



Enerjisa Enerji A.Ş. Earnings Presentation

Q1 2023

ENERJİSA



Q1 2023

Executive Summary

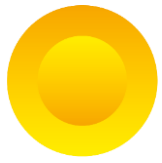
First initial earthquake related regulations introduced with further compensations expected to be introduced within the coming months

Q1 2023 Underlying Net Income growth of 159%

Strong Free Cash Flow generation in the first three months of 3.0 billion TL

Continued deleveraging successfully achieved

Mid-term outlook confirmed and new 2023 Guidance introduced:
2023 Operational Earnings of 20-24 billion TL
2023 Underlying Net Income of 4.5 – 6.0 billion TL

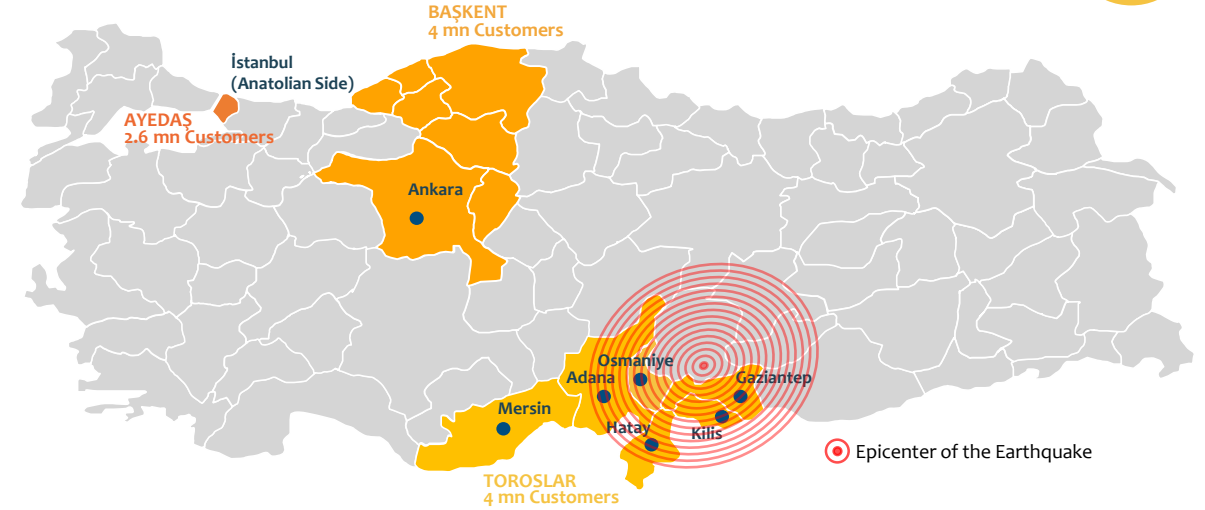


Earthquake impact: Our customers & people come first

Customer Impact

Impacted customers supported via new regulation in March:

1. Outstanding energy bills before the earthquake to be paid by the government.¹
 2. Invoices for consumption post earthquake delayed until 31st of May in the most impacted cities² and to be paid from June 1 onwards in six installments.
- In return, Enerjisa's payments for energy purchases for its regulated and liberalized volumes, in the whole Toroslar region, are delayed until May 7 at minimum without any interest.
 - Enerjisa's save and shelter measures as well as delivery of instant back-up electricity are the main financial effects occurred up until now, and transparently reported in the Q1 earnings result as a -780 mTL cost item, observed under the line item OPEX outperformance.
 - The OPEX costs occurred in the first months are expected to be compensated in full via the regulation within the year.



¹) Destroyed, urgently demolished, heavily damaged and moderately damaged installations

²) Adiyaman, Hatay, Kahramanmaraş and Malatya provinces and İslahiye and Nurdagi districts of Gaziantep Provinces

Earthquake impact: Assets and operations in good health

Assets

Limited impact of damages to assets on back of insurance coverage, regulated earnings & support mechanisms.

