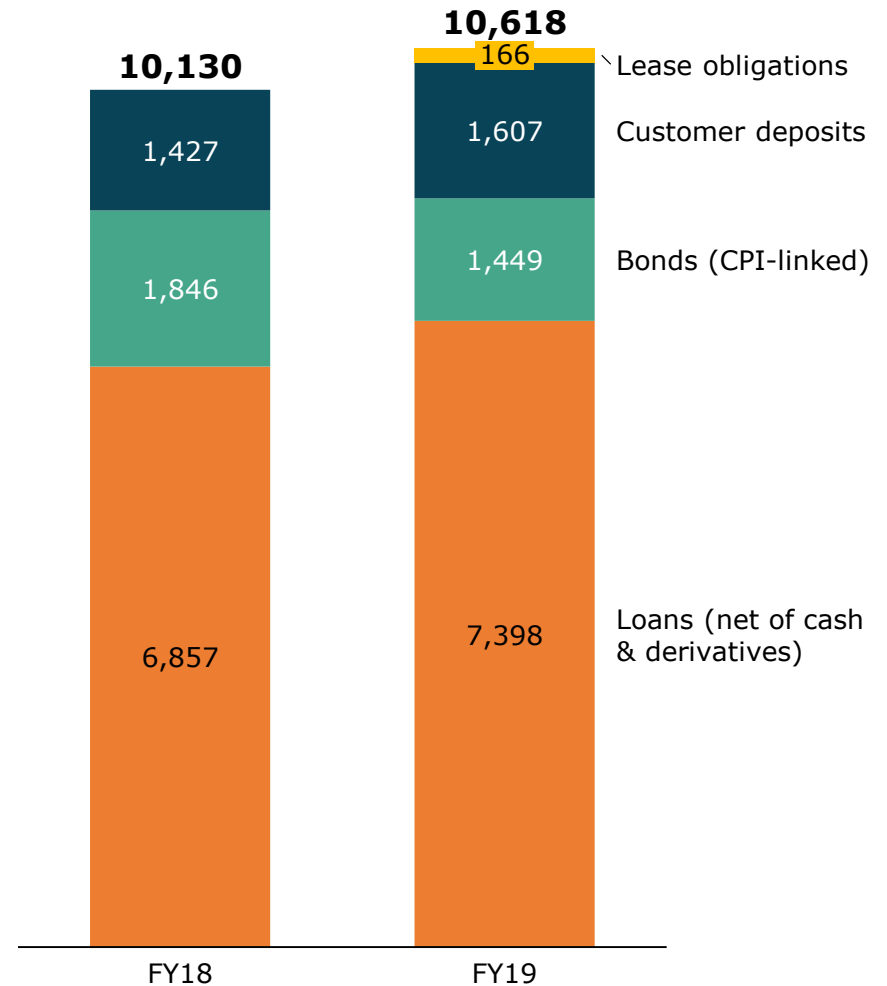


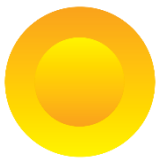
Economic Net Debt

Economic Net Debt development (TLm)



Economic Net Debt composition (TLm)

