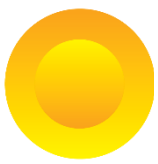




# Earnings Presentation FY 2020

23 February 2021



## Executive Summary



**Underlying Net Income:** 60% YoY increase in 2020



**Shareholder Return:** 0.96 TL DPS (60% YoY increase) proposed by BoD; subject to AGM approval

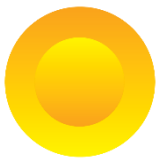


**4th Regulatory Period:** Stable regulatory framework supporting investments, governance and quality



**2021 Outlook:**

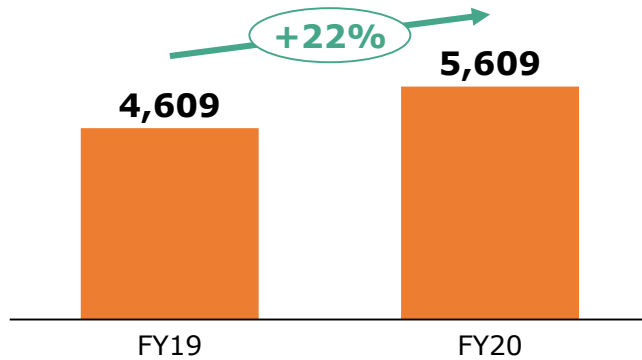
- Double digit growth in Operational Earnings
- Record high cash flow and continuing deleveraging



# Financial Highlights

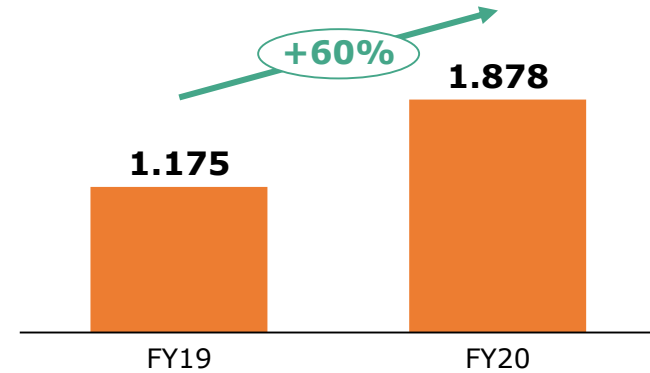
## Operational earnings

(TLm)

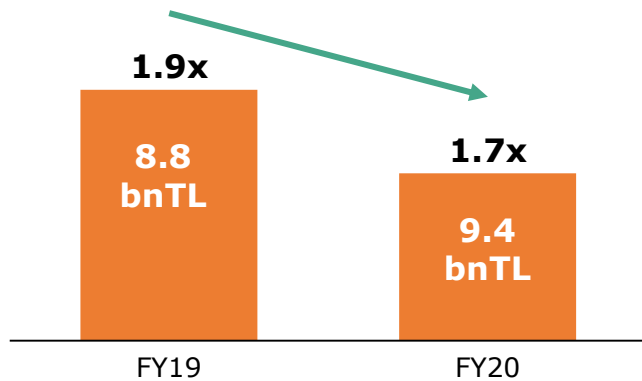


## Underlying Net Income

(TLm)

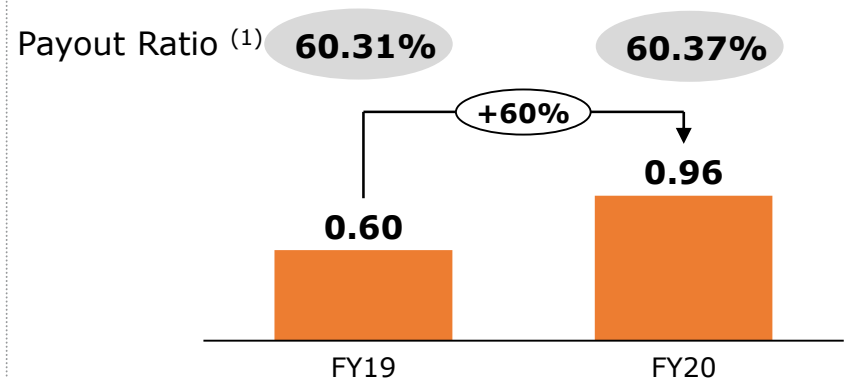


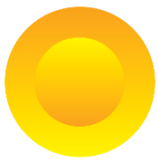
## Net Financial Debt / Operational Earnings



## Dividend Proposal

(TL/share)