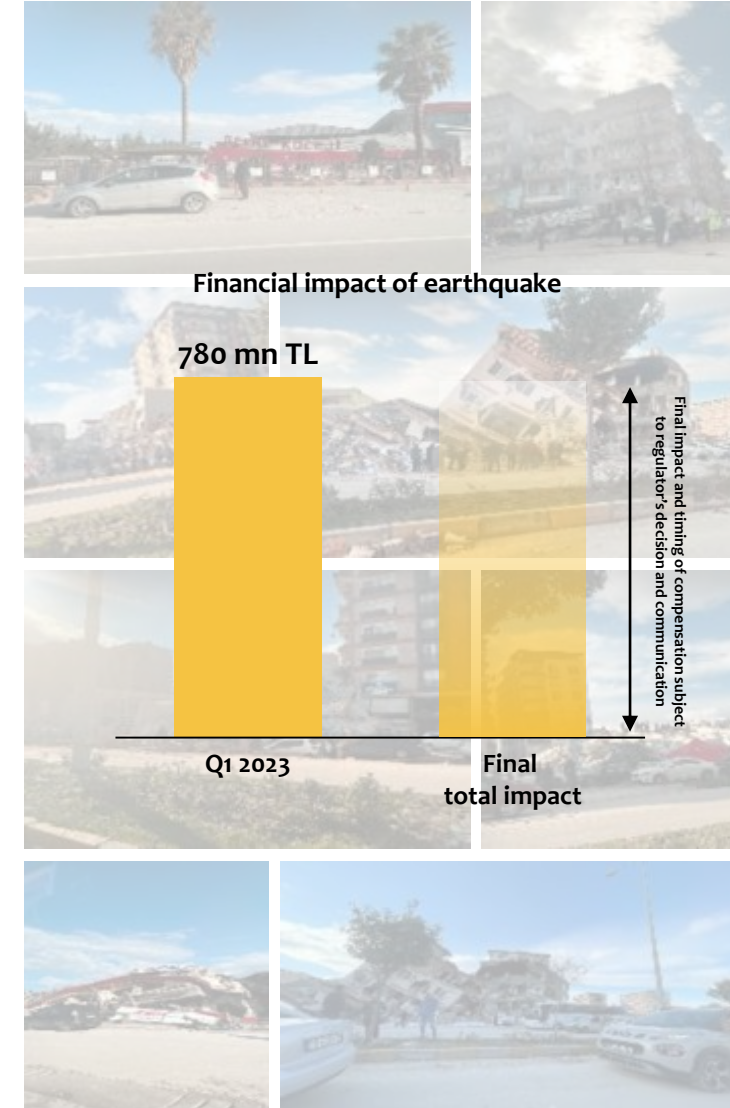
- No impairment or estimated risk of write-offs identified.
- All regulated insurances have been made prior to the earthquake and will thus cover the full extend of damages to the infrastructure. Compensation expected to follow the normal tariff compensation structure, with potential for early compensation payment, possibly already this year.
- Regulated earnings follows official RAB¹ statements (FY 2022) and successfully conducted investments. As such, all historical investments to the asset base will be continuously accounted for and generate earnings regardless of the damages of the grid.
- No change to investment plans at this current stage, as reconstruction of damaged areas to replace other investment projects in the region.
- Additional investments, accompanied with further earnings growth for Enerjisa, dependent on governmental decision to accelerate resource allocation and construction plans for the impacted cities.

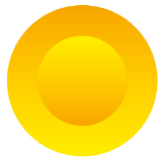
Operations

Operations quickly returned to normal in all cities except Hatay.

- Energy consumption expected to be lower during a transition period of 2-3 years (1-2 TWh lower energy consumption expected in 2023). Lower regulated volumes also result in lower energy costs, which limits the impact to only the foregone margin (2.38% of the energy procurement costs).
- Impact on theft & loss related activities and tax correction mechanism are more profound, with quantification and compensation framework to be assessed and communicated by the regulator.
- Total financial impact of the earthquake for Enerjisa is expected to be more or less in line with the impact seen in the Q1 financial results, with the possibility of up to full compensation.

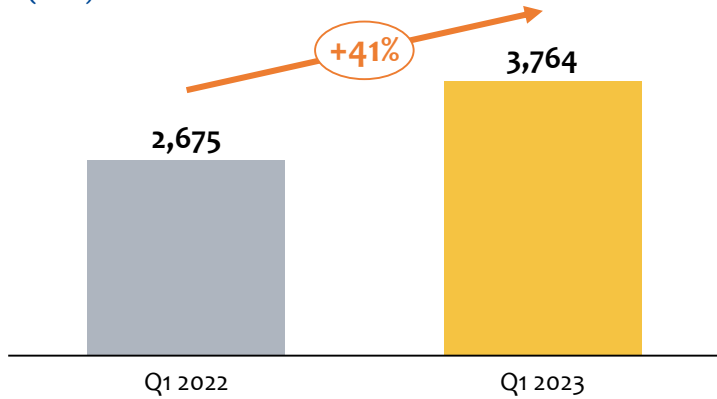
¹) Regulated Asset Base. In FY 2022 TL 19.9 billion (with no retroactive impact from the earthquake). Q1 2023 RAB: TL 29.4 billion



