



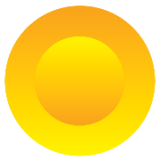
**ENERJISA**

**e-on**

**SABANCI**

# Earnings presentation FY 2019

19 February 2020



## Executive Summary

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

Positive free cash flow achieved at year-end

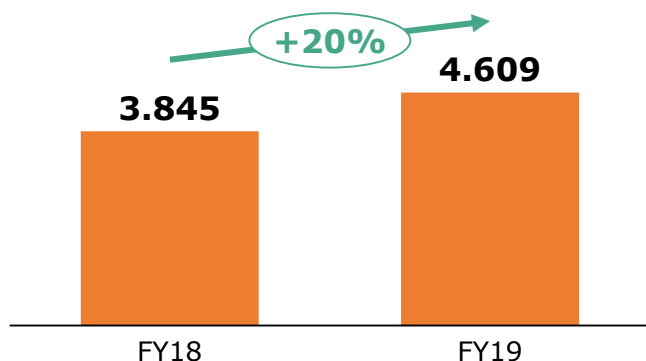
50% dividend growth to 0,60 TL/share dividend



# Financial Highlights

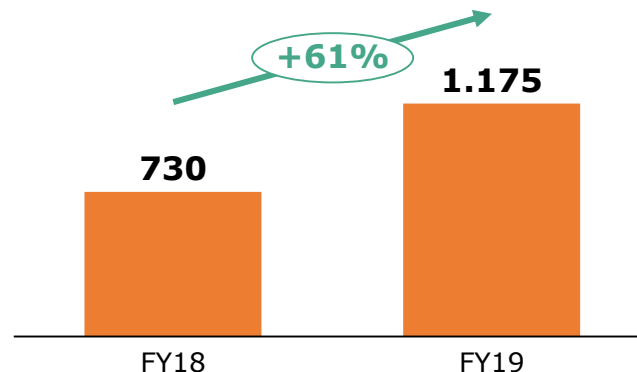
## Operational earnings<sup>1</sup>

(TLm)



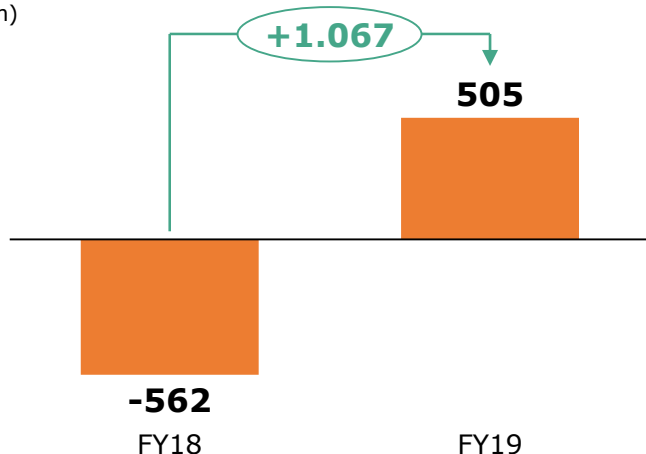
## Underlying Net Income<sup>2</sup>

(TLm)



## Free Cash Flow after interest and tax

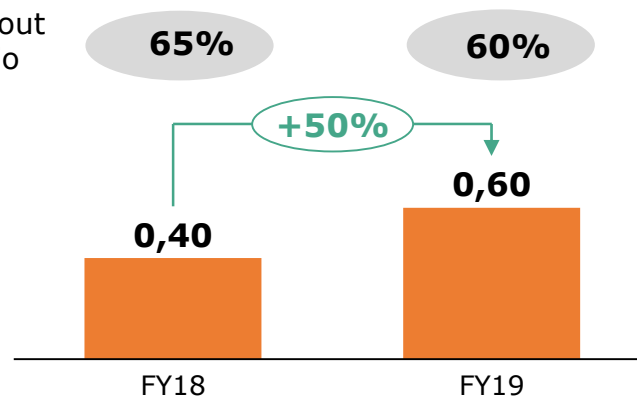
(TLm)



## Dividend proposal

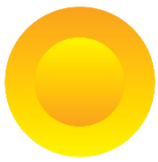
(TL/share<sup>3</sup>)

Payout  
Ratio



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.

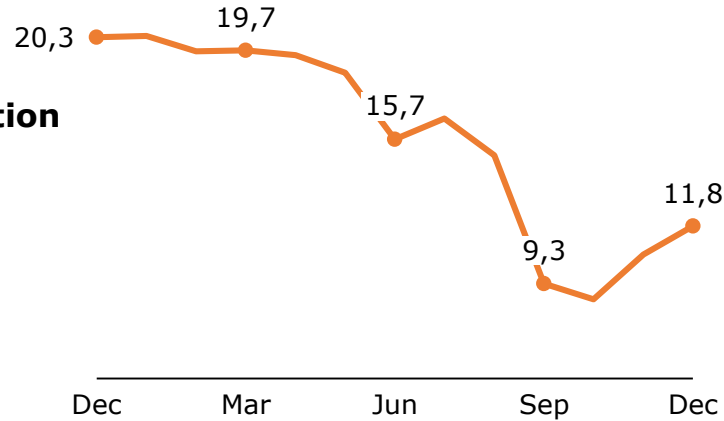
2 Net Income excl. exceptional items: FY18 includes (+768 mTL) IFRIC income adjustment, (+58 mTL) theft accrual related to 2017 due to retention rate increase, (+52 mTL) retrospective application of quality bonus for CAPEX realization in 2016 and 2017, (-107 mTL) Competition Authority penalty fee and (-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.



