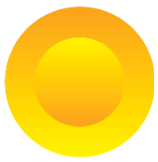




# Earnings Presentation 2021

21 February 2022



# Executive Summary



## 2021 Performance

- Underlying Net Income and Operational Earnings above Guidance
- Cash Flow below guidance due to price equalization effect and Disco Capex related performance
- 5-fold growth in Customer Solutions



**Shareholder Return:** 1.24 TL DPS proposed by BoD; subject to AGM approval



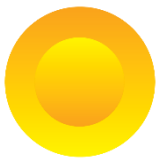
## Sustainability

- Improving performance in sustainability ratings: Sustainalytics, CDP, FTSE Russell and Refinitive
- Green Finance Framework completed
- “Inclusive and Green-focused” loan agreement with the EBRD



## 2022 Outlook

- Outlook shared on Underlying Net Income and Operational Earnings
- Uncertainties in electricity markets and supply chain vulnerabilities continue
- The company assesses that it is prudent to provide a detailed and specific guidance at a later stage



# Impacts of Electricity Price Increases

## Electricity Markets

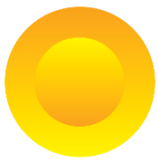
- Increases in global spot natural gas and coal prices
- Increase in electricity prices across markets
- In Q42021, around 175% YoY increase and 60% QoQ increase in Turkish day ahead electricity prices (quarterly average prices)

## Distribution

- Distribution business accounts for c.87% of Enerjisa Enerji's consolidated operational earnings
- The impact of electricity prices on distribution earnings is limited

## Retail

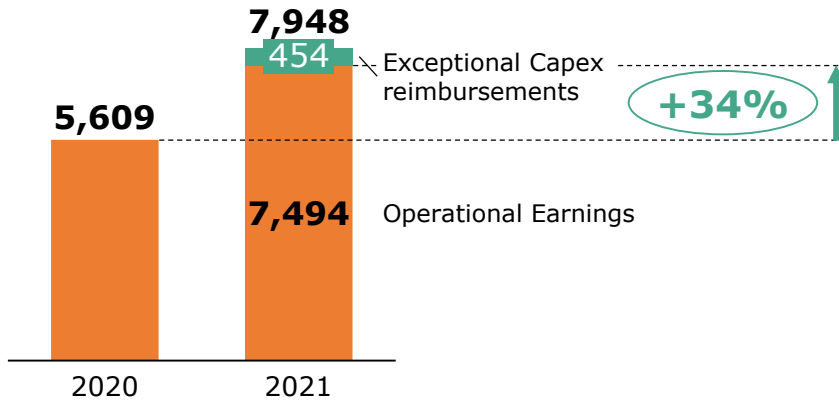
- Regulated Segment: Gross profit in regulated segment is cost plus, with a 2.38% gross margin. Cash flow impact of price increases to be corrected with 2 quarters lag with financial compensation through price equalization mechanism
- Liberalised Segment: Fixed and variable contracts account for c.50% share in liberalized segment each. For fixed contracts, risk management through hedges or bilateral contracts
- Consolidated retail: The short-term impact of electricity prices on retail earnings low, while a temporary impact on cash flow is possible.



# Financial Highlights

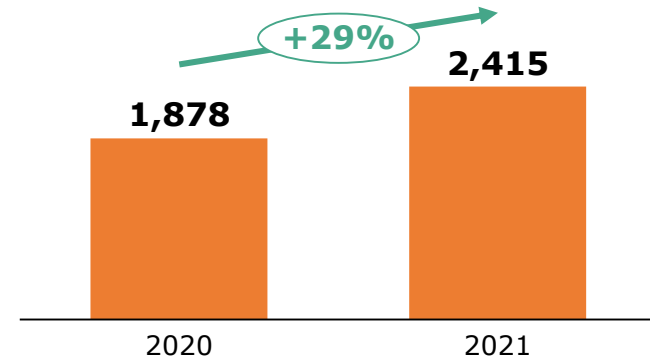
## Operational Earnings

(TLm)



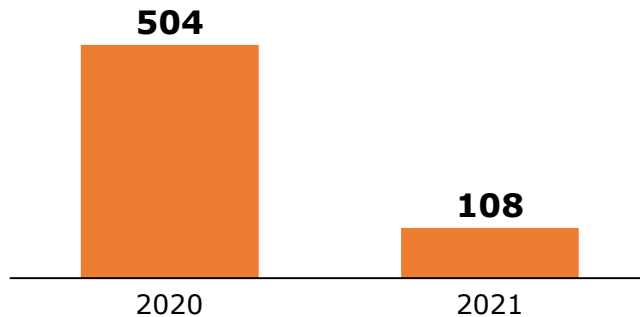
## Underlying Net Income

(TLm)

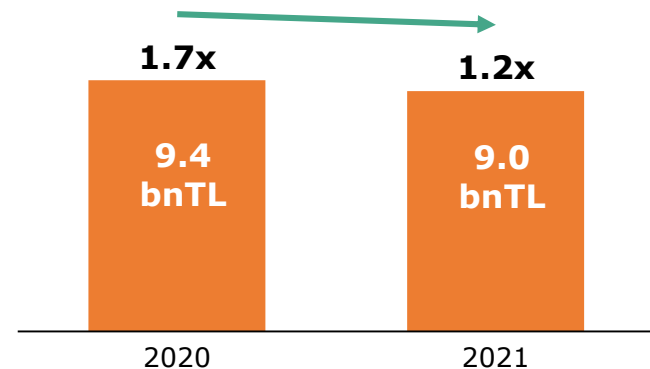


## Free Cash Flow After Interest and Tax

(TLm)

