




Enerjisa Enerji A.Ş. Earnings Presentation

Q3 2022

ENERJISA

Executive Summary

Q3 2022 Performance

- 
- ✓ Positive FCF after interest and tax in Q3 2022. Following four consecutive quarters of negative FCF after interest and tax (regulated retail tariff prices have not fully covered the continuing increase in electricity procurement prices), cash flow returned positive in the third quarter of 2022 thanks to numerous regulatory mechanisms introduced to address the sustainability of the electric utility sector and also our robust risk management measures.
 - ✓ Grid investments accelerated in the third quarter
 - ✓ Financial asset accounting approach (IFRIC 12) reviewed. Adopted an approach that is better reflective of our regulated business model during times of hyperinflation.

Financing

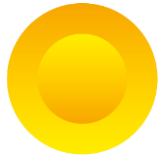
- ✓ Issued 3 billion TL equivalent of bonds in October. The issuance includes the first green local bond issuance in Turkey compliant with both international standards and CMB's recently issued regulations.



2022 Outlook

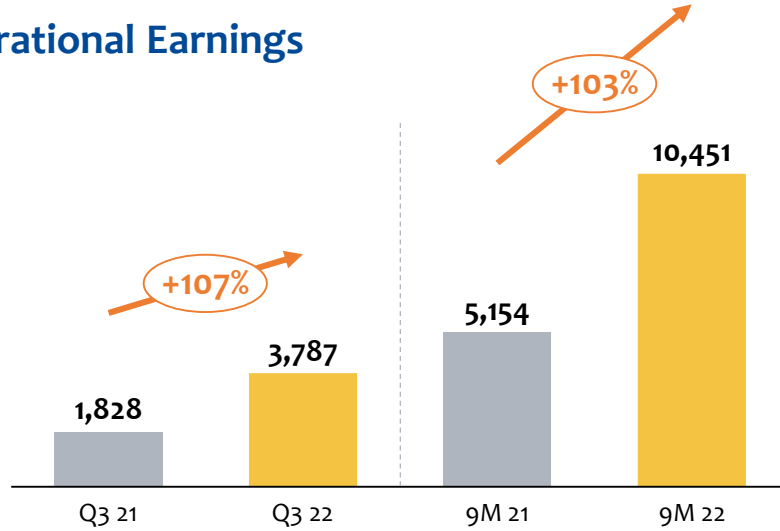
- ✓ While the financial statements are prepared in accordance with TFRS, IFRS based financials sets the basis of dividend payout policy.
- ✓ Inflation accounting (IAS 29) incorporated IFRS figures will be calculated in FY 2022 results as a base for dividend payout.
- ✓ 2022 Operational Earnings and Underlying Net Income guidance revised.
 - ✓ Operational Earnings: 75%-90% year-over-year growth
 - ✓ Underlying Net Income: 2.3 billion TL- 2.7 billion TL*

* IAS 29 inflation accounting incorporated

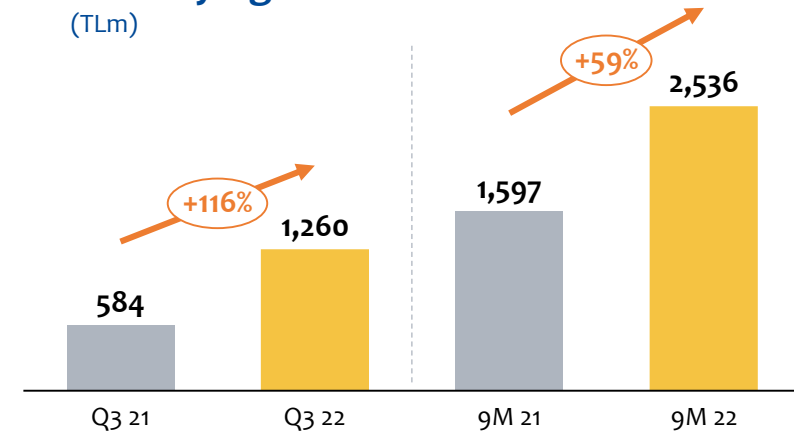


Financial Highlights

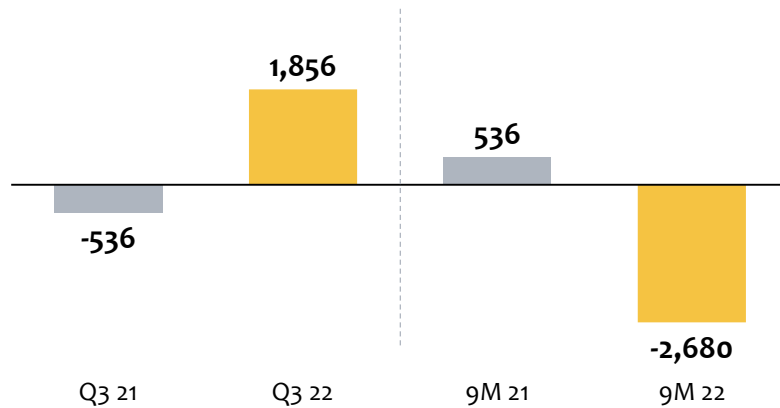
Operational Earnings (TLm)



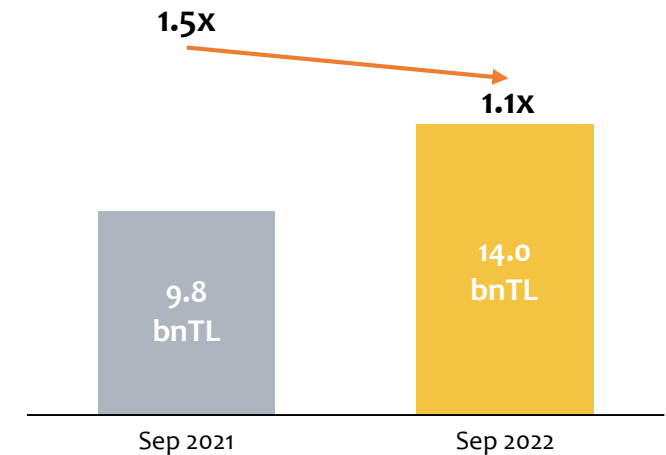
Underlying Net Income (TLm)



Free Cash Flow After Interest and Tax (TLm)