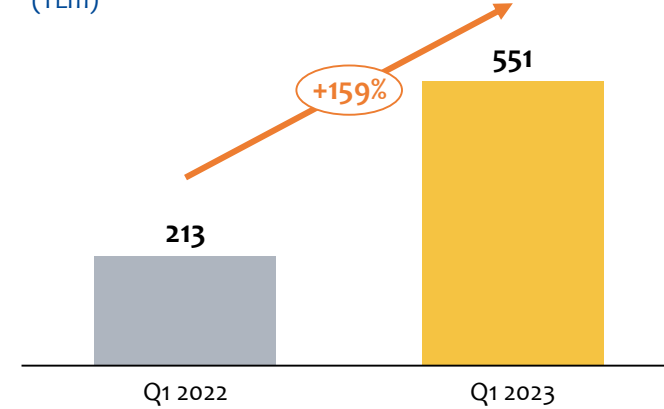


Financial Highlights

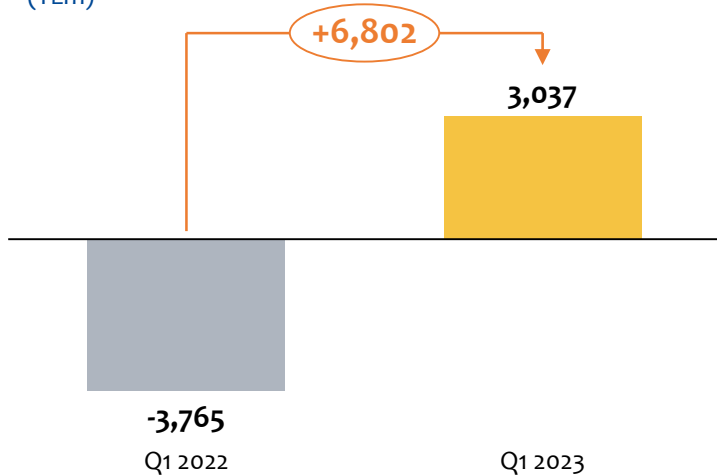
Operational Earnings¹
(TLm)



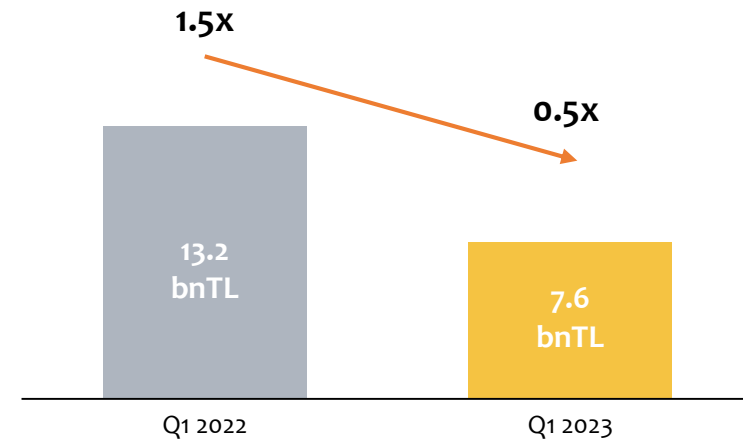
Underlying Net Income²
(TLm)



Free Cash Flow After Interest and Tax
(TLm)