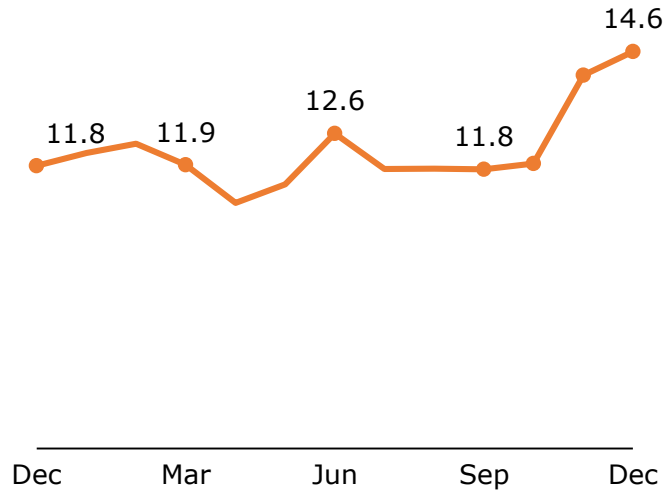




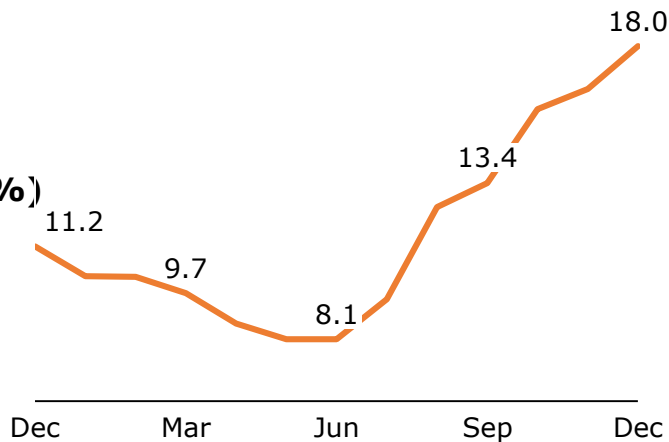
# Market environment

## Turkey

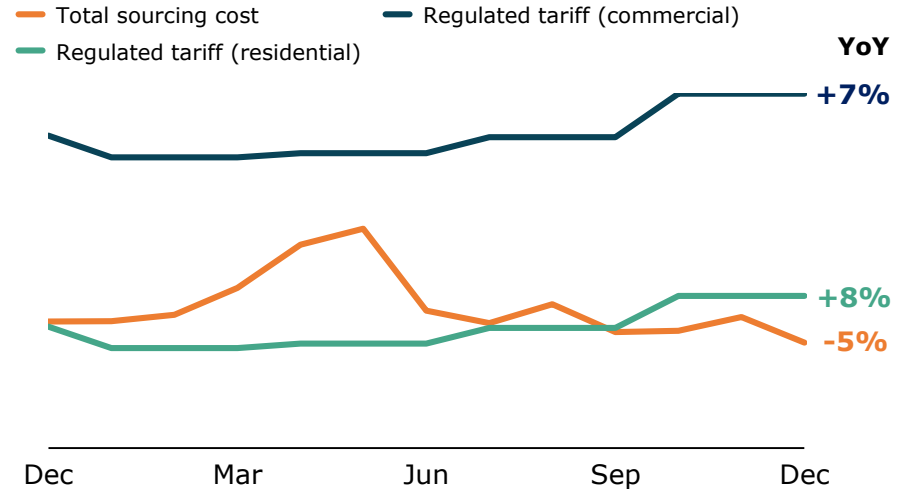
Inflation (%)



Interest rates<sup>1</sup> (%)



## Sector: Regulatory Developments



- Regulated industrial, commercial and residential tariffs increased by around 7-8%, while sourcing costs decreased by 5% in 2020.
- Higher total sourcing costs in H1 mainly due to higher FIT costs, EPIAŞ and EÜAŞ costs. At last quarter, with the impact of decreasing FIT and EÜAŞ costs, total sourcing cost started coming down. Changes in FIT costs are mainly driven by FX rate changes.
- As of 1st January 2021 regulated industrial, commercial and residential tariffs increased 1-3%. Distribution tariff component increased by around 16%. In net, end user tariffs increased by around 6% QoQ.

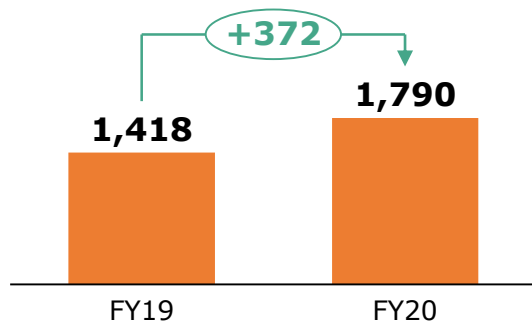




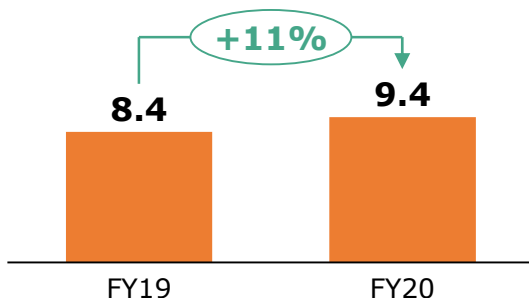
# Operations

## Distribution

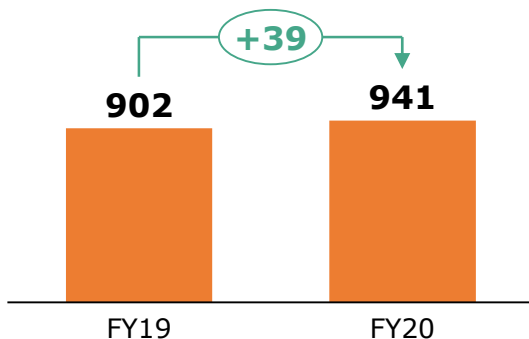
**Capex**  
(TLm)