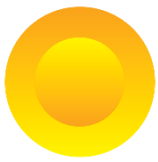


## Net Financial Debt / LTM\* Operational Earnings



\*LTM: Last Twelve Months

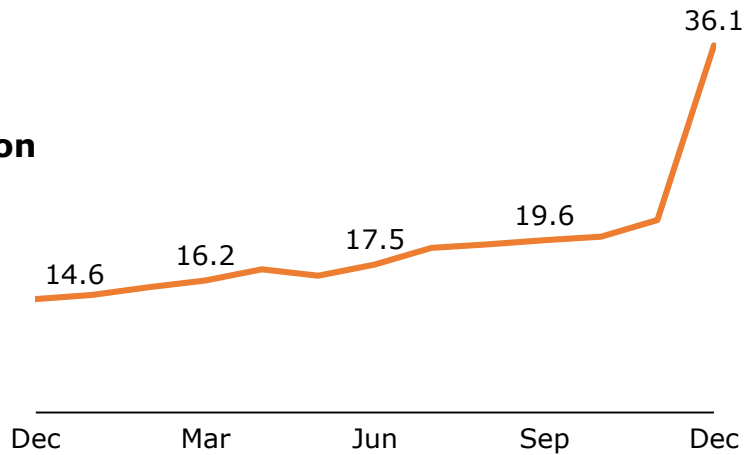




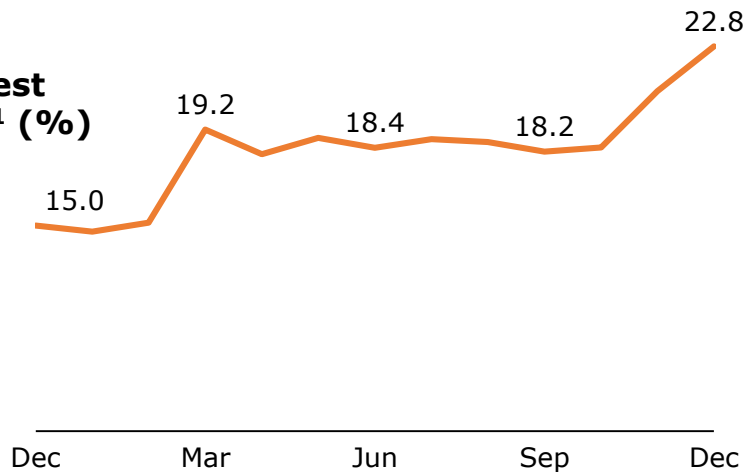
# Market Environment

## Turkey

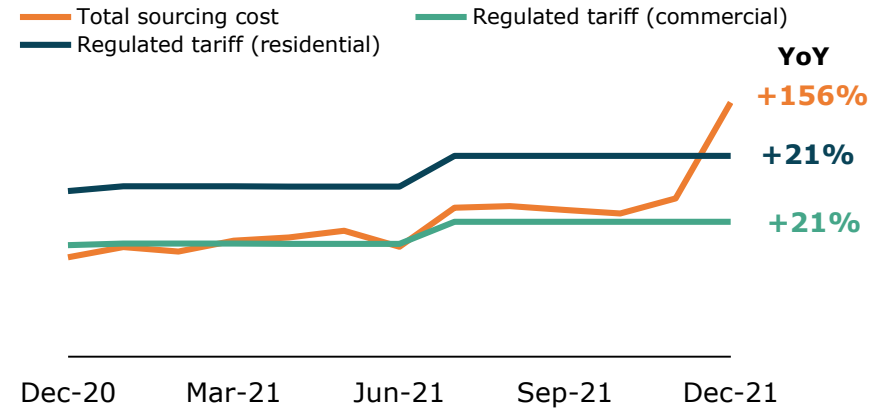
### Inflation (%)



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



## Sector: Regulatory Developments



**Total Sourcing Cost:** Calculated based on the weighted average cost of the regulated tariffs for Enerjisa.

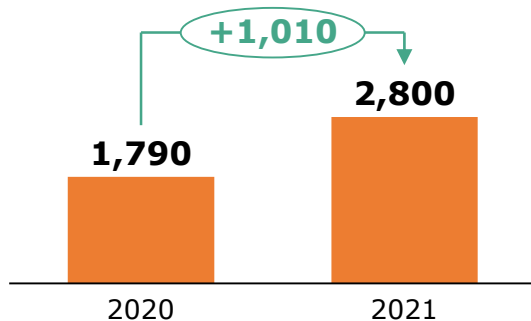
- Regulated commercial and residential retail tariffs increased by c. 21%, while sourcing costs has increased by 156% in 2021.
- Electricity tariffs was unchanged in Q4 2021.
- As of January 1<sup>st</sup> 2022, the regulated retail industrial tariffs has increased by 157% and commercial tariffs has increased by 168%. For residential tariffs, a two tier tariff structure was introduced. For daily consumption of 5kWh, the prices has increased by 68% and for consumption above 5kWh, price has increased by 184% as of January 1<sup>st</sup>. The limit has increased to 7kWh as of February 1<sup>st</sup>.
- Distribution component of tariffs has increased by 24% as of January 1<sup>st</sup> 2022.



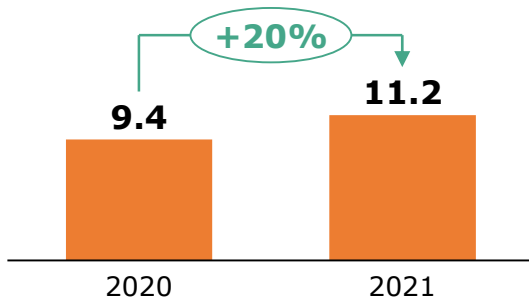
# Operations

## Distribution

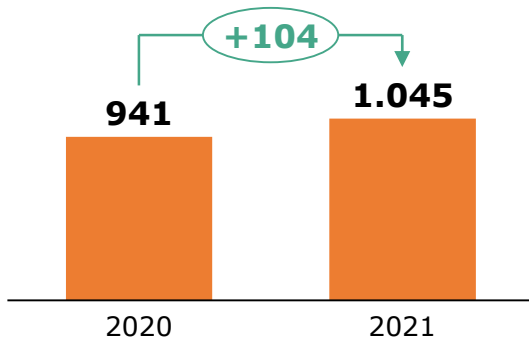
**Capex**  
(TLm)