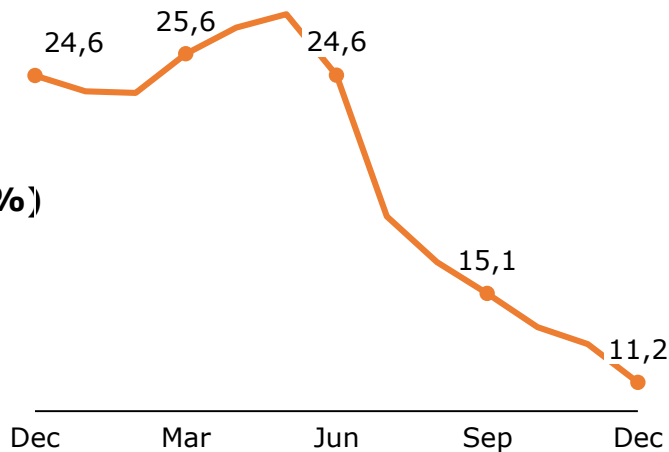
# Market environment

## Turkey

**Inflation  
(%)**

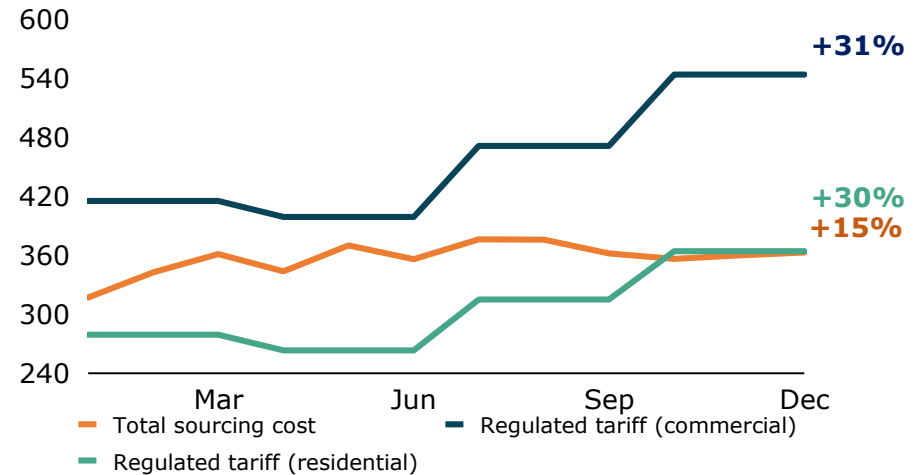


**Interest  
rates<sup>1</sup> (%)**



## Sector: Regulatory Developments

**Retail  
(TL/MWh)**



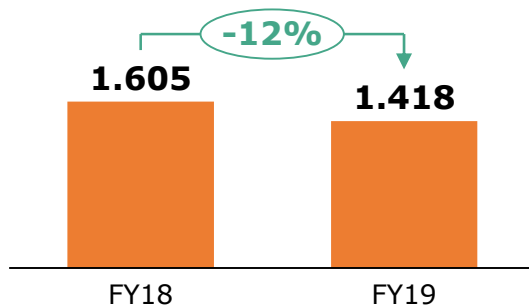
- Regulated Retail tariffs have been adjusted upwards by around 30% in the second half of 2019.
- Market procurement costs have remained flat in Q4, however the regulator has increased regulated wholesale prices (EÜAŞ) by 70% as of October in order to realign regulated and market procurement costs and 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.



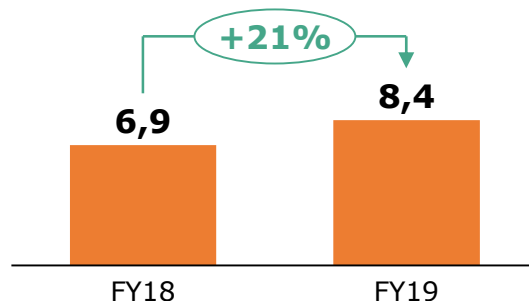
# Operations

## Distribution

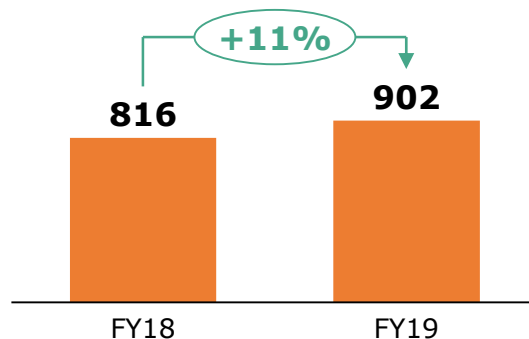
**Capex**  
(TLm)