**RAB**  
(TLbn)

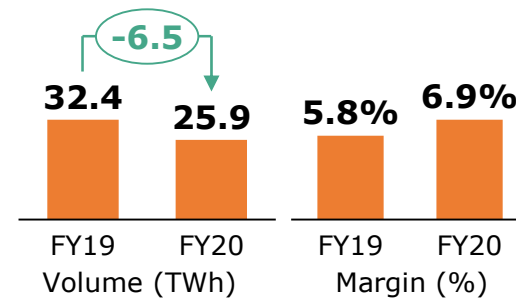


**Efficiency & Quality<sup>1</sup>**  
(TLm)

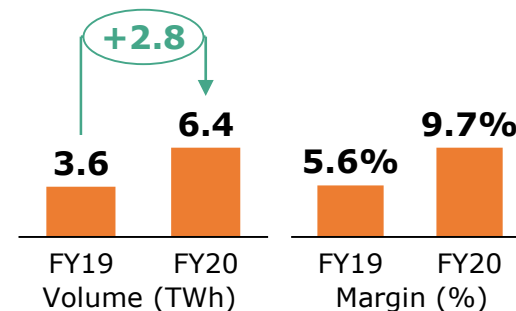


## Retail

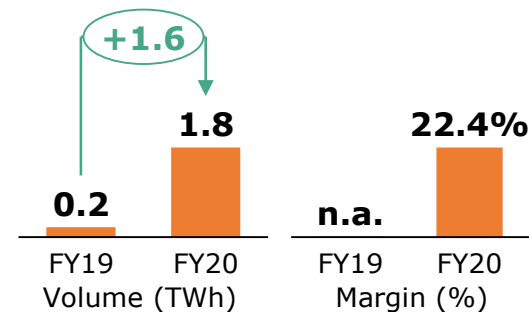
**Regulated Segment**



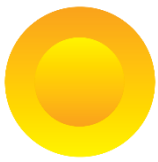
**Liberalized Corporate Segment**



**Liberalized Residential & SME Segment**

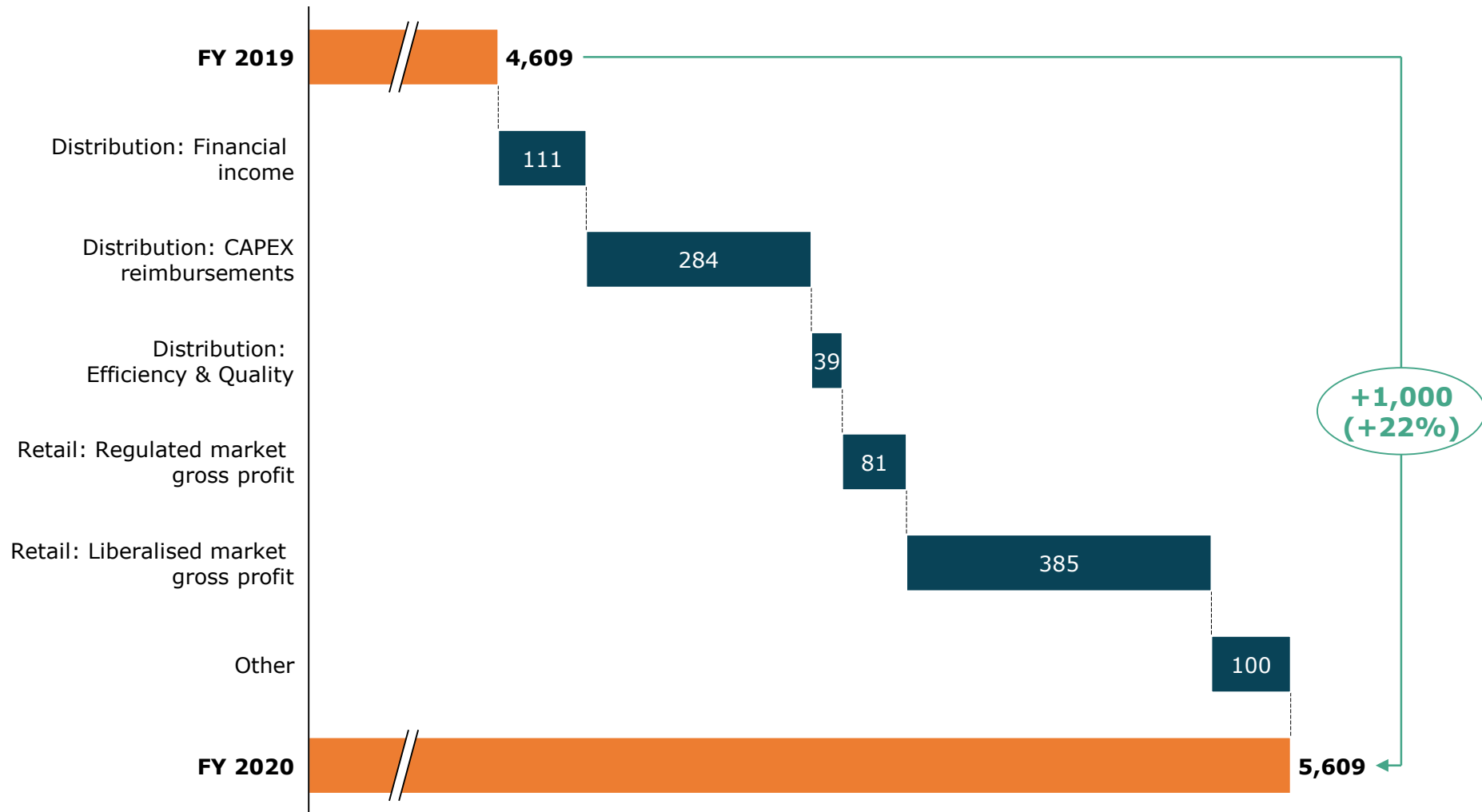


1 Incl. Capex, Opex and T&L outperformances as well as theft accrual & collection and quality bonus



# Consolidated Operational Earnings Development

(TLm)





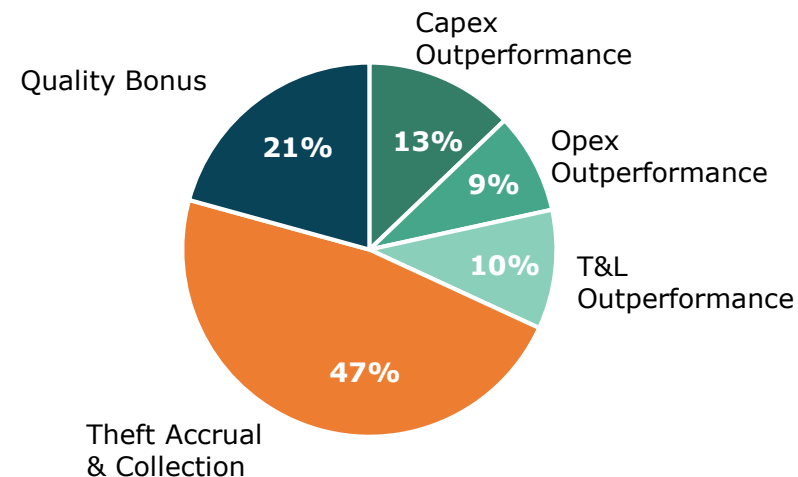
# Distribution: Operational Earnings & Cash Development

## Operational Earnings and Free Cash Flow Before Interest and Tax

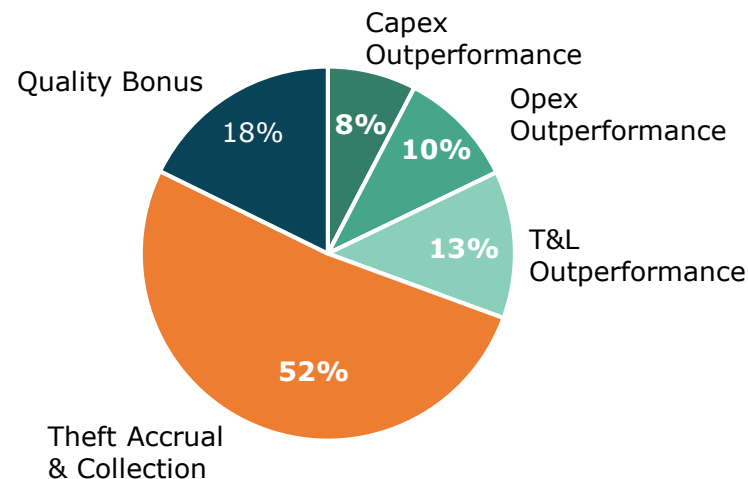
(TLm)