**Regulated  
Asset Base**  
(TLbn)

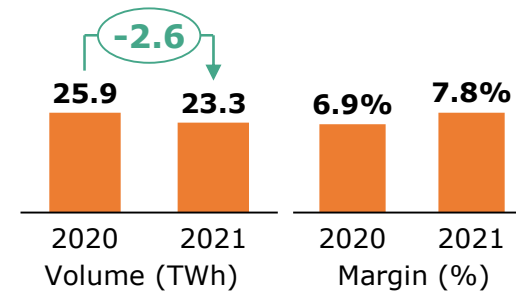


**Efficiency &  
Quality<sup>1</sup>**  
(TLm)

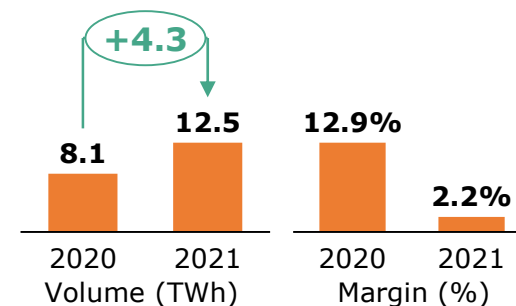


## Retail

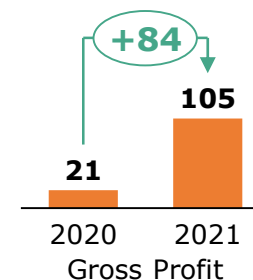
**Regulated  
Segment**



**Liberalized  
Segment**



**Customer  
Solutions**  
(TLm)

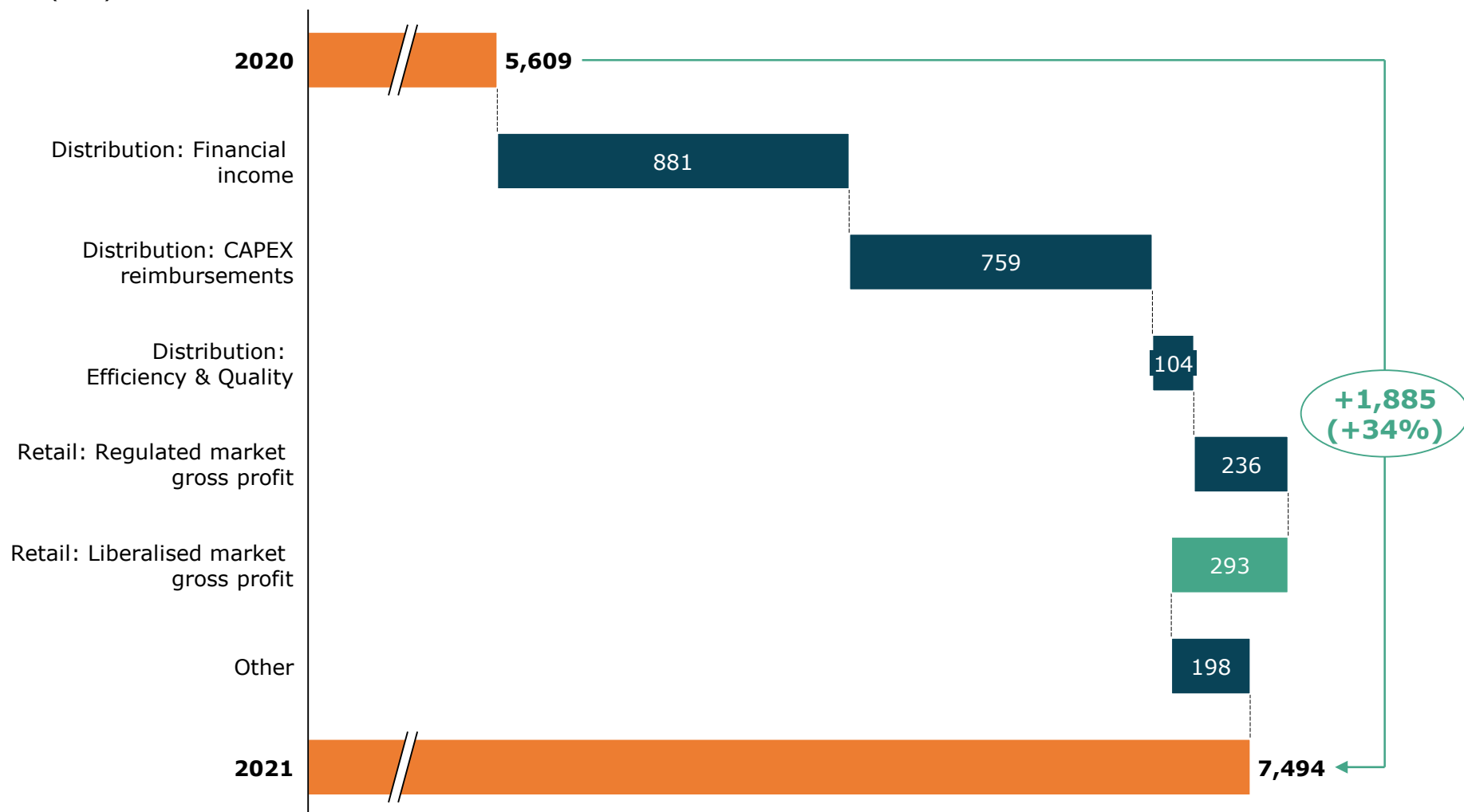


<sup>1</sup> Incl. Capex, Opex and T&L outperformances as well as theft accrual & collection and quality bonus



# Consolidated Operational Earnings Development

(TLm)