**RAB**  
(TLbn)

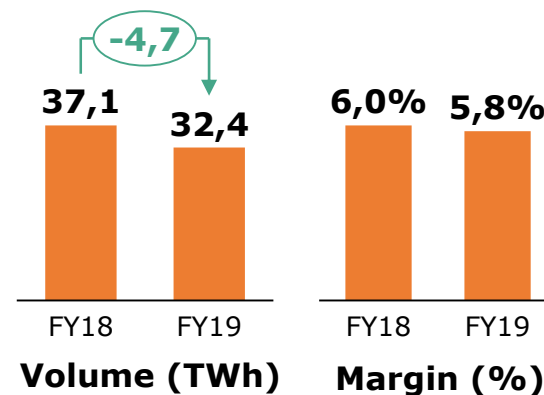


**Efficiency & Quality<sup>1</sup>**  
(TLm)

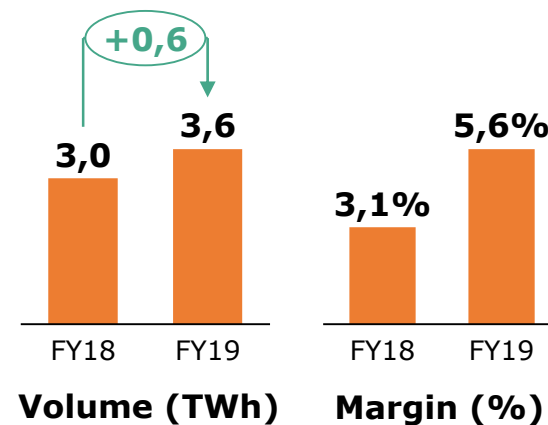


## Retail

**Regulated Segment**

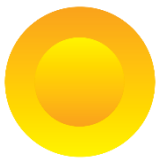


**Liberalized Corporate Segment**



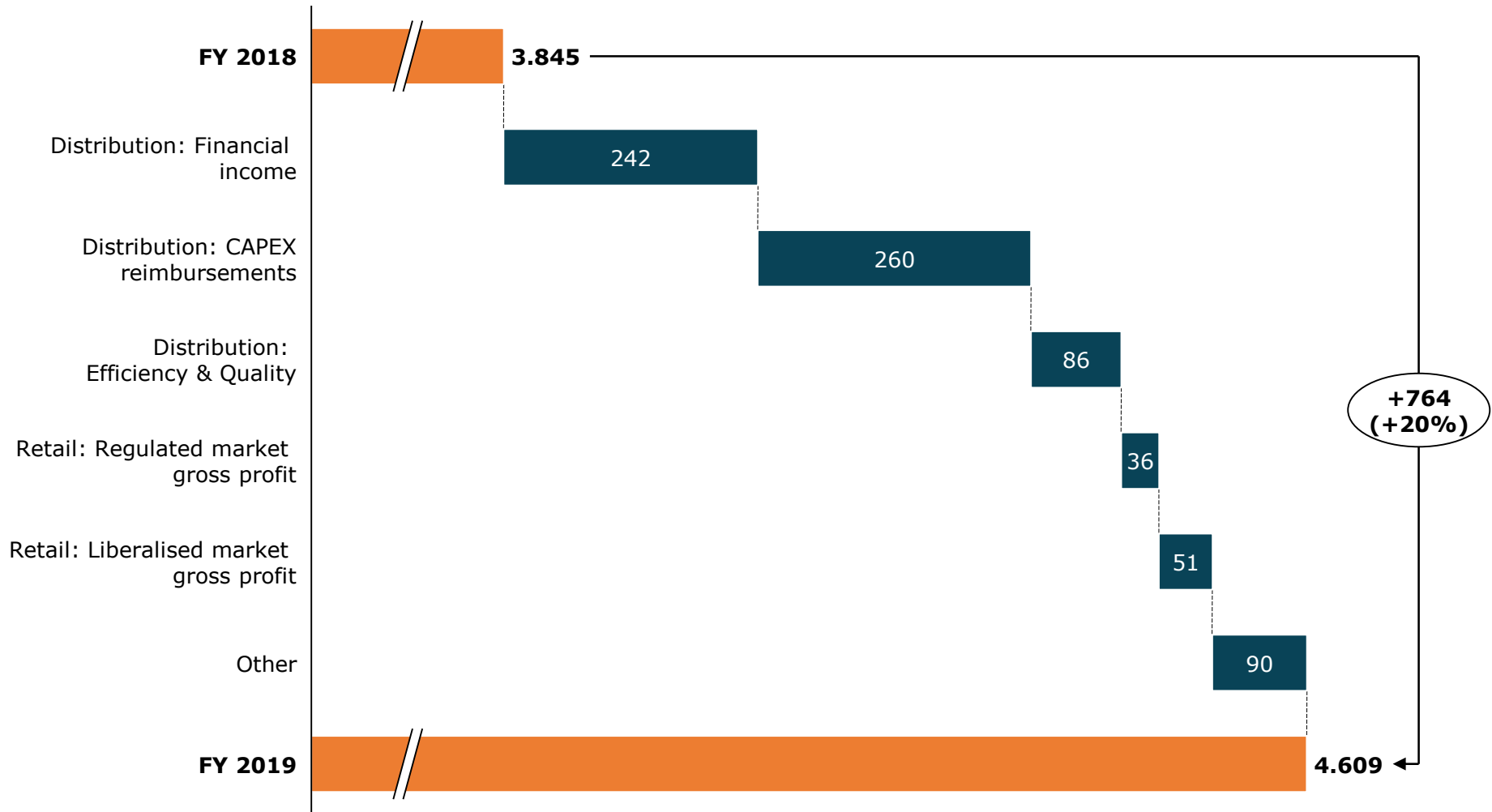
1 Incl. Capex, Opex and T&L outperformances as well as theft accrual & collection and quality bonus