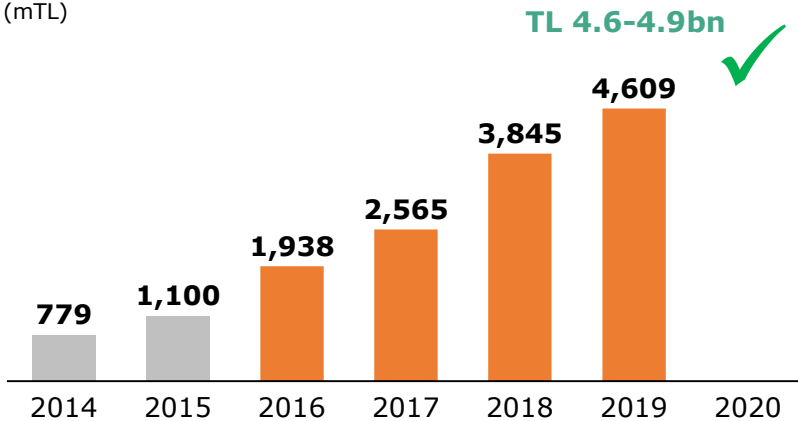




Continuous delivery on growth path

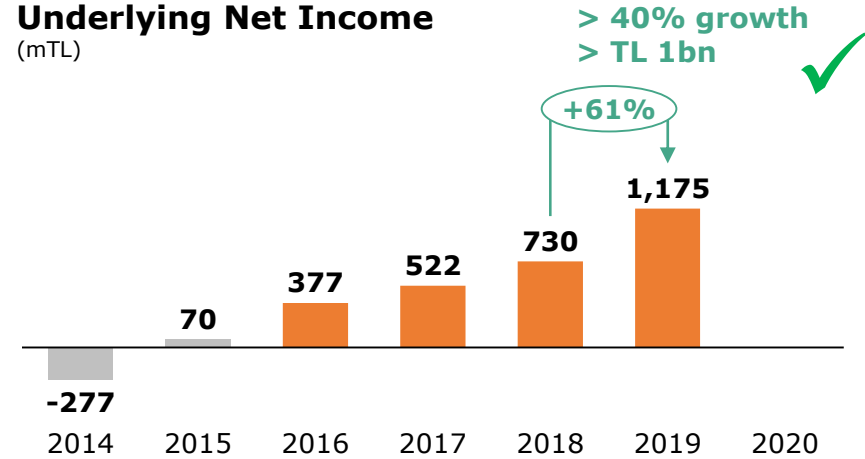
Operational earnings

(mTL)



Underlying Net Income

(mTL)