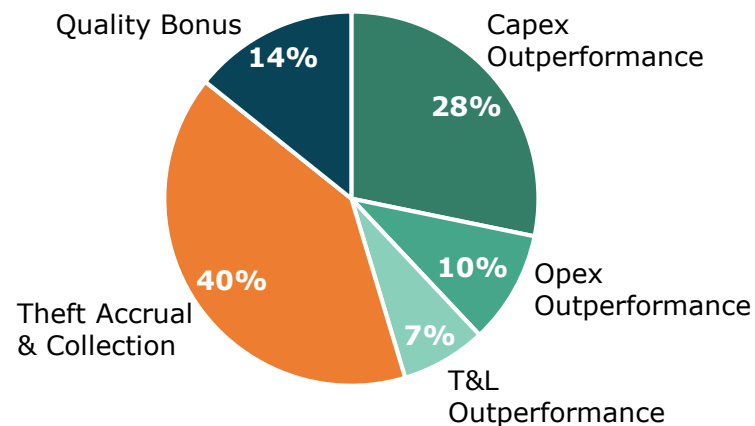
# Distribution: Operational Earnings & Cash Development

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

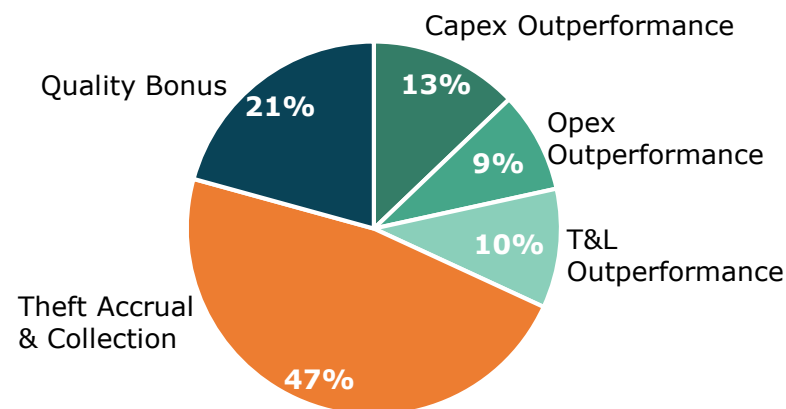
(TLm)

	2020	2021
Financial income	2,070	2,951
Capex reimbursements	1,342	2,101
Efficiency & Quality	941	1,045
Tax correction	217	283
Other	193	171
<b>Operational Earnings</b>	<b>4,763</b>	<b>6,551</b>
Financial income not yet cash-effective	-1,157	-1,050
Capex outperformance	-121	-295
Net working capital and other	78	1,381
<b>Operating Cash Flow (before interest &amp; tax)</b>	<b>3,563</b>	<b>6,587</b>
Actual allowed Capex	-1,790	-2,800
Capex outperformance	121	295
VAT paid	-346	-451
Unpaid and previous year Capex	-96	-452
<b>Cash-effective Capex</b>	<b>-2,111</b>	<b>-3,408</b>
<b>Free Cash Flow (before interest &amp; tax)</b>	<b>1,452</b>	<b>3,179</b>

## Efficiency & Quality 2021\*



## Efficiency & Quality 2020\*



\* Figures may not sum up to 100% due to rounding





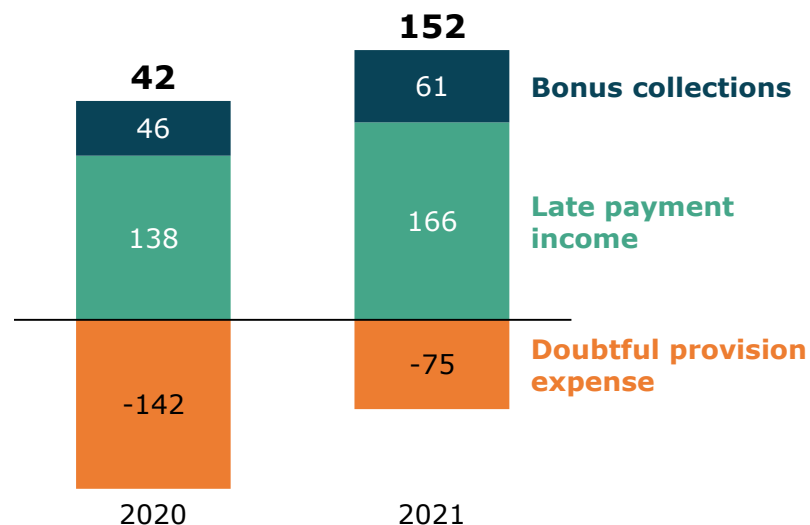
# Retail: Operational Earnings & Cash Development

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

(TLm)

<b>Retail</b>		
<b>Financials</b>	<b>2020</b>	<b>2021</b>
Regulated gross profit	738	974
Liberalised gross profit	482	189
Customer solutions gross profit	21	105
Opex	-385	-450
Bad debt related income and expense	42	152
Other	-19	27
<b>Operational Earnings</b>	<b>879</b>	<b>997</b>
Price equalization effects	-119	-2,029
Net deposit additions	-25	-39
Delta NWC	46	842
<b>Operating Cash Flow (before interest &amp; tax)</b>	<b>781</b>	<b>-229</b>
Capex	-39	-84
<b>Free Cash Flow (before interest &amp; tax)</b>	<b>742</b>	<b>-313</b>