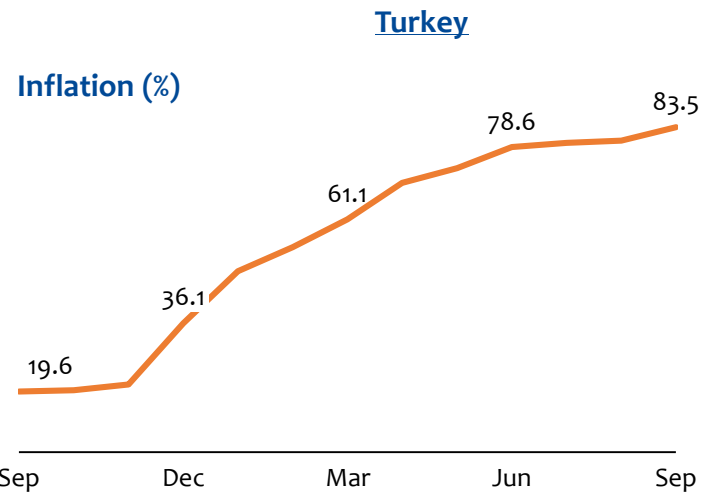


Net Financial Debt / LTM* Operational Earnings



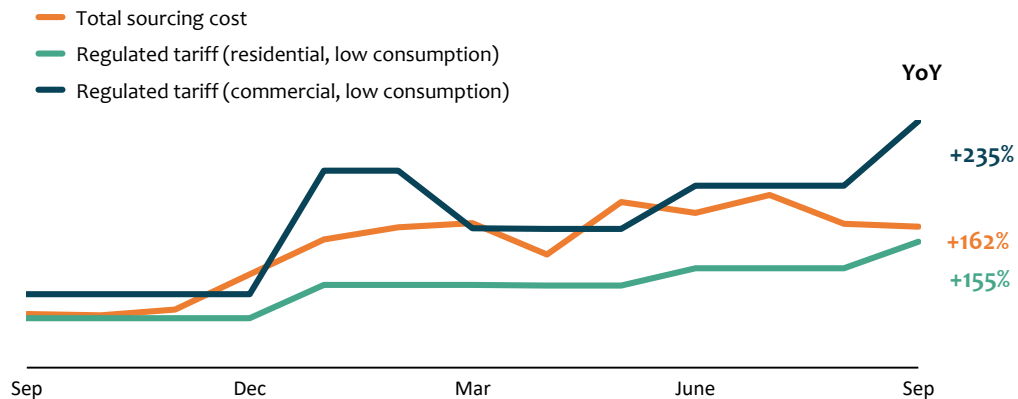
*LTM: Last Twelve Months

Market Environment



Measures to limit extent of energy cost increases

- ✓ Feed in Tariff (FIT) cost allocation: The funds from negative FIT costs are fully allocated to regulated segment rather than previous practice of allocating to both liberalized and regulated segments.
- ✓ Resource-based maximum price limit: For low cost generators, the difference between the market price and the resource based maximum settlement price is allocated to a special fund, which is allocated to high-cost generators and incumbent retail companies.
- ✓ In the day ahead market, retail companies were provided the option to defer 100% of the payments in relation to the regulated segment related procurements realized in July and August until the last payment day of the invoice post monthly settlement rather than the regular regulatory practice of advance daily payment. This mechanism is extended to year end for 50% of day ahead sourcing volumes in the regulated segment.
- ✓ EUAS started to supply incumbent retail companies for the regulated sales since mid of August.



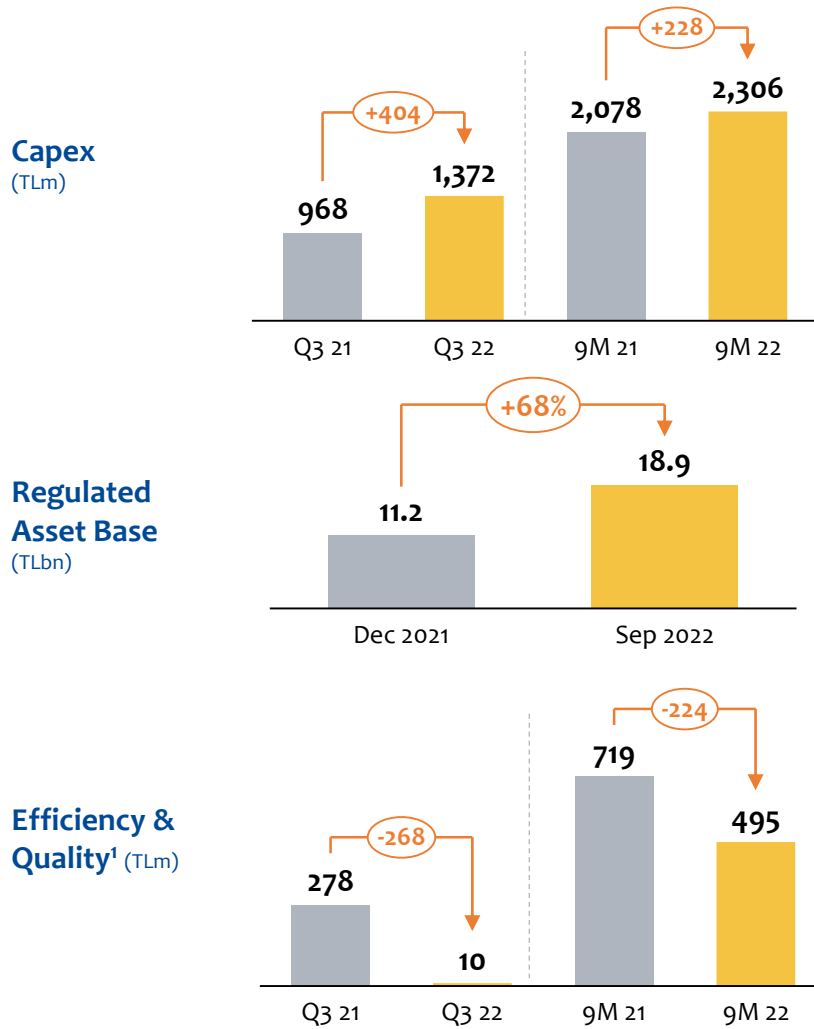
Total Sourcing Cost: Calculated based on the weighted average cost of the regulated tariffs for Enerjisa.