# Consolidated Operational Earnings Development

(TLm)





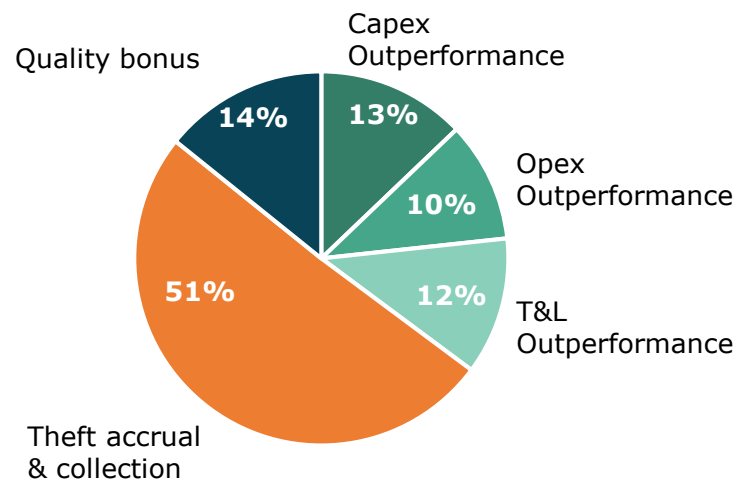
# Distribution: Operational Earnings & Cash Development

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

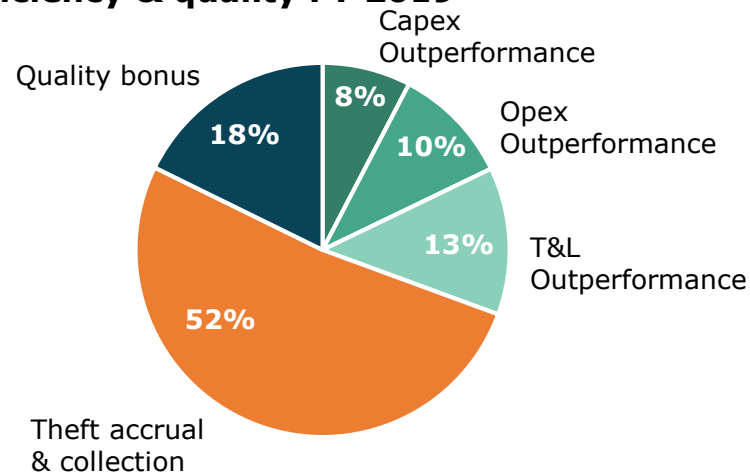
(TLm)

	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
<b>Operational Earnings</b>	<b>3.490</b>	<b>4.073</b>
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
<b>Operating Cash Flow (before interest &amp; tax)</b>	<b>2.374</b>	<b>2.377</b>
Actual allowed Capex	-1.605	-1.418
Capex outperformance	105	69
VAT paid	-308	-255
Unpaid and previous year Capex	259	49
<b>Cash-effective Capex</b>	<b>-1.549</b>	<b>-1.555</b>
<b>Free Cash Flow (before interest &amp; tax)</b>	<b>825</b>	<b>822</b>

## Efficiency & quality FY 2018



## Efficiency & quality FY 2019





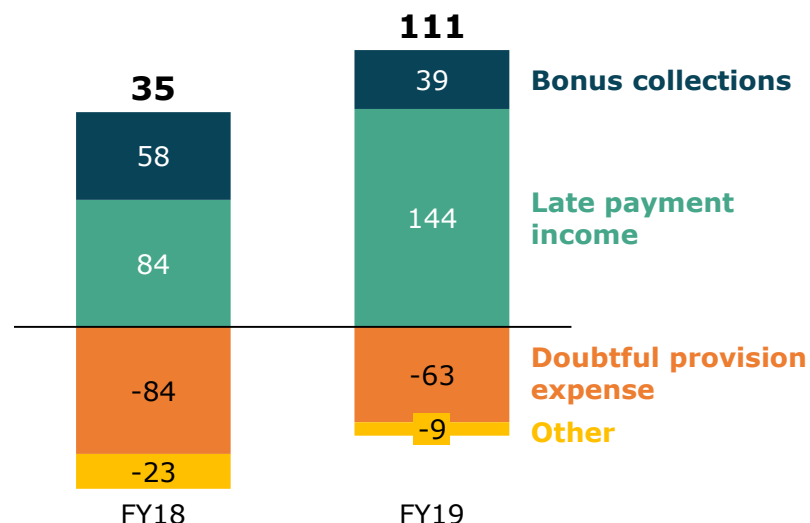
# Retail: Operational Earnings & Cash Development

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

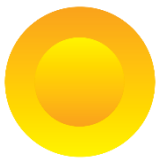
(TLm)