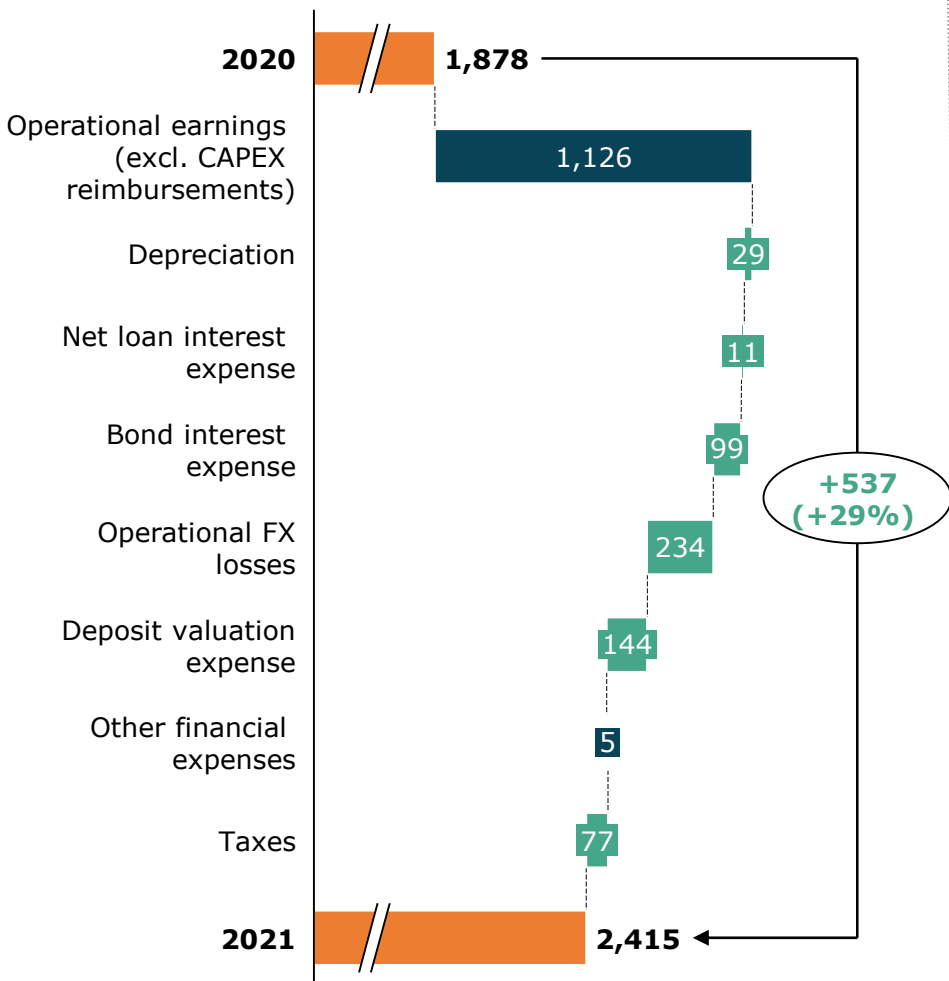
## Bad Debt Related Income and Expense (TLm)



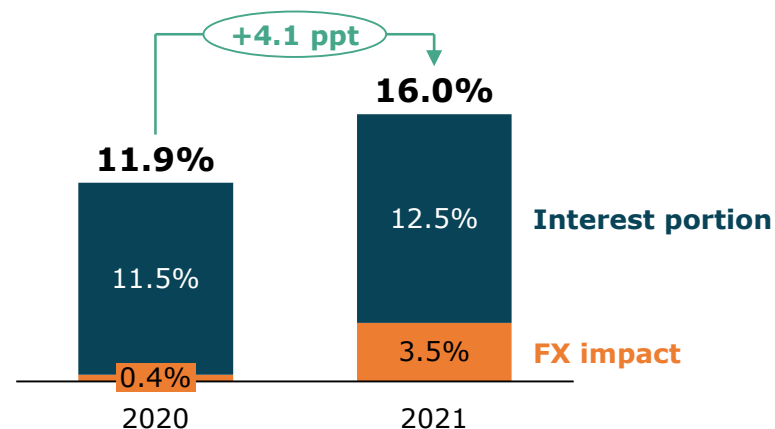


# Consolidated Underlying Net Income Development

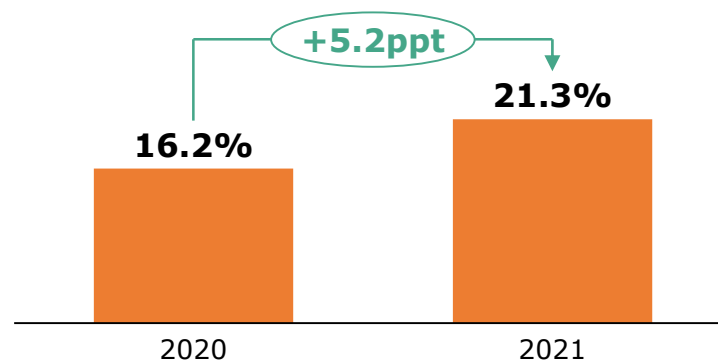
## Underlying Net Income Development YoY (TLm)



## Weighted Average Loan Financing Cost



## Weighted Average Bond Financing Cost (CPI and TLREF linked)

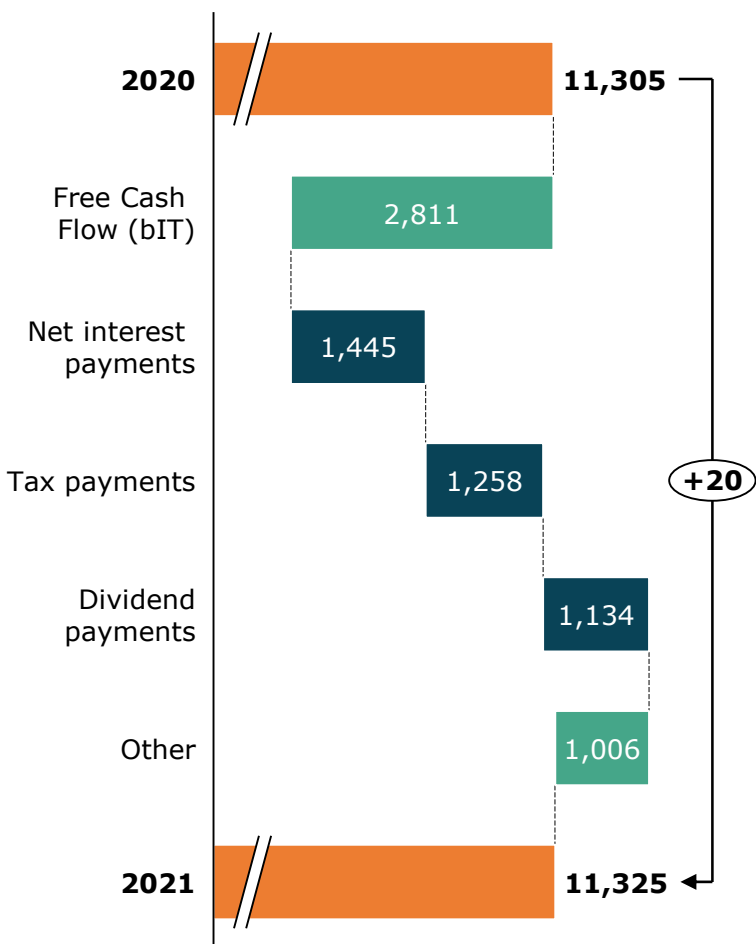


Note: For reconciliation from Net Income to Underlying Net Income please refer to table on slide 15