	FY 2019	FY 2020
Financial Income	1,959	2,070
Capex reimbursements	1,058	1,342
Efficiency & Quality	902	941
Tax correction	174	217
Other	-20	193
<b>Operational Earnings</b>	<b>4,073</b>	<b>4,763</b>
Financial income not yet cash-effective	-1,178	-1,157
Capex outperformance	-69	-121
Net VAT received/paid	410	688
Other (non-cash NWC)	-859	-610
<b>Operating Cash Flow (before interest &amp; tax)</b>	<b>2,377</b>	<b>3,563</b>
Actual allowed Capex	-1,418	-1,790
Capex outperformance	69	121
VAT paid	-255	-346
Unpaid and previous year Capex	49	-96
<b>Cash-effective Capex</b>	<b>-1,555</b>	<b>-2,111</b>
<b>Free Cash Flow (before interest &amp; tax)</b>	<b>822</b>	<b>1,452</b>

## Efficiency & quality FY 2020



## Efficiency & quality FY 2019





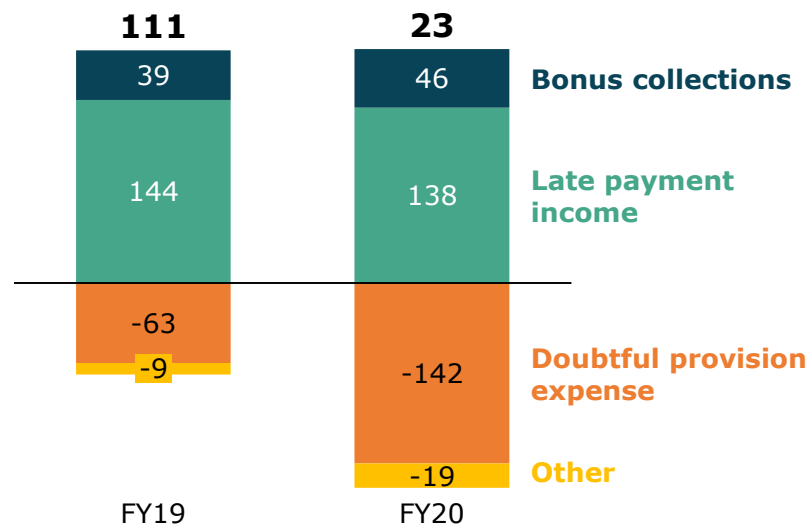
# Retail: Operational Earnings & Cash Development

## Operational Earnings and Free Cash Flow Before Interest and Tax

(TLm)

Retail	FY	FY
Financials	2019	2020
Regulated gross profit	657	738
Liberalised gross profit	97	482
Customer solutions gross profit	19	21
Opex	-325	-385
Bad debt related income and expense	111	23
<b>Operational Earnings</b>	<b>559</b>	<b>879</b>
Price equalization effects	811	-119
Net deposit additions	64	-25
Delta NWC	342	46
<b>Operating Cash Flow (before interest &amp; tax)</b>	<b>1,776</b>	<b>781</b>
Capex	-51	-39
<b>Free Cash Flow (before interest &amp; tax)</b>	<b>1,725</b>	<b>742</b>