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

## Bad debt related income and expense (TLm)

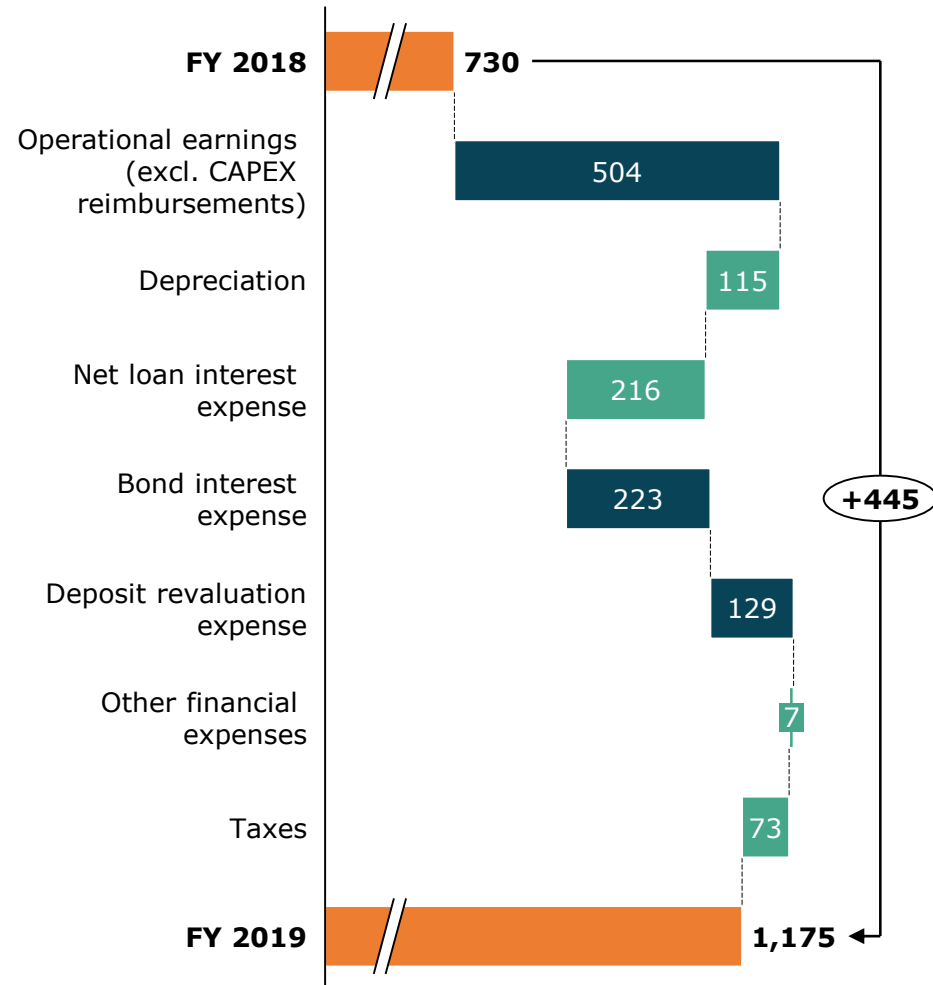




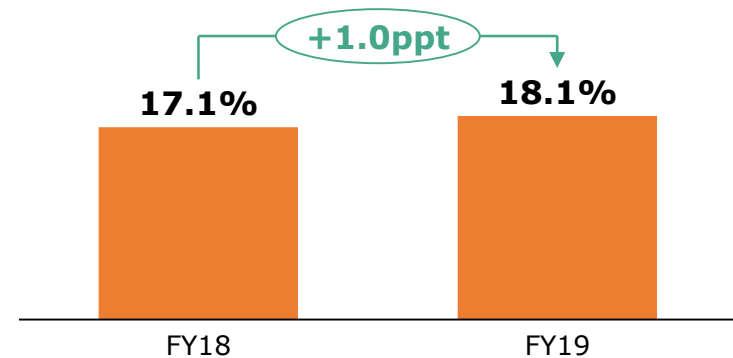


# Consolidated Underlying Net Income Development

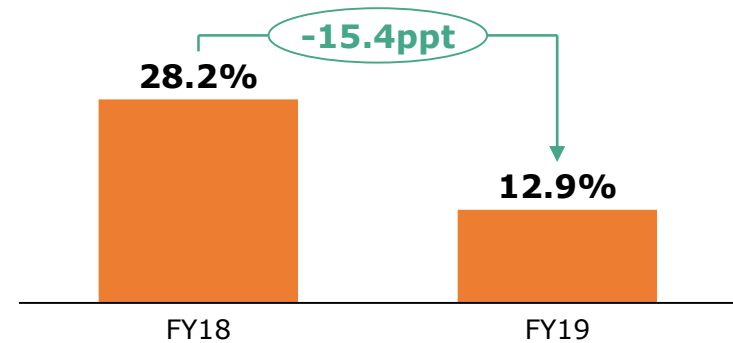
## Underlying net income development (TLm)