Payout 60-70% of Underlying Net Income

Payout ratio

68%

65%

60%

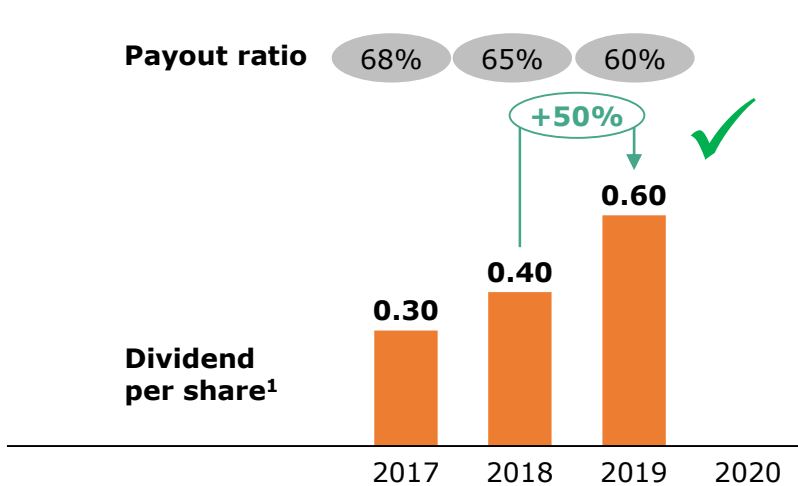
Dividend per share¹

0.30

0.40

0.60

+50%



Leverage² < 3.5x

7.0x

5.5x

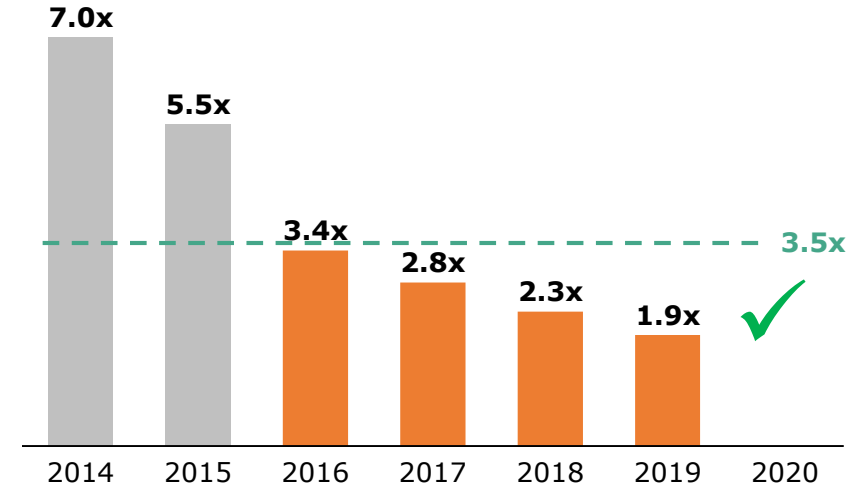
3.4x

2.8x

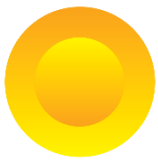
2.3x

1.9x

3.5x



1 Dividend per 100 shares; total number of outstanding shares is 118,106,896,712.
 2 Net Debt/Operational earnings



Appendix



Summary Financial Statements

Consolidated Income Statement

	1 January 31 December	1 January 31 December
(TLm)	2018	2019
Sales Revenue	18.347	19.453
Cost of Sales	-12.380	-14.108
Gross Profit	5.967	5.345
OPEX	-1.849	-2.170
Other Income/(Expense)	-1.307	-110
Operating profit before finance income/(expense)	2.811	3.065
Financial Income/(Expense)	-1.489	-1.673
Profit before tax	1.322	1.392
Taxation	-574	-358
Net Income	748	1.034

	1 January 31 December	1 January 31 December
(TLm)	2018	2019
Operating profit before finance income/(expense)	2.811	3.065
Adjustment of depreciation and amortization	258	373
Adjustment of impairment on goodwill	753	0
Adjustments related to operational fx gains and losses	44	4
Adjustments related to fair value difference arising from deposits	243	114
Interest income related to revenue cap regulation	-44	-186
EBITDA	4.065	3.369
CAPEX Reimbursements	798	1.058
EBITDA+CAPEX Reimbursements	4.864	4.427
Fair value changes of financial assets	-984	230
Competition Authority penalty provision	107	0
Non-recurring income related to previous years	-142	-48
Operational earnings	3.845	4.609
Net Income	748	1.034
Fair value changes of financial assets	-768	179
Non-recurring income related to previous years	-110	-37
Competition Authority penalty provision	107	0
Impairment provision on goodwill	753	0
Underlying Net Income	730	1.175

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	31 December 2019
Cash and Cash Equivalents	562	470
Financial Assets	791	1.099
Trade Receivables	3.512	3.009
Derivative financial instruments	313	8
Other Current Assets	694	1.196
Current Assets	5.872	5.782
Financial Assets	8.504	9.445
Tangible and Intangible Assets	7.104	7.177
Derivative financial instruments	0	1
Other Non-Current Assets	1.113	991
Non-Current Assets	16.721	17.614
TOTAL ASSETS	22.593	23.396
Short-Term Financial Liabilities	3.434	3.692
Other Financial Liabilities	44	51
Trade Payables	2.481	2.612
Derivative financial instruments	4	67
Other Current Liabilities	1.049	909
Current Liabilities	7.012	7.331
Long-Term Financial Liabilities	5.765	5.378
Other Financial Liabilities	322	303
Derivative financial instruments	8	0
Other Non-current Liabilities	3.187	3.549
Long-Term Liabilities	9.282	9.230
Share Capital	1.181	1.181
Adjustment to share capital	2.785	2.627
Other Equity Items	241	250
Retained Earnings	2.092	2.777
Equity	6.299	6.835
TOTAL LIABILITIES AND EQUITY	22.593	23.396