## Bad debt related income and expense (TLm)

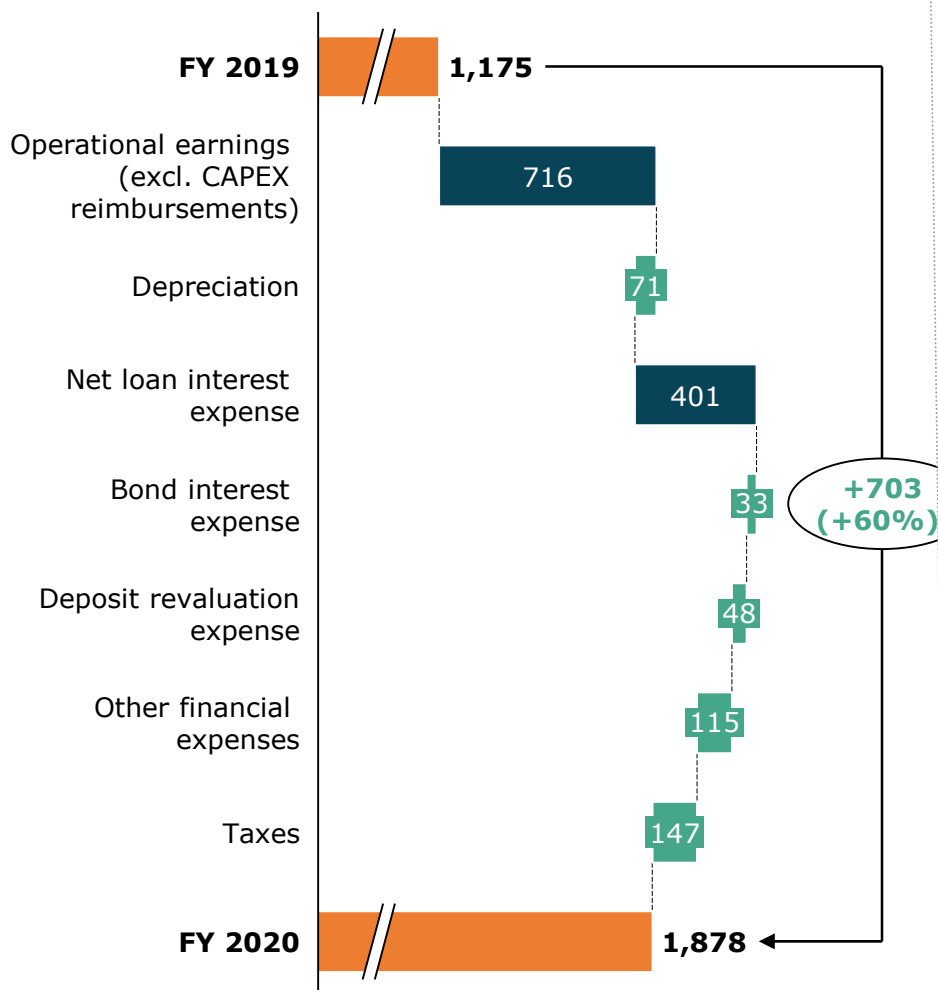




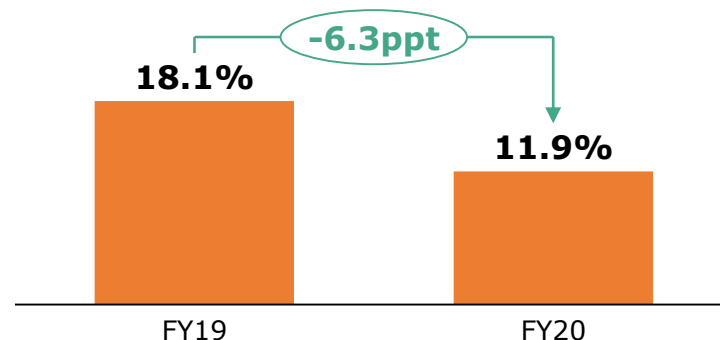


# Consolidated Underlying Net Income Development

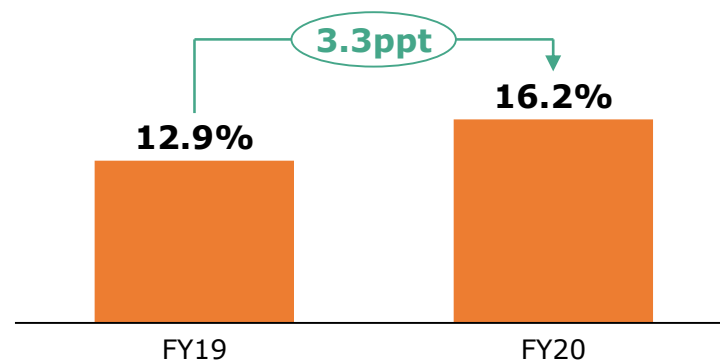
## Underlying net income development YoY (TLm)



## Weighted average loan interest rates



## Weighted average bond interest rates (CPI-linked)

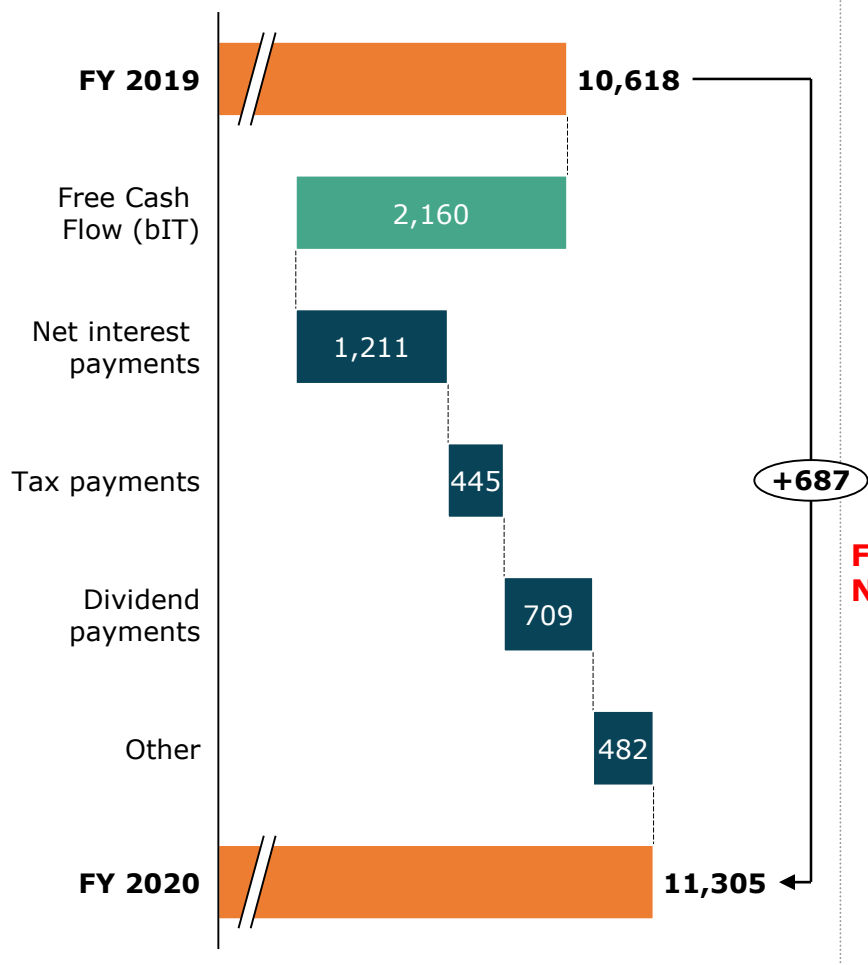


Note: For reconciliation from Net Income to Underlying Net Income please refer to table on slide 15