## Weighted average loan interest rates



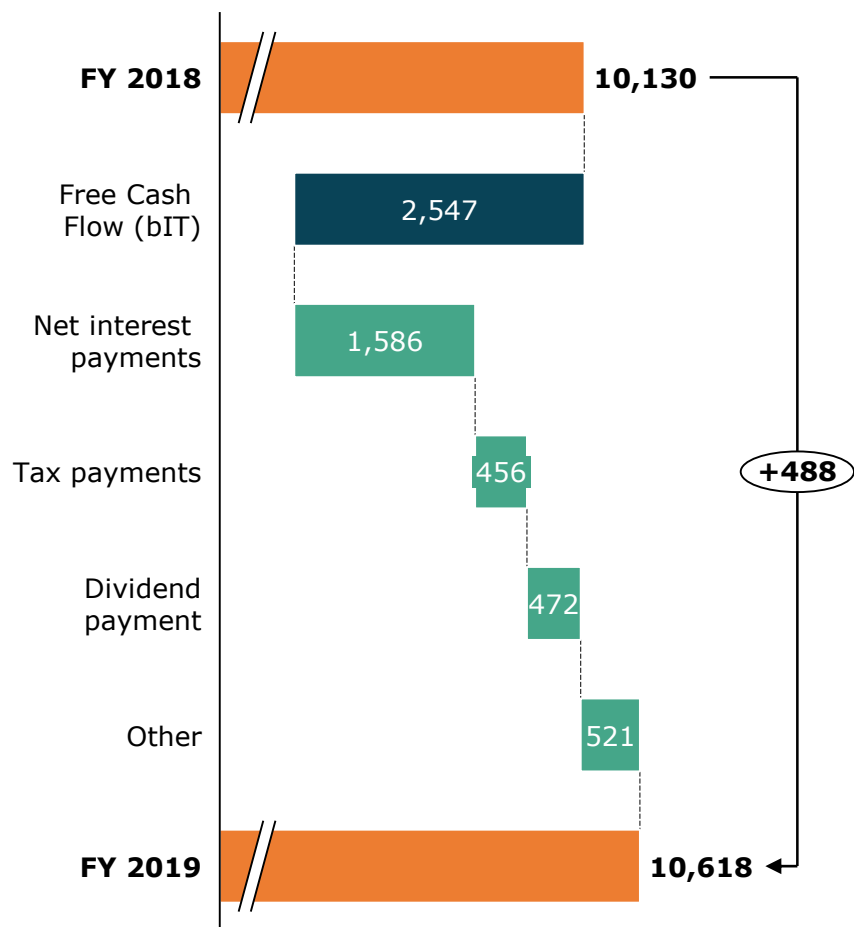
## Weighted average bond interest rates (CPI-linked)