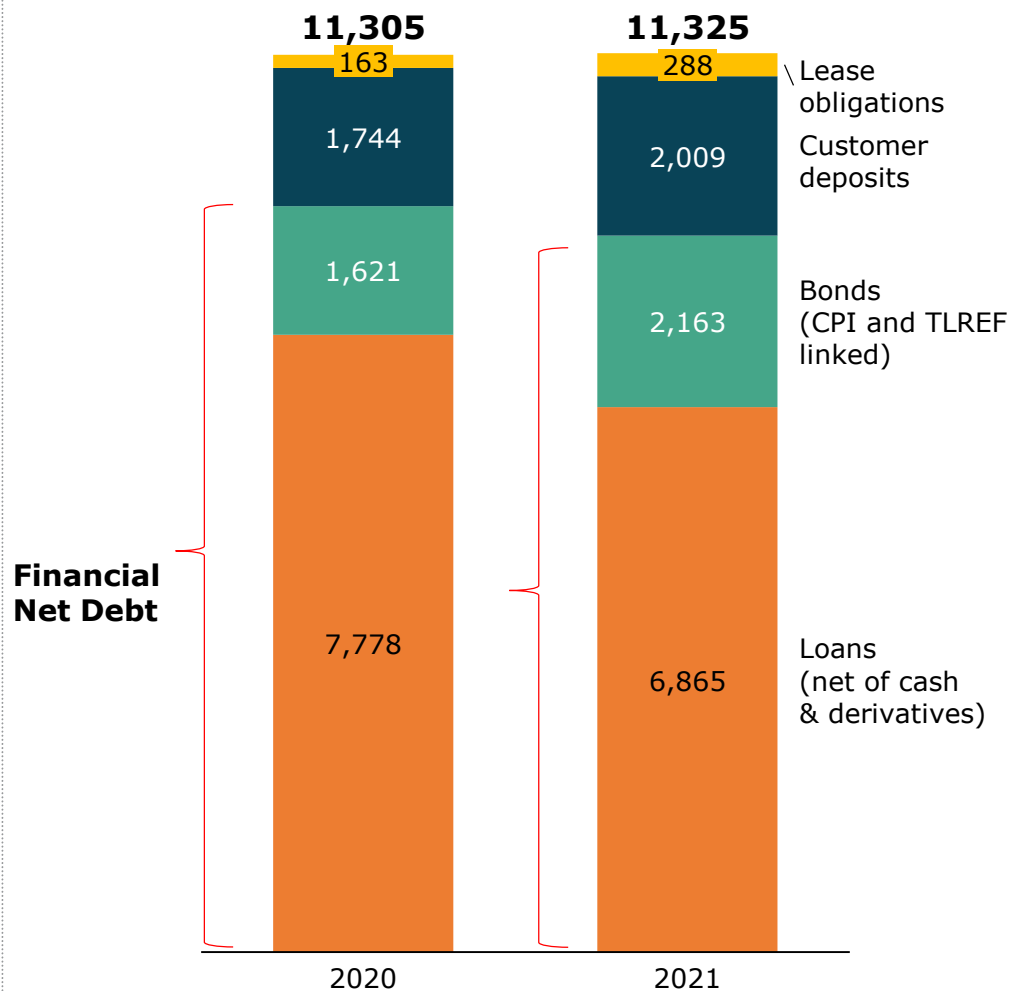


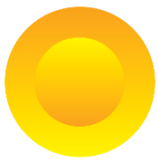
# Economic Net Debt

**Economic Net Debt Development (TLm)**



**Economic Net Debt Composition (TLm)**





# Impact of Inflation on Distribution Business

Our distribution companies are subject to the application of IFRIC12 (an IFRS standard that governs accounting for service concession arrangements). Accordingly, we account our license to operate and invest in the networks as a **financial asset**.

The simplified calculation of IFRS financial income **on RAB** can lead to major deviations in times of high volatility in inflation.

- The **financial asset** model is based on **nominal IRR** calculation across the concession period.
- A 10pp increase in inflation assumptions for the current year increases nominal IRR by around 1pp.
- A change in nominal IRR due to change in inflation expectations will lead to a higher financial income across the concession period. On the other hand, there will not be a full pass-through of a spike in short-term inflation on the current year reported financial income.
- As a result, extreme volatility in inflation leads to a maturity mismatch in reported revenues (financial income) and costs.

## Simplified & illustrative calculation methodology of IFRS Financial Income over RAB

$$\text{IFRS Financial Income} \approx \text{Average IFRS RAB (nominal)}^1 \times \left( \text{Regulated mid-year WACC (real)} + \text{Inflation rate} \right)$$

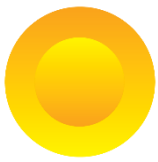
## Simplified & illustrative calculation methodology of IFRS Financial Income over Financial Asset

$$\text{IFRS Financial Income} \approx \left( \text{Opening Financial Asset} + (\text{Investments} - \text{CAPEX reimbursements} - \text{WACC Reimbursements}) \times 0.5^* \right) \times \text{Nominal IRR}$$

Source: EMRA, Company

<sup>1</sup> Adjusted for scrap sales + new connection fees.