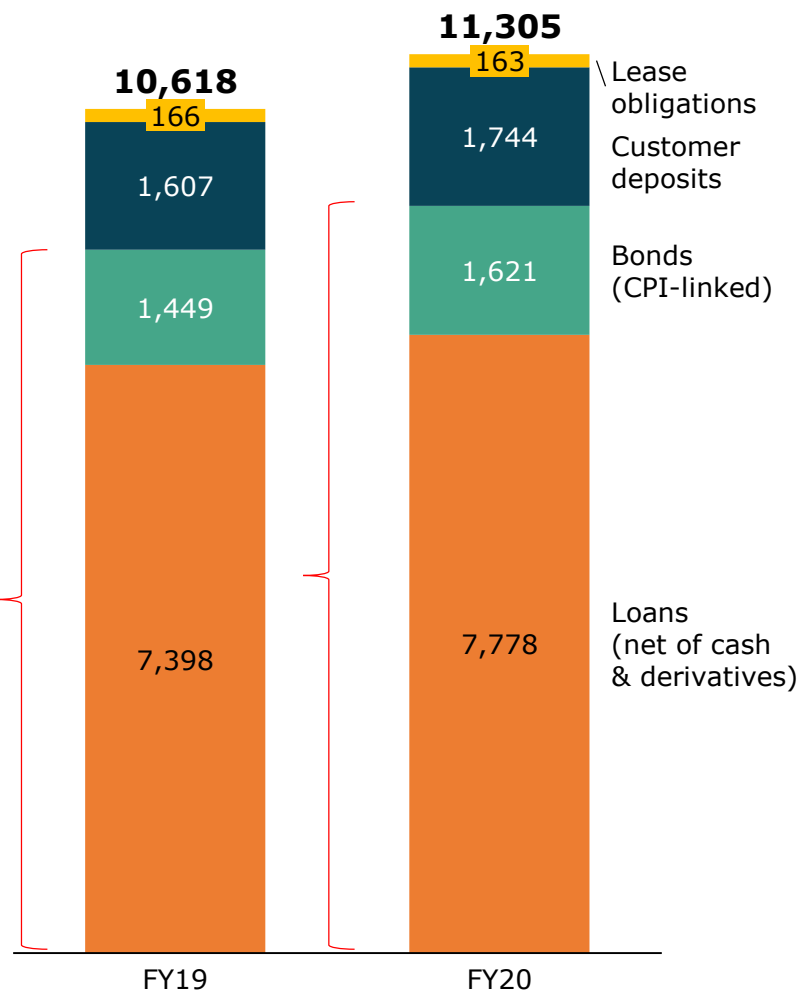


# Economic Net Debt

**Economic Net Debt development** (TLm)



**Economic Net Debt composition** (TLm)



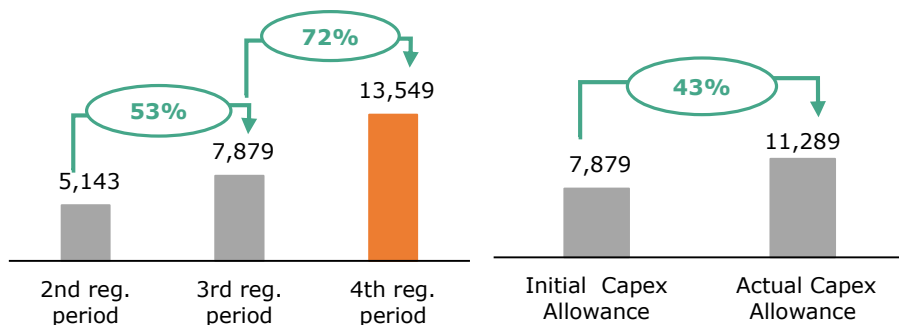


## 4th Tariff Period

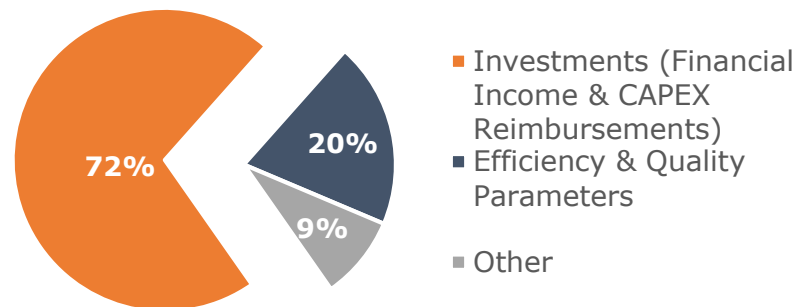
### Distribution: Regulation Incentivises Investments

#### Initial Capex Allowance 3<sup>rd</sup> Tariff Period Capex Allowance

(TLmn, real Oct 2020, Index: 487.38) (TLmn, real Oct 2020, Index: 487.38)

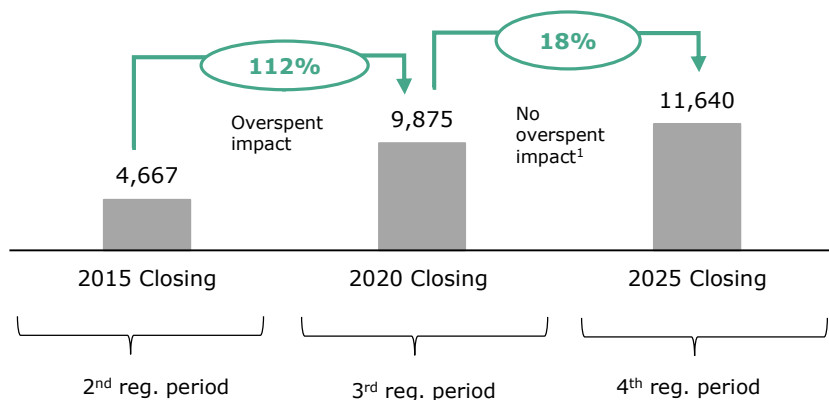


#### Distribution Operational Earnings (2020)



#### Statutory RAB Development

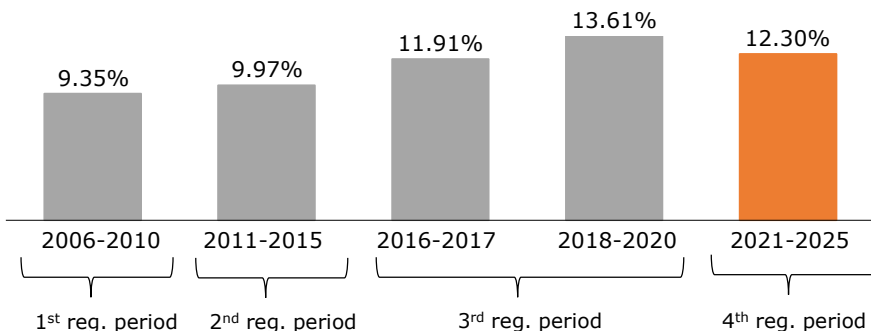
(TLmn, real Oct 2020, Index: 487.38)

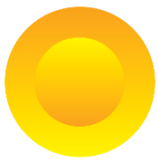


¹ This is not a guidance. In line with regular implementation, EMRA calculation assumes no Capex overspend in the fourth regulatory period.

#### Regulated WACC

(Real, pre-tax, mid-year adjusted)



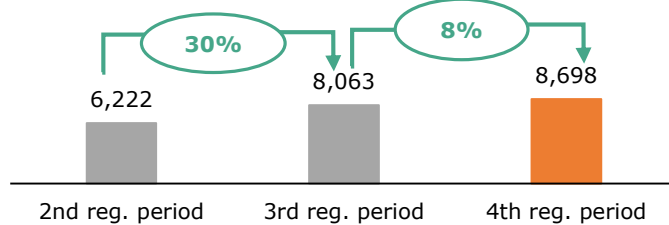


## 4th Tariff Period

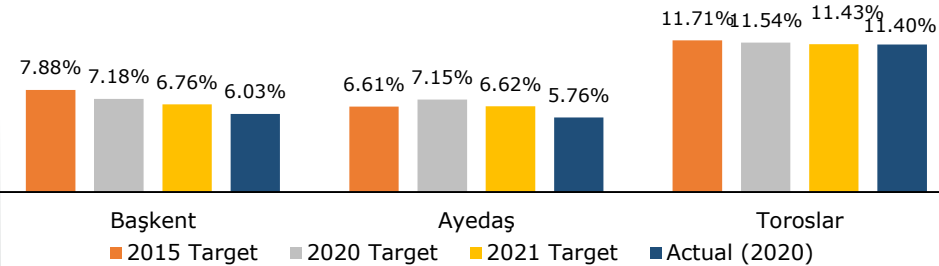
### Distribution: Regulation Incentivises Efficiency and Quality

#### Initial Controllable Opex Allowance

Excluding scheduled maintenance  
(TLmn, real Oct 2020, Index: 487.38, 5 year total)