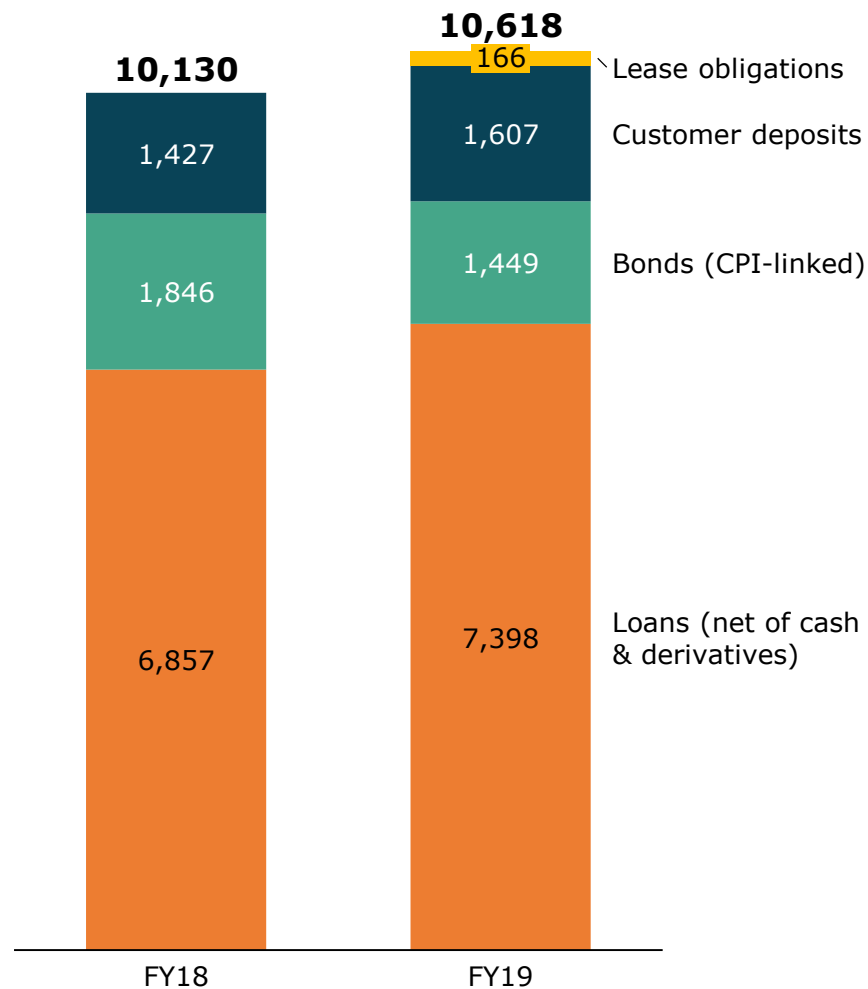


# Economic Net Debt

**Economic Net Debt development** (TLm)



**Economic Net Debt composition** (TLm)

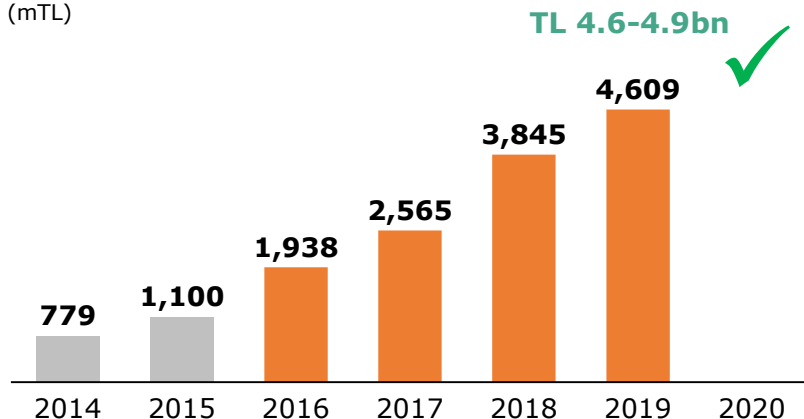




# Continuous delivery on growth path

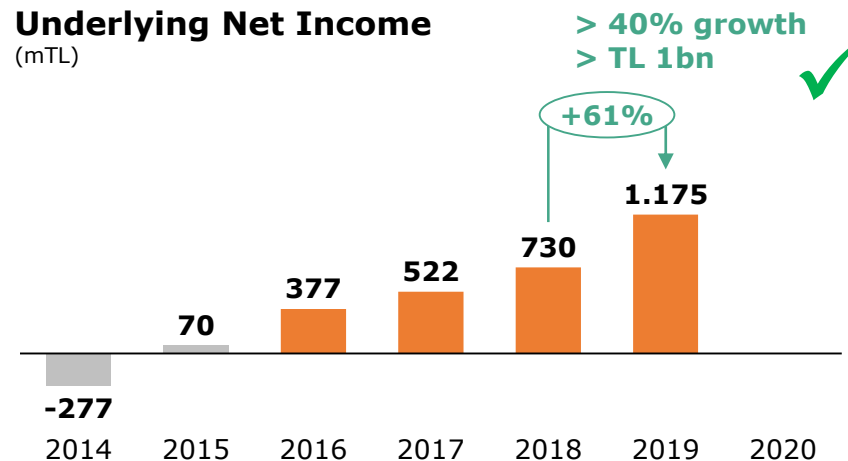
## Operational earnings

(mTL)



## Underlying Net Income

(mTL)



## Payout 60-70% of Underlying Net Income

Payout ratio

68%

65%

60%

Dividend  
per share<sup>1</sup>

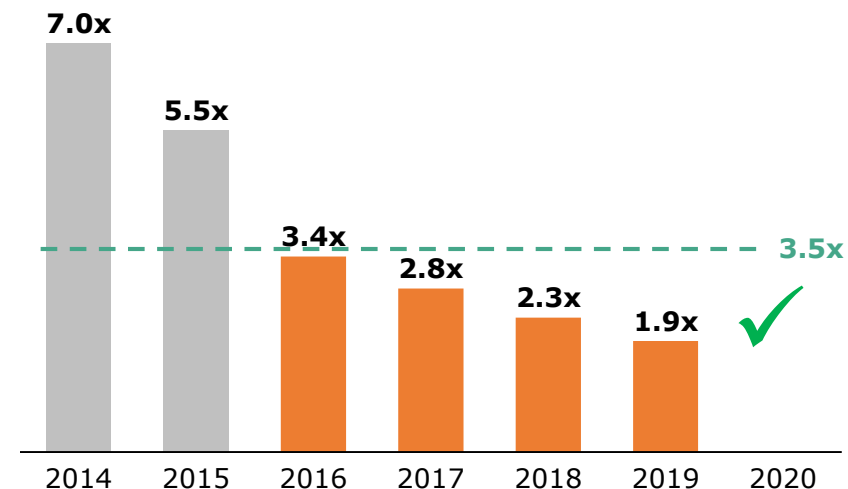
0.30

0.40

0.60

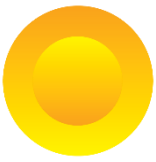
+50% ✓

## Leverage<sup>2</sup> <3.5x



<sup>1</sup> Dividend per 100 shares; total number of outstanding shares is 118,106,896,712.

<sup>2</sup> 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
<b>Gross Profit</b>	<b>5.967</b>	<b>5.345</b>
OPEX	-1.849	-2.170
Other Income/(Expense)	-1.307	-110
<b>Operating profit before finance income/(expense)</b>	<b>2.811</b>	<b>3.065</b>
Financial Income/(Expense)	-1.489	-1.673
<b>Profit before tax</b>	<b>1.322</b>	<b>1.392</b>
Taxation	-574	-358
<b>Net Income</b>	<b>748</b>	<b>1.034</b>

	1 January 31 December	1 January 31 December
(TLm)	2018	2019
<b>Operating profit before finance income/(expense)</b>	<b>2.811</b>	<b>3.065</b>
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
<b>EBITDA</b>	<b>4.065</b>	<b>3.369</b>
CAPEX Reimbursements	798	1.058
<b>EBITDA+CAPEX Reimbursements</b>	<b>4.864</b>	<b>4.427</b>
Fair value changes of financial assets	-984	230
Competition Authority penalty provision	107	0
Non-recurring income related to previous years	-142	-48
<b>Operational earnings</b>	<b>3.845</b>	<b>4.609</b>