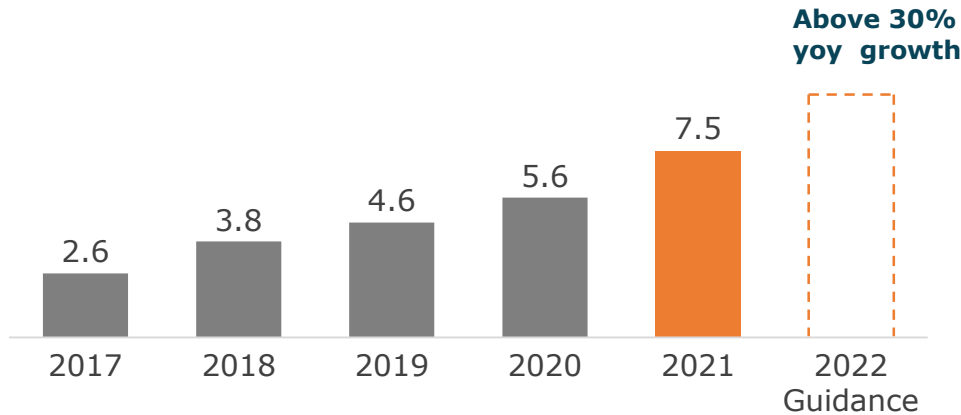
\* Assuming even spread within the year



# Outlook 2022

## Consolidated Operational Earnings

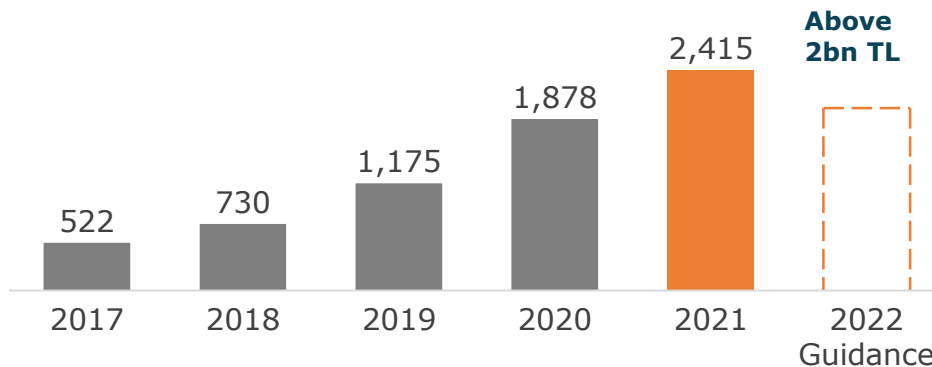
(TLbn)

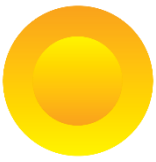


- The Company will assess providing guidance on further metrics and a more specific range for current metrics within the course of the year

## Consolidated Underlying Net Income

(TLm)





# Appendix





# Summary Financial Statements

## Consolidated Income Statement

	1 January 31 December	1 January 31 December
(TLm)	2020	2021
Sales Revenue	21,757	30,548
Cost of Sales	-16,118	-22,266
<b>Gross Profit</b>	<b>5,639</b>	<b>8,282</b>
OPEX	-2,543	-3,383
Other Income/(Expense)	-358	-385
<b>Operating profit before finance income/(expense)</b>	<b>2,738</b>	<b>4,514</b>
Financial Income/(Expense)	-1,325	-1,371
<b>Profit before tax</b>	<b>1,413</b>	<b>3,143</b>
Taxation	-325	-861
<b>Net Income</b>	<b>1,088</b>	<b>2,282</b>

	1 January 31 December	1 January 31 December
(TLm)	2020	2021
<b>Operating profit before finance income/(expense)</b>	<b>2,738</b>	<b>4,514</b>
Adjustment of depreciation and amortization	444	473
Adjustments related to operational fx gains and losses	28	262
Adjustments related to valuation difference arising from deposits	162	306
Interest income related to revenue cap regulation	-30	-56
<b>EBITDA</b>	<b>3,342</b>	<b>5,499</b>
CAPEX Reimbursements	1,342	2,101
<b>EBITDA+CAPEX Reimbursements</b>	<b>4,684</b>	<b>7,600</b>
Fair value changes of financial assets	395	0
Non-recurring (income) / expense related to previous years	469	-12
Non-recurring (income) / expense	61	-94
<b>Operational earnings</b>	<b>5,609</b>	<b>7,494</b>

<b>Net Income</b>	<b>1,088</b>	<b>2,282</b>
Fair value changes of financial assets	308	0
Non-recurring income related to previous years	366	-10
Non-recurring (income) / expense	50	-75
Tax rate change	0	218
Non-recurring refinancing transactions fees	66	0
<b>Underlying Net Income</b>	<b>1,878</b>	<b>2,415</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 2020	31 December 2021
Cash and Cash Equivalents	589	412
Financial Investments	126	0
Financial Assets	2,348	3,316
Trade Receivables	2,944	5,573
Derivative financial instruments	36	1,548
Other Current Assets	810	1,947
<b>Current Assets</b>	<b>6,853</b>	<b>12,796</b>
Financial Assets	9,122	9,537
Tangible and Intangible Assets	7,400	7,926
Derivative financial instruments	0	62
Other Non-Current Assets	1,301	1,012
<b>Non-Current Assets</b>	<b>17,823</b>	<b>18,537</b>
<b>TOTAL ASSETS</b>	<b>24,676</b>	<b>31,333</b>
Short-Term Financial Liabilities	2,672	6,335
Other Financial Liabilities	69	118
Trade Payables	1,914	3,981
Derivative financial instruments	140	44
Other Current Liabilities	3,493	3,778
<b>Current Liabilities</b>	<b>8,288</b>	<b>14,256</b>
Long-Term Financial Liabilities	7,090	4,381
Other Financial Liabilities	340	458
Derivative financial instruments	2	2
Other Non-current Liabilities	1,803	2,885
<b>Long-Term Liabilities</b>	<b>9,235</b>	<b>7,726</b>
Share Capital	1,181	1,181
Adjustment to share capital	2,416	1,954
Other Equity Items	259	1,382
Retained Earnings	3,297	4,834
<b>Equity</b>	<b>7,153</b>	<b>9,351</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>24,676</b>	<b>31,333</b>