Tariffs	As of Jan 1st	As of Feb 1st	As of Mar 1st	As of Apr 1st	As of Jun1st	As of Sep 1st
Industrial Energy Price	157.3%	No change	No change	22.7%	28.1%	54.8%
Commercial Energy Price*	167.6%	No change	Below 30 kWh/Day Limit -29.2%	Below 30 kWh/Day Limit -0.4%	Below 30 kWh/Day Limit 31.1%	35.6%
			Over 30 kWh/Day Limit No change	Over 30 kWh/Day Limit -0.3%	Over 30 kWh/Day Limit 29.3%	34.0%
Residential Energy Price**	Below 5 kWh/Day Limit: 67.6%	Limit increased to 7 kWh/Day	Limit increased to 8 kWh/Day	Below 8 kWh/Day Limit: -0.7%	Below 8 kWh/Day Limit: 21.1%	Below 8 kWh/Day Limit: 26.7%
	Over 5 kWh/Day Limit 184.4%			Over 8 kWh/Day Limit: -0.4%	Over 8 kWh/Day Limit: 18.6%	Over 8 kWh/Day Limit: 24.0%
Distribution Component	24.3%	No change	No change	1.7%	No change	No Change

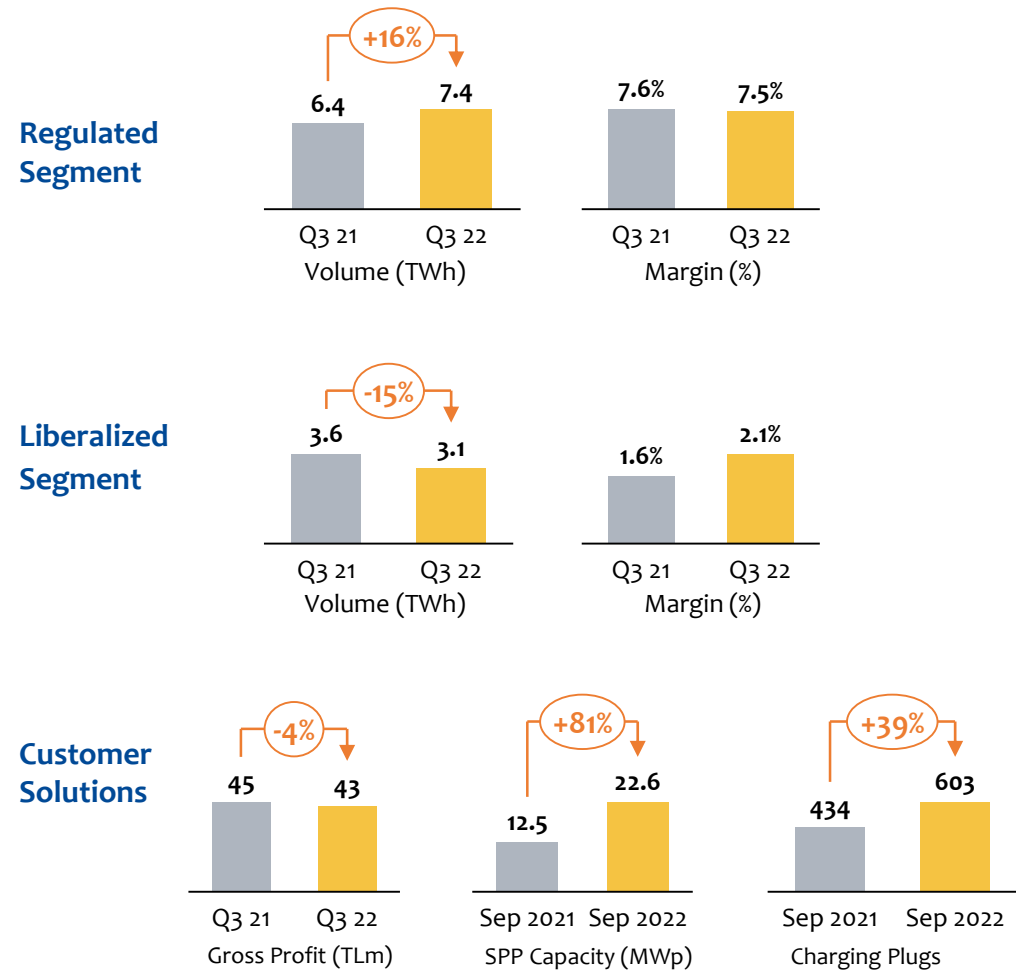
The table shows the changes in national tariffs of low voltage single term subscriber groups.
 *The gradual tariff system in the low voltage Commercial subscriber group was put into use as of 1st of Mar'22.
 **The gradual tariff system in the low voltage Residential subscriber group was put into use as of 1st of Jan'22.