	1 January 31 December	1 January 31 December
(TLm)	2018	2019
<b>Net Income</b>	<b>748</b>	<b>1.034</b>
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
<b>Underlying Net Income</b>	<b>730</b>	<b>1.175</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 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
<b>Current Assets</b>	<b>5.872</b>	<b>5.782</b>
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
<b>Non-Current Assets</b>	<b>16.721</b>	<b>17.614</b>
<b>TOTAL ASSETS</b>	<b>22.593</b>	<b>23.396</b>
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
<b>Current Liabilities</b>	<b>7.012</b>	<b>7.331</b>
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
<b>Long-Term Liabilities</b>	<b>9.282</b>	<b>9.230</b>
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
<b>Equity</b>	<b>6.299</b>	<b>6.835</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>22.593</b>	<b>23.396</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)	2018	2019
Profit for the period	748	1.034
Adjustments to reconcile net profit for the period	2.395	1.088
Changes in operating assets and liabilities	-2.574	167
Other inflows (incl. Capex reimbursements)	1.553	1.879
<b>Cash Flows from Operating Activities (before interest and tax)</b>	<b>2.122</b>	<b>4.168</b>
Tax payments	-35	-456
<b>Cash Flows from Operating Activities (before interest, after tax)</b>	<b>2.087</b>	<b>3.712</b>
CAPEX	-1.602	-1.621
Interest received	96	122
<b>Cash Flows from Investing Activities</b>	<b>-1.506</b>	<b>-1.499</b>
Cash in-flows and out-flows from borrowings	1.305	-126
Interest paid	-1.143	-1.708
Dividend paid	-354	-472
<b>Cash Flows from Financing Activities</b>	<b>-192</b>	<b>-2.306</b>
Increase in cash and cash equivalents	389	-92
Cash and cash equivalents at the beginning of the period	173	562
<b>Cash and cash equivalents at the end of the period</b>	<b>562</b>	<b>470</b>

	1 January 31 December	1 January 31 December
(TLm)	2018	2019
Cash Flows from Operating Activities (before interest and tax)	2.122	4.168
CAPEX	-1.602	-1.621
<b>Free cash flow (before interest and tax)</b>	<b>520</b>	<b>2.547</b>
Tax payments	-35	-456
Interest received	96	122
Interest paid	-1.143	-1.708
<b>Free cash flow (after interest and tax)</b>	<b>-562</b>	<b>505</b>

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



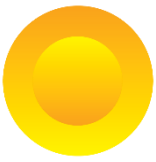
# Retail: Income statement

	1 January 31 December	1 January 31 December
(TLm)	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
<b>Gross Profit</b>	<b>671</b>	<b>774</b>
OPEX	-341	-367
Other Income/(Expense)	-305	-9
<b>Operating profit before finance income/(expense)</b>	<b>25</b>	<b>398</b>
Adjustment of depreciation and amortization	23	47
Adjustments related to fair value difference arising from deposits	243	114
<b>EBITDA</b>	<b>291</b>	<b>559</b>
Competition Authority penalty provision	99	0
<b>Operational earnings</b>	<b>390</b>	<b>559</b>



# Distribution: Income statement

	1 January 31 December 2018	1 January 31 December 2019
<b>(TLm)</b>		
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&amp;L)</i>	-930	-1,024
<i>Pass-through transmission cost</i>	-760	-998
<i>Other</i>	0	-7
<b>Gross Profit</b>	<b>5,296</b>	<b>4,570</b>
OPEX	-1,272	-1,563
Other Income/(Expense)	-240	-105
<b>Operating profit before finance income/(expense)</b>	<b>3,784</b>	<b>2,902</b>
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
<b>EBITDA</b>	<b>3,810</b>	<b>2,833</b>
CAPEX Reimbursements	798	1,058
<b>EBITDA+CAPEX Reimbursements</b>	<b>4,608</b>	<b>3,891</b>
Fair value changes of financial assets	-984	230
Non-recurring income related to previous years	-142	-48
Competition Authority penalty provision	8	0
<b>Operational earnings</b>	<b>3,490</b>	<b>4,073</b>



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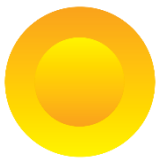
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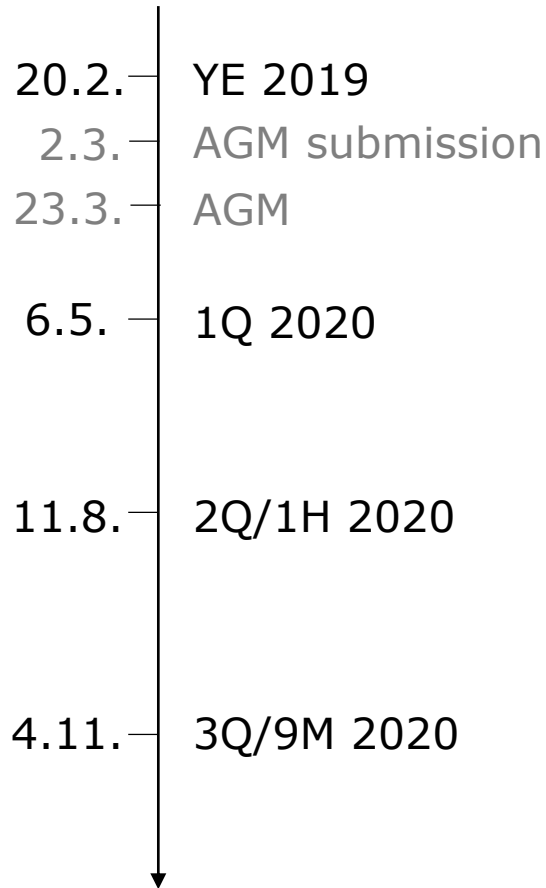
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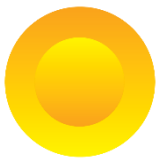


# Financial calendar 2019

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## Earnings releases





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