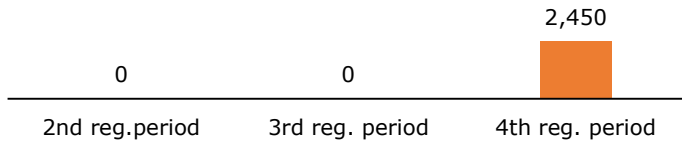


#### Theft & Loss Targets and Realization



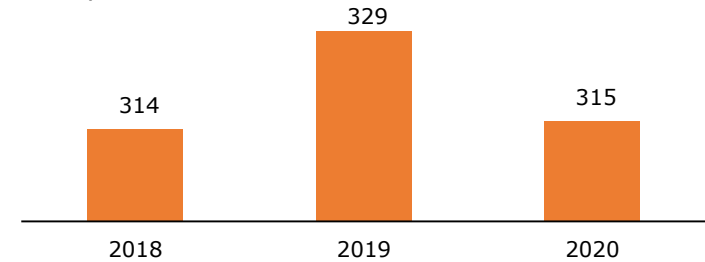
#### Initial Scheduled Maintenance Opex Allowance

(TLmn, real Oct 2020, Index : 487.38, 5 year total)



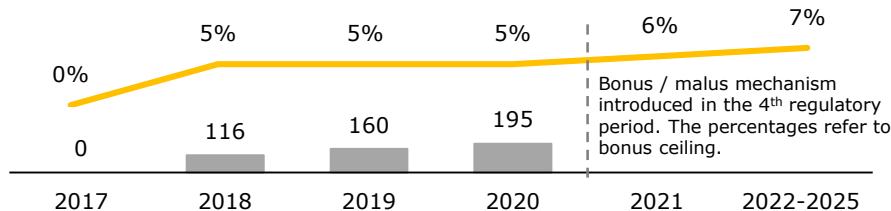
#### Theft Usage Detection Accrual

(TLmn, Nominal)



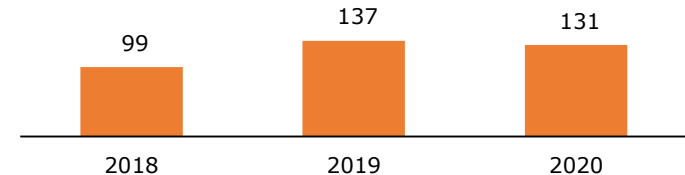
#### Quality Parameter Realized and Quality Parameter Ceiling

(TLmn, Nominal & % of Regulated Revenue Requirement)

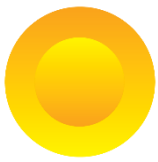


#### Theft Usage Accrual Collection

(TLmn, Nominal)



Source: Company and EMRA.



## **Outlook 2021**

New Regulatory Period Supports Growth

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### **Operational Earnings**

Double digit growth

### **Regulated Asset Base**

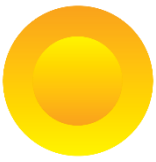
At least 10.9bnTL

### **Underlying Net Income**

At least 1.9bnTL

### **Free Cash Flow** (after interest and tax)

At least 1.7bnTL



# Appendix





# Summary Financial Statements

## Consolidated Income Statement

	1 January 31 December	1 January 31 December
(TLm)	2019	2020
Sales Revenue	19,453	21,757
Cost Of Sales	-14,109	-16,118
<b>Gross Profit</b>	<b>5,344</b>	<b>5,639</b>
Opex	-2,170	-2,543
Other Income/(Expense)	-110	-358
<b>Operating Profit Before Finance Income/(Expense)</b>	<b>3,064</b>	<b>2,738</b>
Financial Income/(Expense)	-1,672	-1,325
<b>Profit Before Tax</b>	<b>1,392</b>	<b>1,413</b>
Taxation	-358	-325
<b>Net Income</b>	<b>1,034</b>	<b>1,088</b>

	1 January 31 December	1 January 31 December
(TLm)	2019	2020
<b>Operating Profit Before Finance Income/(Expense)</b>	<b>3,064</b>	<b>2,738</b>
Adjustment Of Depreciation And Amortization	373	444
Adjustments Related To Operational Fx Gains And Losses	4	28
Adjustment related to deposit valuation expense	114	162
Interest Income Related To Revenue Cap Regulation	-186	-30
<b>EBITDA</b>	<b>3,369</b>	<b>3,342</b>
CAPEX Reimbursements	1,058	1,342
<b>EBITDA+CAPEX Reimbursements</b>	<b>4,427</b>	<b>4,684</b>
Fair Value Changes Of Financial Assets	230	395
Non-recurring Fair Value Changes	0	49
Non-recurring (Income) / Expense Related To Previous Years	-48	469
Non-recurring Expenses	0	12
<b>Operational Earnings</b>	<b>4,609</b>	<b>5,609</b>

	1,034	1,088
<b>Net Income</b>	<b>1,034</b>	<b>1,088</b>
Fair Value Changes Of Financial Assets	179	308
Non-recurring Fair Value Changes	0	38
Non-recurring (Income) / Expense Related To Previous Years	-38	366
Non-recurring Expenses	0	12
Non-recurring Refinancing Transactions Fees	0	66
<b>Underlying Net Income</b>	<b>1,175</b>	<b>1,878</b>

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 2019	31 December 2020
Cash and Cash Equivalents	470	589
Financial Investments	0	126
Financial Assets	1,099	2,348
Trade Receivables	3,009	2,944
Derivative financial instruments	8	36
Other Current Assets	1,196	810
<b>Current Assets</b>	<b>5,782</b>	<b>6,853</b>
Financial Assets	9,445	9,122
Tangible and Intangible Assets	7,177	7,400
Derivative financial instruments	1	0
Other Non-Current Assets	991	1,301
<b>Non-Current Assets</b>	<b>17,614</b>	<b>17,823</b>
<b>TOTAL ASSETS</b>	<b>23,396</b>	<b>24,676</b>
Short-Term Financial Liabilities	3,692	2,672
Other Financial Liabilities	51	69
Trade Payables	2,612	1,914
Derivative financial instruments	67	140
Other Current Liabilities	2,813	3,493
<b>Current Liabilities</b>	<b>9,235</b>	<b>8,288</b>
Long-Term Financial Liabilities	5,378	7,090
Other Financial Liabilities	303	340
Derivative financial instruments	0	2
Other Non-current Liabilities	1,645	1,803
<b>Long-Term Liabilities</b>	<b>7,326</b>	<b>9,235</b>
Share Capital	1,181	1,181
Adjustment to share capital	2,627	2,416
Other Equity Items	250	424
Retained Earnings	2,777	3,132
<b>Equity</b>	<b>6,835</b>	<b>7,153</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>23,396</b>	<b>24,676</b>