Operations

Distribution



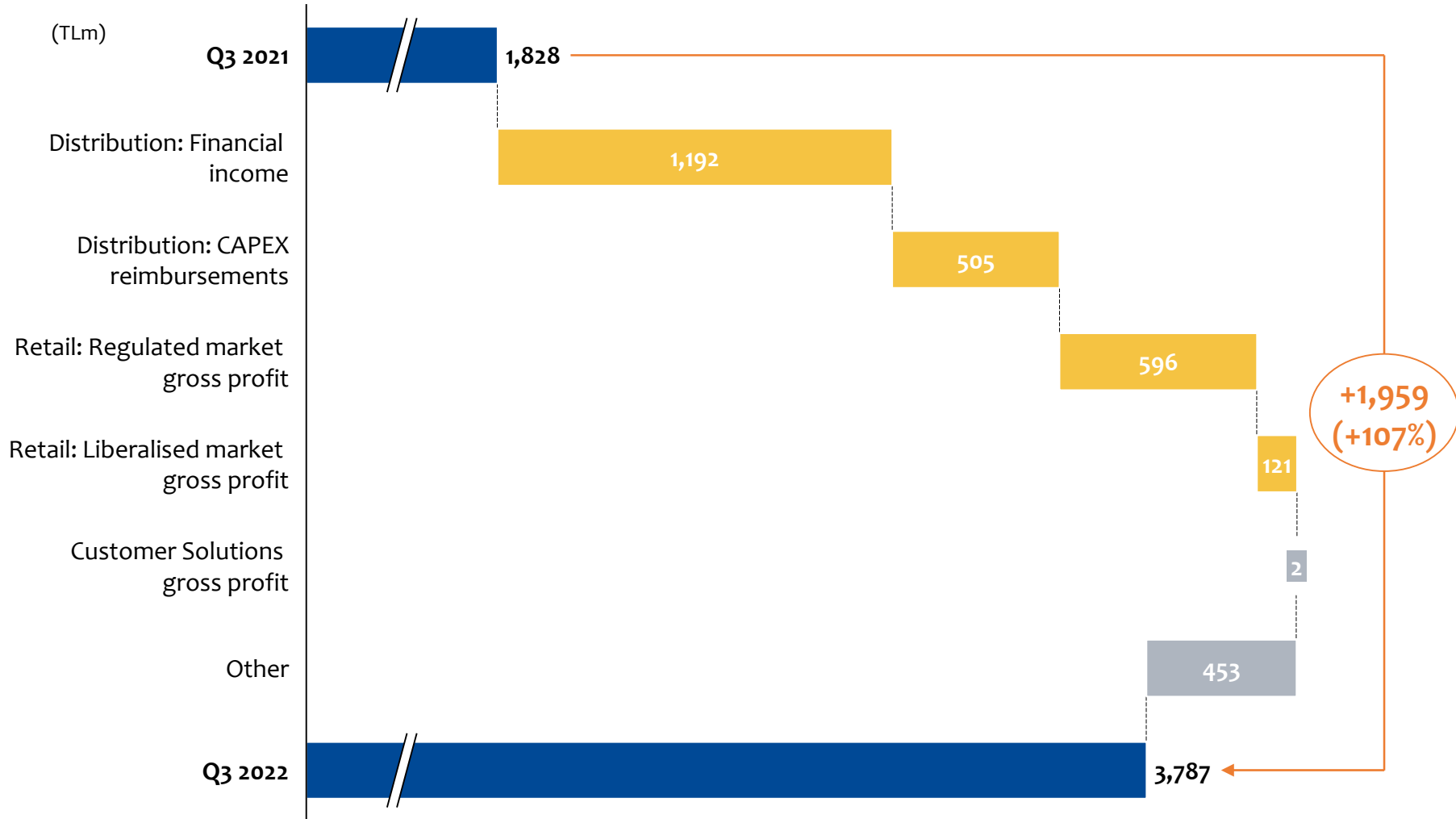
Retail and Customer Solutions

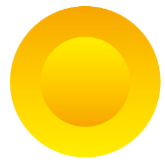


1) Incl. Capex, Opex and T&L outperformances as well as theft accrual & collection and quality bonus



Operational Earnings Development



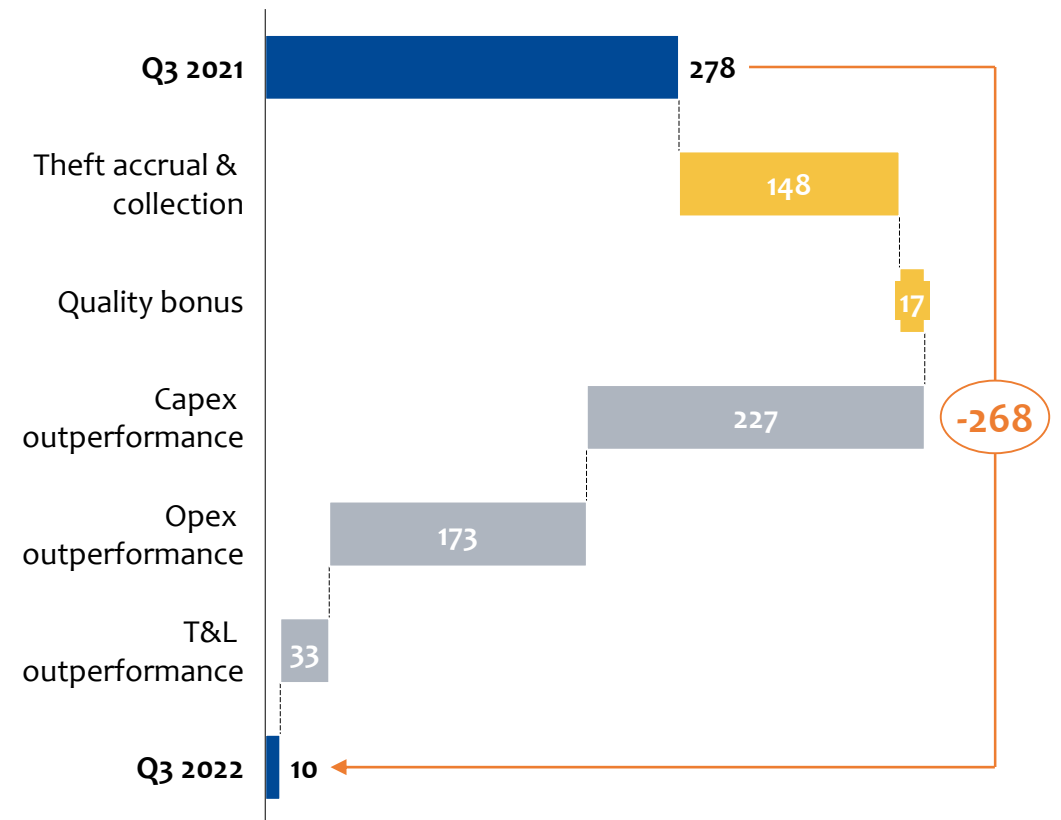


Distribution: Operational Earnings & Cash Development

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

Distribution Financials	Q3 2021	Q3 2022	9M 2021	9M 2022
Financial Income	705	1,897	1,837	4,014
Capex reimbursements	525	1,030	1,576	3,089
Efficiency & Quality	278	10	719	495
Tax correction	70	129	212	364
Other	-1	200	65	520
Operational Earnings	1,577	3,266	4,409	8,482
Financial income not yet cash-effective	-199	-975	-412	-1,571
Capex outperformance	-66	161	-139	161
Net working capital and other	321	-140	702	246
Operating Cash Flow (before interest & tax)	1,633	2,312	4,560	7,318
Actual allowed Capex	-968	-1,372	-2,078	-2,306
Capex outperformance	66	-161	139	-161
VAT paid	-162	-154	-349	-322
Unpaid and previous year Capex	9	275	63	-711
Cash-effective Capex	-1,055	-1,412	-2,225	-3,500
Free Cash Flow (before interest & tax)	578	900	2,335	3,818

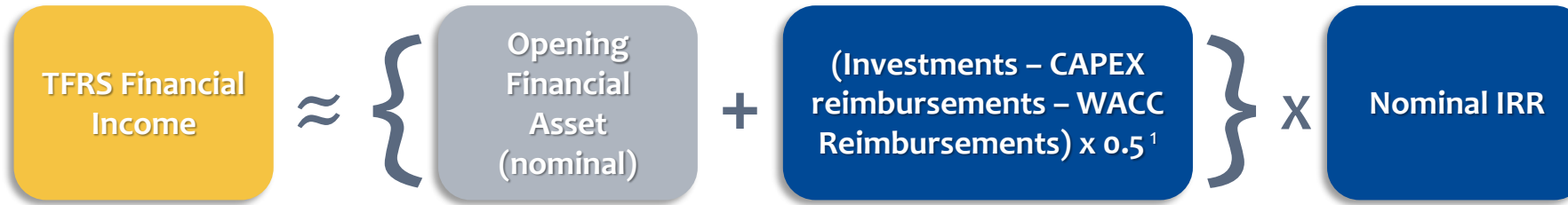
Efficiency & Quality Q3 2022 (TLm)





Distribution: TFRS Interpretation 12 mechanism

Simplified & Illustrative Calculation Logic of TFRS Financial Income



- Our distribution companies are subject to the application of TFRS Interpretation 12 (TFRS interpretation that governs accounting for service concession arrangements). Accordingly, we account our license to operate and invest in the networks as a financial asset.
- The financial asset model is based on nominal IRR calculation across the forecast period.