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

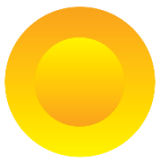


Summary Financial Statements

Consolidated Cash Flow

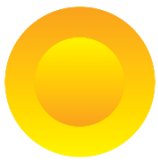
	1 January 31 December	1 January 31 December		1 January 31 December	1 January 31 December
(TLm)	2018	2019	(TLm)	2018	2019
Profit for the period	748	1.034	Cash Flows from Operating Activities (before interest and tax)	2.122	4.168
Adjustments to reconcile net profit for the period	2.395	1.088	CAPEX	-1.602	-1.621
Changes in operating assets and liabilities	-2.574	167	Free cash flow (before interest and tax)	520	2.547
Other inflows (incl. Capex reimbursements)	1.553	1.879	Tax payments	-35	-456
Cash Flows from Operating Activities (before interest and tax)	2.122	4.168	Interest received	96	122
Tax payments	-35	-456	Interest paid	-1.143	-1.708
Cash Flows from Operating Activities (before interest, after tax)	2.087	3.712	Free cash flow (after interest and tax)	-562	505
CAPEX	-1.602	-1.621			
Interest received	96	122			
Cash Flows from Investing Activities	-1.506	-1.499			
Cash in-flows and out-flows from borrowings	1.305	-126			
Interest paid	-1.143	-1.708			
Dividend paid	-354	-472			
Cash Flows from Financing Activities	-192	-2.306			
Increase in cash and cash equivalents	389	-92			
Cash and cash equivalents at the beginning of the period	173	562			
Cash and cash equivalents at the end of the period	562	470			

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



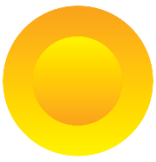
Retail: Income statement

(TLm)	1 January	1 January
	31 December	31 December
	2018	2019
Sales Revenue	11.361	12.854
<i>Regulated</i>	10.301	11.369
<i>Liberalised</i>	1.044	1.464
<i>Customer solutions</i>	16	21
Cost of Sales (-)	-10.690	-12.080
<i>Regulated</i>	-9.679	-10.711
<i>Liberalised</i>	-1.003	-1.362
<i>Customer solutions</i>	-8	-7
Gross Profit	671	774
OPEX	-341	-367
Other Income/(Expense)	-305	-9
Operating profit before finance income/(expense)	25	398
Adjustment of depreciation and amortization	23	47
Adjustments related to fair value difference arising from deposits	243	114
EBITDA	291	559
Competition Authority penalty provision	99	0
Operational earnings	390	559



Distribution: Income statement

(TlM)	1 January	1 January
	31 December	31 December
	2018	2019
Sales Revenue	6,986	6,599
<i>Financial income</i>	1,717	1,959
<i>Distribution revenue</i>	4,281	3,351
<i>Pass-through transmission revenue</i>	760	998
<i>Lighting sales revenue</i>	228	291
Cost of Sales	-1,690	-2,029
<i>Energy purchases (Lighting, T&L)</i>	-930	-1,024
<i>Pass-through transmission cost</i>	-760	-998
<i>Other</i>	0	-7
Gross Profit	5,296	4,570
OPEX	-1,272	-1,563
Other Income/(Expense)	-240	-105
Operating profit before finance income/(expense)	3,784	2,902
Adjustment of depreciation and amortization	26	113
Adjustments related to operational fx gains and losses	44	4
Interest income related to revenue cap regulation	-44	-186
EBITDA	3,810	2,833
CAPEX Reimbursements	798	1,058
EBITDA+CAPEX Reimbursements	4,608	3,891
Fair value changes of financial assets	-984	230
Non-recurring income related to previous years	-142	-48
Competition Authority penalty provision	8	0
Operational earnings	3,490	4,073



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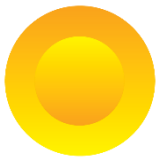
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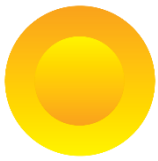
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Financial calendar 2019

Earnings releases





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