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
(TLm)	2019	2020
Profit For The Period	1,034	1,088
Adjustments To Reconcile Net Profit For The Period	1,088	1,212
Changes In Operating Assets And Liabilities	167	-368
Other Inflows (Incl. Capex Reimbursements)	1,879	2,383
<b>Cash Flows From Operating Activities (Before Interest And Tax)</b>	<b>4,168</b>	<b>4,315</b>
Tax Payments	-456	-445
<b>Cash Flows From Operating Activities (Before Interest, After Tax)</b>	<b>3,712</b>	<b>3,870</b>
CAPEX	-1,621	-2,155
Interest Received	122	49
Purchase Of Debt Instruments	0	-121
<b>Cash Flows From Investing Activities</b>	<b>-1,499</b>	<b>-2,227</b>
Cash In-flows And Out-flows From Borrowings	-126	555
Interest Paid	-1,708	-1,260
Dividend Paid	-472	-709
Payments Of Finance Lease Liabilities	0	-110
<b>Cash Flows From Financing Activities</b>	<b>-2,306</b>	<b>-1,524</b>
Increase In Cash And Cash Equivalents	-92	119
Cash And Cash Equivalents At The Beginning Of The Period	562	470
<b>Cash And Cash Equivalents At The End Of The Period</b>	<b>470</b>	<b>589</b>

	1 January 31 December	1 January 31 December
(TLm)	2019	2020
Cash Flows From Operating Activities (Before Interest And Tax)	4,168	4,315
Capex	-1,621	-2,155
<b>Free Cash Flow (Before Interest And Tax)</b>	<b>2,547</b>	<b>2,160</b>
Tax Payments	-456	-445
Interest Received	122	49
Interest Paid	-1,708	-1,260
<b>Free Cash Flow (After Interest And Tax)</b>	<b>505</b>	<b>504</b>

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



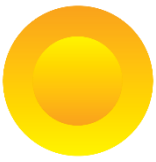
# Retail: Income statement

	1 January 31 December	1 January 31 December
<b>(TLm)</b>	<b>2019</b>	<b>2020</b>
Sales Revenue (net)	12,854	14,450
<i>Regulated</i>	11,369	10,681
<i>Liberalised</i>	1,464	3,743
<i>Customer solutions</i>	21	26
Cost of Sales (-)	-12,080	-13,456
<i>Regulated</i>	-10,711	-9,944
<i>Liberalised</i>	-1,362	-3,503
<i>Customer solutions</i>	-7	-9
<b>Gross Profit</b>	<b>774</b>	<b>994</b>
OPEX	-367	-432
Other Income/(Expense)	-9	90
<b>Operating Profit Before Finance Income/(Expense)</b>	<b>398</b>	<b>652</b>
Adjustment Of Depreciation And Amortization	47	52
Adjustment related to deposit valuation expense	114	162
<b>EBITDA</b>	<b>559</b>	<b>866</b>
Non-recurring Fair Value Changes	0	3
Non-recurring Expenses	0	10
<b>Operational Earnings</b>	<b>559</b>	<b>879</b>



# Distribution: Income statement

	1 January 31 December	1 January 31 December
<b>(TLm)</b>	<b>2019</b>	<b>2020</b>
Sales Revenue	6,599	7,306
<i>Financial income</i>	<i>1,959</i>	<i>2,070</i>
<i>Distribution revenue</i>	<i>3,351</i>	<i>3,545</i>
<i>Pass-through transmission revenue</i>	<i>998</i>	<i>1,369</i>
<i>Lighting sales revenue</i>	<i>291</i>	<i>322</i>
Cost of Sales	-2,029	-2,662
<i>Energy purchases (Lighting, T&amp;L)</i>	<i>-1,024</i>	<i>-1,293</i>
<i>Pass-through transmission cost</i>	<i>-998</i>	<i>-1,369</i>
<i>Other</i>	<i>-7</i>	<i>0</i>
<b>Gross Profit</b>	<b>4,570</b>	<b>4,644</b>
OPEX	-1,563	-1,869
Other Income/(Expense)	-105	-441
<b>Operating Profit Before Finance Income/(Expense)</b>	<b>2,902</b>	<b>2,334</b>
Adjustment Of Depreciation And Amortization	113	179
Adjustments Related To Operational Fx Gains And Losses	4	28
Interest Income Related To Revenue Cap Regulation	-186	-30
<b>EBITDA</b>	<b>2,833</b>	<b>2,511</b>
CAPEX Reimbursements	1,058	1,342
<b>EBITDA+CAPEX Reimbursements</b>	<b>3,891</b>	<b>3,853</b>
Fair Value Changes Of Financial Assets	230	395
Non-recurring Fair Value Changes	0	46
Non-recurring (Income) / Expense Related To Previous Years	-48	469
<b>Operational Earnings</b>	<b>4,073</b>	<b>4,763</b>



## Investor Relations contacts

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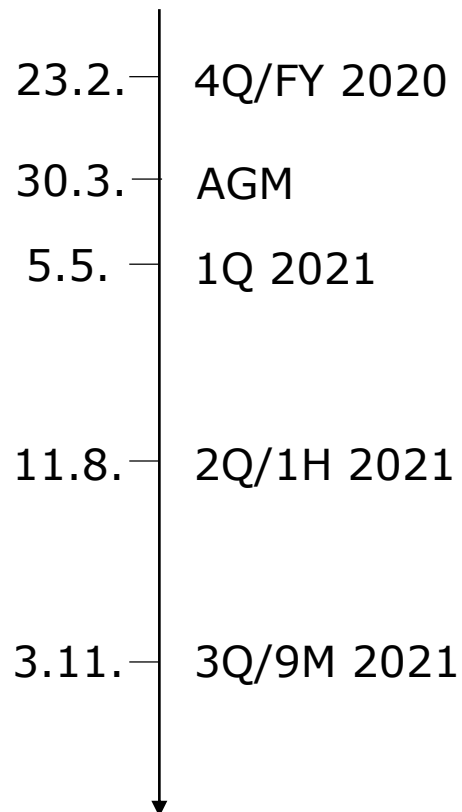


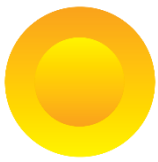


# Financial calendar 2021

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## Earnings Call & AGM





## Disclaimer

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