Previous Approach

- Forecast period: Capex and cash flow is forecasted across the concession period.
- IRR calculated over the concession period for all projected cash flows.
- High Mismatch between Regulated Asset Base and Financial Asset during times of high deviation between short-term and long-term inflation expectations.

New Approach (as of 3Q 2022)

- Forecast period is 10 years (aligned with Capex reimbursement period). Capex is forecasted only carried for the current year.
- IRR is calculated over 10 year period.
- Higher impact of short-term inflation assumptions on nominal IRR compared to previous approach
- Lower mismatch between Regulated Asset base and Financial Asset compared to previous approach

The models in this slide are simplified illustrative representations. The corresponding line items in Enerjisa Enerji financial statements may deviate significantly vs. the simplified models

Source: EMRA, Company

1) Assuming even spread within the year



Retail and Customer Solutions: Operational Earnings & Cash Development

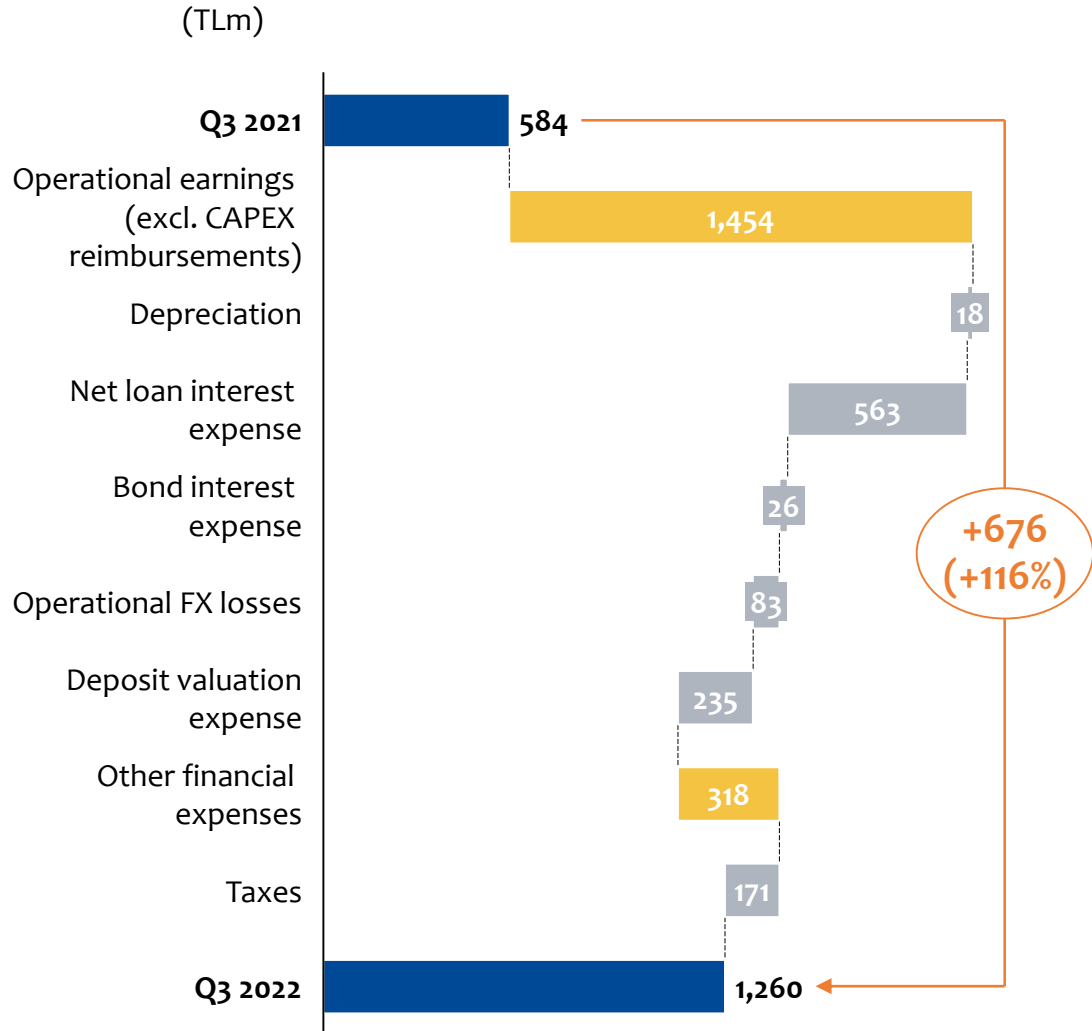
Operational Earnings and Free Cash Flow Before Interest and Tax (TLm)

Retail Financials	Q3 2021	Q3 2022	9M 2021	9M 2022
Regulated gross profit	275	871	693	2,266
Liberalised gross profit	38	159	248	543
Opex	-102	-230	-300	-580
Bad debt related income and expense	26	58	103	128
Other	8	-336	7	-386
Operational Earnings	245	522	751	1,971
Price equalization effects	-510	820	-542	-4,160
Net deposit additions	-25	62	30	345
Delta NWC	1	1,132	132	-1,623
Operating Cash Flow (before interest & tax)	-289	2,536	371	-3,467
Capex	-20	-14	-45	-59
Free Cash Flow (before interest & tax)	-309	2,522	326	-3,526

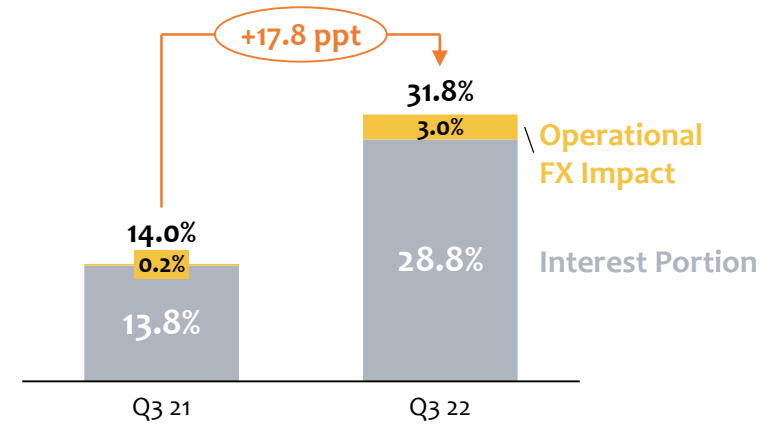
Customer Solutions Financials	Q3 2021	Q3 2022	9M 2021	9M 2022
Revenue	122	54	177	130
Cost of Sales	-77	-11	-114	-26
Gross Profit (exc. depreciation)	45	43	63	104
OPEX	-5	-18	-15	-47
Doubtful provision expense	0	0	-1	-3
Other	-23	7	-25	13
Operational Earnings	17	32	22	67