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



# Summary Financial Statements

## Consolidated Cash Flow

(TLm)	1 January 31 December 2020	1 January 31 December 2021
Profit for the period	1,088	2,282
Adjustments to reconcile net profit for the period	1,212	679
Changes in operating assets and liabilities	-368	-1,142
Other inflows (incl. Capex reimbursements)	2,383	4,496
<b>Cash Flows from Operating Activities (before interest and tax)</b>	<b>4,315</b>	<b>6,315</b>
Tax payments	-445	-1,258
<b>Cash Flows from Operating Activities (before interest, after tax)</b>	<b>3,870</b>	<b>5,057</b>
CAPEX	-2,155	-3,504
Interest received	49	112
Cash receipt from sale of debt instruments	-121	126
<b>Cash Flows from Investing Activities</b>	<b>-2,227</b>	<b>-3,266</b>
Cash in-flows and out-flows from borrowings	555	872
Interest paid	-1,260	-1,557
Dividend paid	-709	-1,134
Payments of finance lease liabilities	-110	-149
<b>Cash Flows from Financing Activities</b>	<b>-1,524</b>	<b>-1,968</b>
Increase in cash and cash equivalents	119	-177
Cash and cash equivalents at the beginning of the period	470	589
<b>Cash and cash equivalents at the end of the period</b>	<b>589</b>	<b>412</b>

(TLm)	1 January 31 December 2020	1 January 31 December 2021
Cash Flows from Operating Activities (before interest and tax)	4,315	6,315
CAPEX	-2,155	-3,504
<b>Free cash flow (before interest and tax)</b>	<b>2,160</b>	<b>2,811</b>
Tax payments	-445	-1,258
Interest received	49	112
Interest paid	-1,260	-1,557
<b>Free cash flow (after interest and tax)</b>	<b>504</b>	<b>108</b>

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



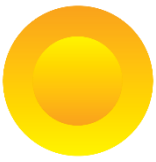
# Retail: Income statement

	1 January 31 December	1 January 31 December
(TLm)	2020	2021
Sales Revenue (net)	14,450	20,317
<i>Regulated</i>	10,681	12,527
<i>Liberalised</i>	3,743	7,610
<i>Customer solutions</i>	26	180
Cost of Sales (-)	-13,456	-19,162
<i>Regulated</i>	-9,944	-11,542
<i>Liberalised</i>	-3,503	-7,539
<i>Customer solutions</i>	-9	-81
<b>Gross Profit</b>	<b>994</b>	<b>1,155</b>
OPEX	-432	-504
Other Income/(Expense)	90	-38
<b>Operating profit before finance income/(expense)</b>	<b>652</b>	<b>613</b>
Adjustment of depreciation and amortization	52	60
Adjustments related to operational fx gains and losses	0	30
Adjustments related to valuation difference arising from deposits	162	306
<b>EBITDA</b>	<b>866</b>	<b>1,009</b>
Non-recurring (income) / expense	13	-12
<b>Operational earnings</b>	<b>879</b>	<b>997</b>



# Distribution: Income statement

	1 January 31 December	1 January 31 December
(TLm)	2020	2021
Sales Revenue	7,306	10,231
<i>Financial income</i>	2,070	2,951
<i>Distribution revenue</i>	3,545	5,287
<i>Pass-through transmission revenue</i>	1,369	1,537
<i>Lighting sales revenue</i>	322	432
<i>Other</i>	0	24
Cost of Sales	-2,662	-3,104
<i>Energy purchases (Lighting, T&amp;L)</i>	-1,293	-1,567
<i>Pass-through transmission cost</i>	-1,369	-1,537
<b>Gross Profit</b>	<b>4,644</b>	<b>7,127</b>
OPEX	-1,869	-2,613
Other Income/(Expense)	-441	-343
<b>Operating profit before finance income/(expense)</b>	<b>2,334</b>	<b>4,171</b>
Adjustment of depreciation and amortization	179	198
Adjustments related to operational fx gains and losses	28	231
Interest income related to revenue cap regulation	-30	-56
<b>EBITDA</b>	<b>2,511</b>	<b>4,544</b>
CAPEX Reimbursements	1,342	2,101
<b>EBITDA+CAPEX Reimbursements</b>	<b>3,853</b>	<b>6,645</b>
Fair value changes of financial assets	395	0
Non-recurring (income) / expense related to previous years	469	0
Non-recurring (income) / expense	46	-94
<b>Operational earnings</b>	<b>4,763</b>	<b>6,551</b>



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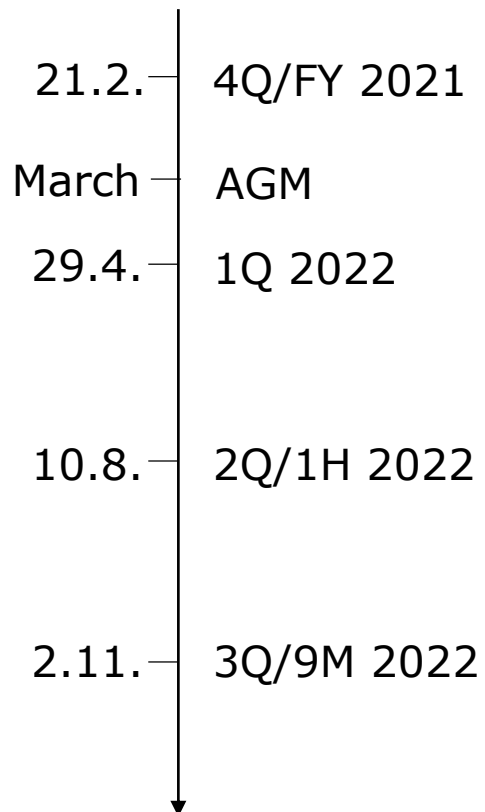


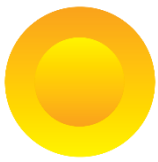


# Financial calendar 2022

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## Earnings Call & AGM





## Disclaimer

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