Underlying Net Income Development

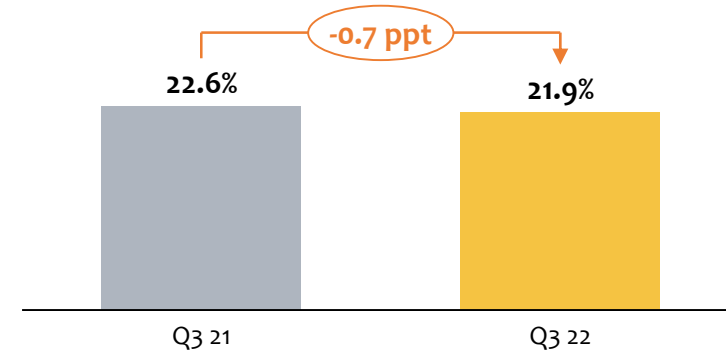


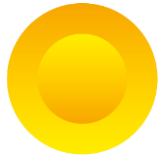
Weighted Average Loan Financing Cost



Weighted Average Bond Financing Cost

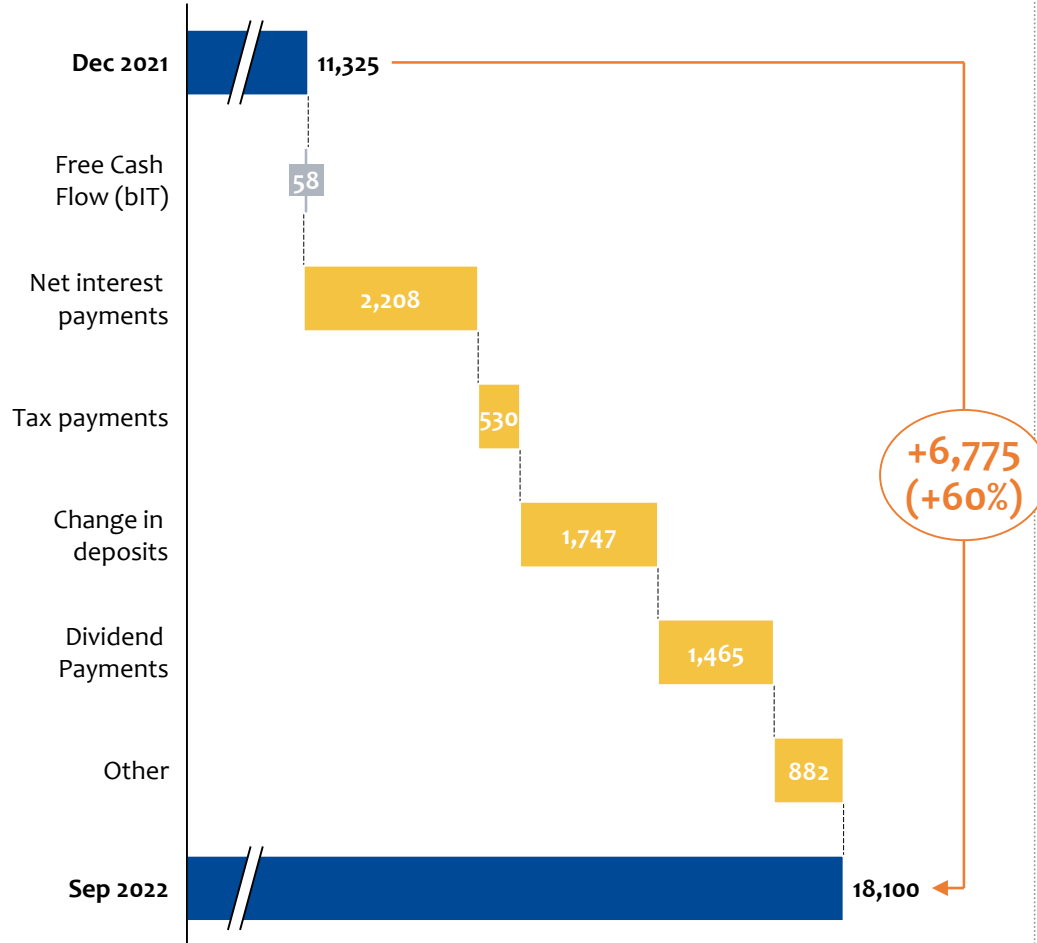
(CPI and TLREF linked)



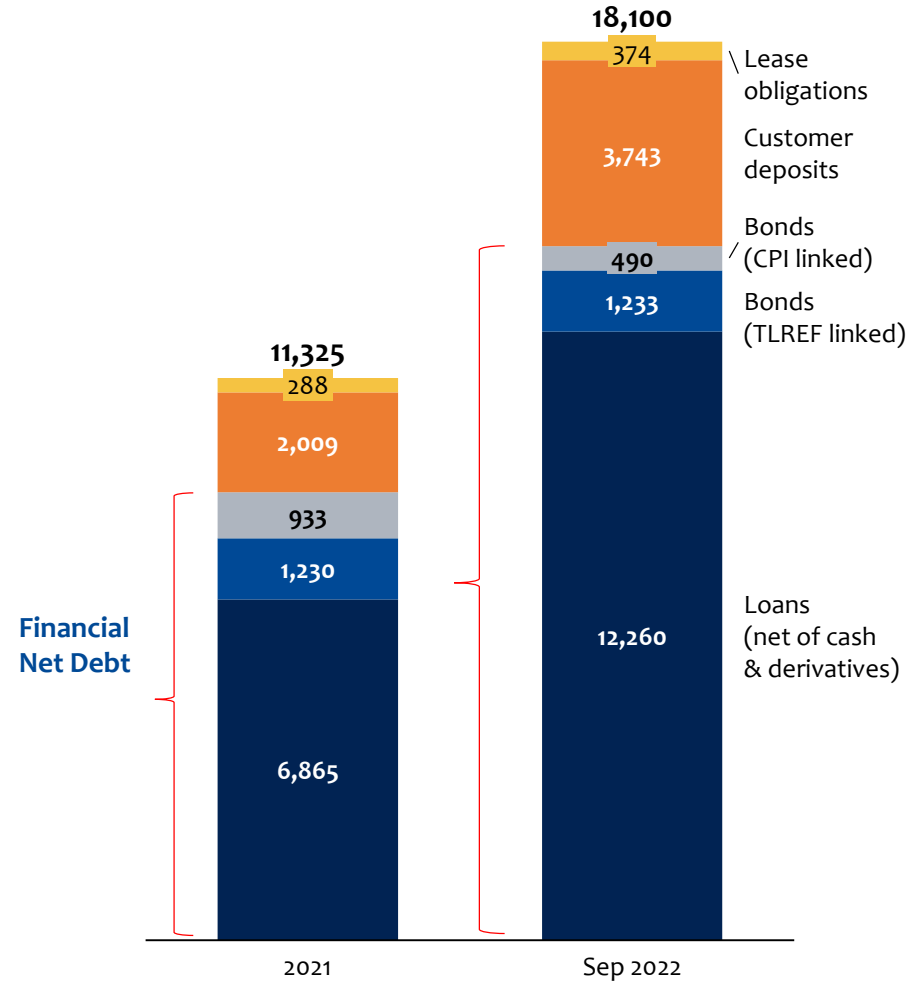


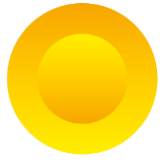
Economic Net Debt

Economic Net Debt Development (TLm)



Economic Net Debt Composition (TLm)

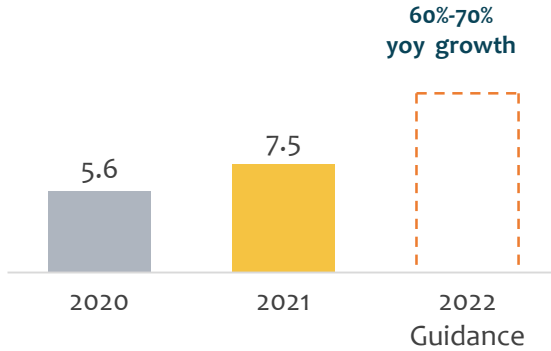




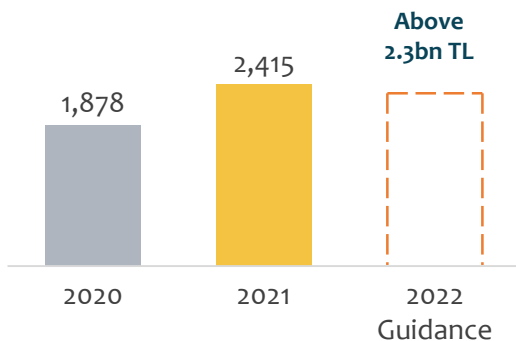
Outlook 2022

Previous Outlook (as of August 2022)

Operational Earnings (TLbn)

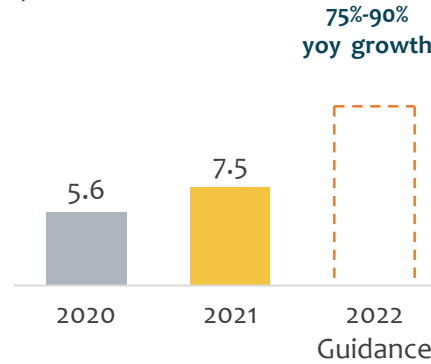


Underlying Net Income (TLm)

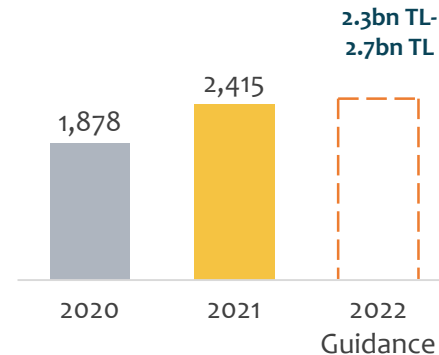


Revised Outlook (as of November 2022)

Operational Earnings (TLbn)



Underlying Net Income (TLm)



- ✓ Enerjisa Enerji's dividend policy uses IFRS financials as a base for dividend pay out calculation.
- ✓ In Underlying Net Income guidance, IAS 29 inflationary accounting is included.
- ✓ IAS 29 adjustment on operational level is for representation purposes and has no impact on Underlying Net Income. Therefore, the impact of IAS 29 on Operational Earnings is not included in the Guidance.

Announced financials presented have been prepared in accordance with Turkish Law and Turkish Financial Reporting Standards. Any explanation or statement in this presentation cannot be interpreted as an omission of/deviation from Turkish Law and Turkish Accounting Standards accordingly. Underlying net income prediction shared in this presentation has solely been prepared in order to provide a holistic and proactive guidance on dividend expectations only based on our dividend policy by making IAS 29 adjustments to the announced financials.

Appendix

The image features a dark blue background. In the upper right quadrant, there are three overlapping circles of different sizes, all in a lighter shade of blue. The largest circle is at the top, a medium-sized one is below and to the right of it, and a smaller one is at the bottom right. The word "Appendix" is centered in the lower half of the image in a white, bold, sans-serif font.



Summary Financial Statements

Consolidated Income Statement -1-

(TLm)	Q3 2021	Q3 2022	9M 2021	9M 2022
Revenue	8,395	24,325	20,360	60,442
Cost of Sales	-6,316	-20,166	-14,826	-49,825
Gross Profit	2,079	4,159	5,534	10,617
OPEX	-837	-1,898	-2,236	-4,852
Other Income/(Expense)	-135	-29	-280	-410
Operating profit before finance income/(expense)	1,107	2,232	3,018	5,355
Financial Income/(Expense)	379	632	1,003	2,091
Profit before tax	728	1,600	2,015	3,264
Taxation	-194	-399	-511	-888
Net Income	534	1,201	1,504	2,376



Summary Financial Statements

Consolidated Income Statement -2-

(TLm)	Q3 2021	Q3 2022	9M 2021	9M 2022
Operating profit	1,107	2,232	3,018	5,355
Adjustment of depreciation and amortization	123	141	342	404
Adjustments related to operational fx losses	5	88	45	250
Adjustments related to deposit valuation expense	80	315	222	1,389
Interest income related to revenue cap regulation	-12	6	-37	40
EBITDA	1,303	2,782	3,590	7,438
Capex reimbursements	525	1,030	1,576	3,089
EBITDA + Capex reimbursements	1,828	3,812	5,166	10,527
Non-recurring (income) / expense related to prior fiscal years	0	-	-12	-
Non-recurring (income) / expense	-	-25	-	-76
Operational Earnings	1,828	3,787	5,154	10,451
Net Income	534	1,201	1,504	2,376
Non-recurring (income) / expense	-	-20	-10	-61
Tax rate change	50	79	103	221
Underlying Net Income	584	1,260	1,597	2,536



Summary Financial Statements

Consolidated Balance Sheet

(TLm)	31 December 2021	30 September 2022
Cash and Cash Equivalents	412	1,709
Financial Assets	3,316	3,824
Trade Receivables	5,573	16,532
Derivative financial instruments	1,548	944
Other Current Assets	1,947	4,128
Current Assets	12,796	27,137
Financial Assets	9,537	9,052
Trade Receivables	0	138
Tangible and Intangible Assets	7,926	7,962
Derivative financial instruments	62	22
Other Non-Current Assets	1,012	3,185
Non-Current Assets	18,537	20,359
TOTAL ASSETS	31,333	47,496
Short-Term Financial Liabilities	6,335	12,046
Other Financial Liabilities	118	74
Trade Payables	3,981	11,296
Derivative financial instruments	44	55
Other Current Liabilities	3,778	7,037
Current Liabilities	14,256	30,508
Long-Term Financial Liabilities	4,381	4,368
Other Financial Liabilities	458	489
Derivative financial instruments	2	0
Other Non-current Liabilities	2,885	2,166
Long-Term Liabilities	7,726	7,023
Share Capital	1,181	1,181
Adjustment to share capital	1,954	1,776
Other Equity Items	1,382	1,387
Retained Earnings	4,834	5,621
Equity	9,351	9,965
TOTAL LIABILITIES AND EQUITY	31,333	47,496

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



Summary Financial Statements

Consolidated Cash Flow

(TLm)	Q3 2021	Q3 2022	9M 2021	9M 2022
Profit for the period	534	1,201	1,504	2,376
Adjustments to reconcile net profit for the period	253	10	665	1,886
Changes in operating assets and liabilities	-615	1,368	-670	-6,957
Other inflows (incl. Capex reimbursements)	1,131	2,141	3,345	6,351
Cash Flows from Operating Activities (before interest and tax)	1,303	4,720	4,844	3,656
Tax payments	-409	-145	-900	-530
Cash Flows from Operating Activities (before interest, after tax)	894	4,575	3,944	3,126
CAPEX	-1,077	-1,434	-2,278	-3,598
Interest received	4	95	99	130
Cash receipt from sale of debt instruments	0	0	126	0
Cash Flows from Investing Activities	-1,073	-1,339	-2,053	-3,468
Cash in-flows and out-flows from borrowings	516	-1,903	307	5,590
Interest paid	-357	-1,640	-1,229	-2,751
Interest received	0	260	0	413
Dividend paid	0	0	-1,134	-1,465
Payments of finance lease liabilities	-42	-52	-106	-148
Cash Flows from Financing Activities	117	-3,335	-2,162	1,639
Increase in cash and cash equivalents	-62	-99	-271	1,297
Cash and cash equivalents at the beginning of the period	380	1,808	589	412
Cash and cash equivalents at the end of the period	318	1,709	318	1,709

(TLm)	Q3 2021	Q3 2022	9M 2021	9M 2022
Cash Flows from Operating Activities (before interest and tax)	1,303	4,720	4,844	3,656
CAPEX	-1,077	-1,434	-2,278	-3,598
Free cash flow (before interest and tax)	226	3,286	2,566	58
Tax payments	-409	-145	-900	-530
Interest received	4	355	99	543
Interest paid	-357	-1,640	-1,229	-2,751
Free cash flow (after interest and tax)	-536	1,856	536	-2,680



Retail & Customer Solutions: Income statement

Retail (TLm)	Q3 2021	Q3 2022	9M 2021	9M 2022
Sales Revenue (net)	5,733	19,023	13,477	47,361
Regulated	3,627	11,547	8,727	31,425
Liberalised	2,106	7,476	4,750	15,936
Cost of Sales (-)	-5,417	-18,582	-12,516	-45,956
Regulated	-3,352	-10,677	-8,022	-29,159
Liberalised	-2,065	-7,905	-4,494	-16,797
Gross Profit	316	441	961	1,405
OPEX	-116	-252	-339	-634
Other Income/(Expense)	-49	-35	-120	-327
Operating profit before finance income/(expense)	151	154	502	444
Adjustment of depreciation and amortization	14	22	39	54
Adjustments related to operational fx gains and losses	0	31	0	84
Adjustments related to valuation difference arising from deposits	80	315	222	1,389
EBITDA	245	522	763	1,971
Non-recurring (income) / expense	0	0	-12	0
Operational earnings	245	522	751	1,971

Customer Solutions (TLm)	Q3 2021	Q3 2022	9M 2021	9M 2022
Sales Revenue (net)	122	54	177	130
Cost of Sales (-)	-79	-13	-118	-31
Gross Profit	43	41	59	99
OPEX	-5	-18	-15	-47
Other Income/(Expense)	-22	7	-26	10
Operating profit before finance income/(expense)	16	30	18	62
Adjustment of depreciation and amortization	1	2	4	5
EBITDA	17	32	22	67
Non-recurring (income) / expense	0	0	0	0
Operational earnings	17	32	22	67



Distribution: Income statement

(TLm)	Q3 2021	Q3 2022	9M 2021	9M 2022
Sales Revenue	2,526	5,247	6,706	12,950
Financial income	705	1,897	1,837	4,014
Distribution revenue	1,310	2,147	3,421	5,705
Pass-through transmission revenue	403	513	1,145	1,540
Lighting sales revenue	108	673	303	1,644
Other	0	17	0	47
Cost of Sales	-807	-1,570	-2,193	-3,838
Energy purchases (Lighting, T&L)	-404	-1,057	-1,048	-2,295
Pass-through transmission cost	-403	-513	-1,145	-1,540
Other	0	0	0	-3
Gross Profit	1,719	3,677	4,513	9,112
OPEX	-649	-1,542	-1,694	-3,943
Other Income/(Expense)	-63	-1	-130	-91
Operating profit before finance income/(expense)	1,007	2,134	2,689	5,078
Adjustment of depreciation and amortization	52	63	136	184
Adjustments related to operational fx gains and losses	5	58	45	167
Interest income related to revenue cap regulation	-12	6	-37	40
EBITDA	1,052	2,261	2,833	5,469
CAPEX Reimbursements	525	1,030	1,576	3,089
EBITDA+CAPEX Reimbursements	1,577	3,291	4,409	8,558
Non-recurring (income)/expense	0	-25	0	-76
Operational earnings	1,577	3,266	4,409	8,482

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Thank You!



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