Net Financial Debt / LTM³ Operational Earnings

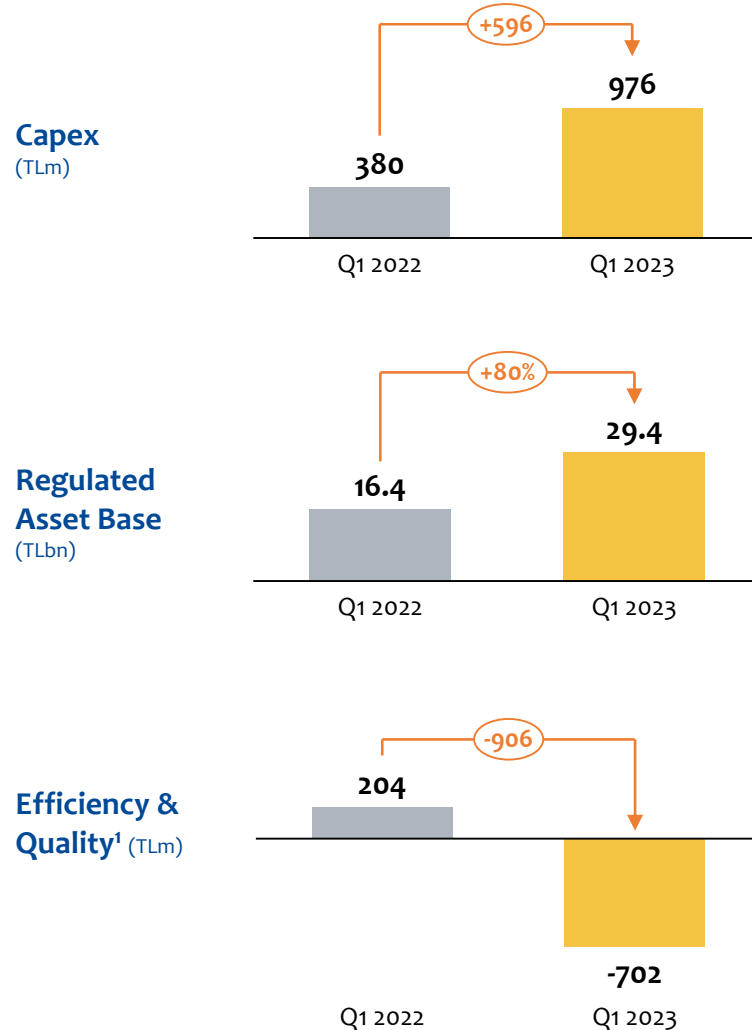


1) Operational Earnings: EBITDA + Capex Reimbursements – Non-recurring Items

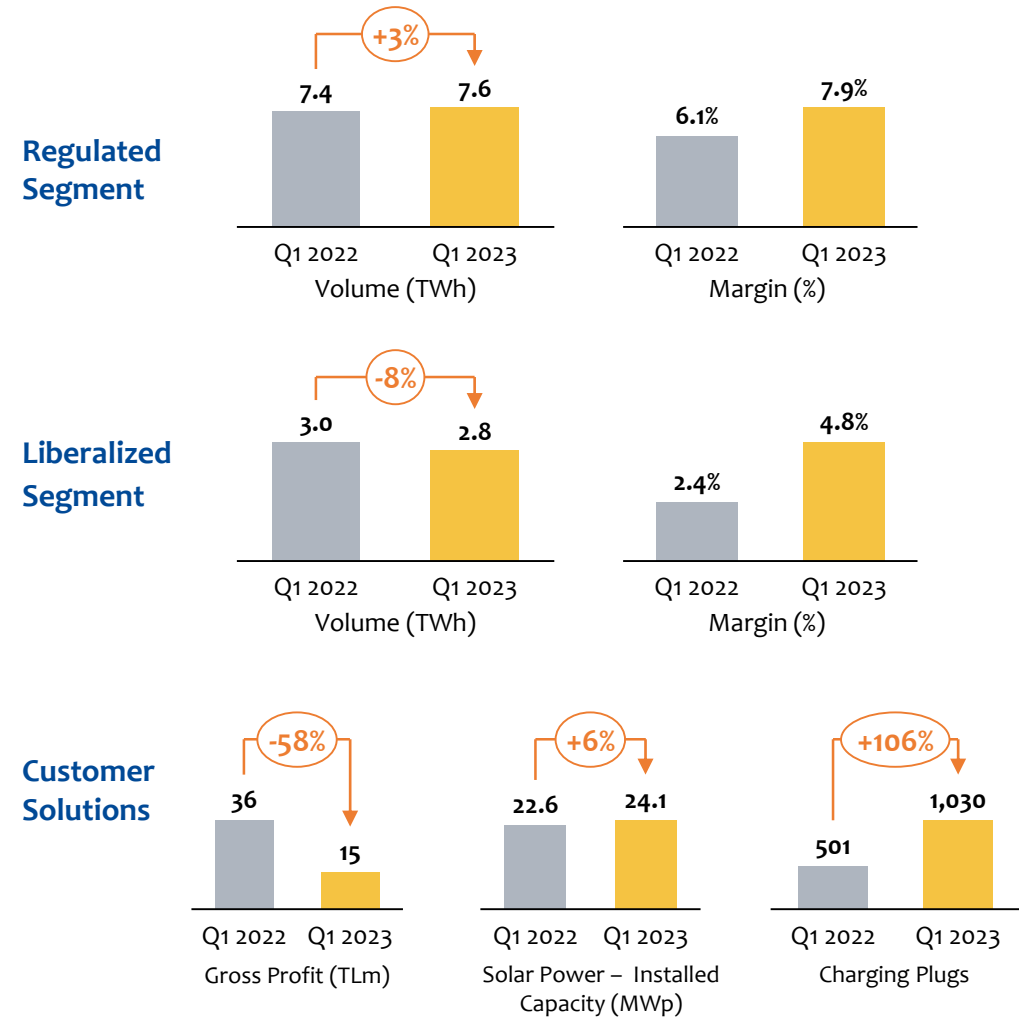
2) Underlying Net Income: Net Income – Non-recurring Items

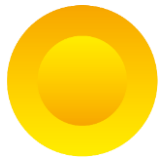
3) LTM: Last Twelve Months

Distribution

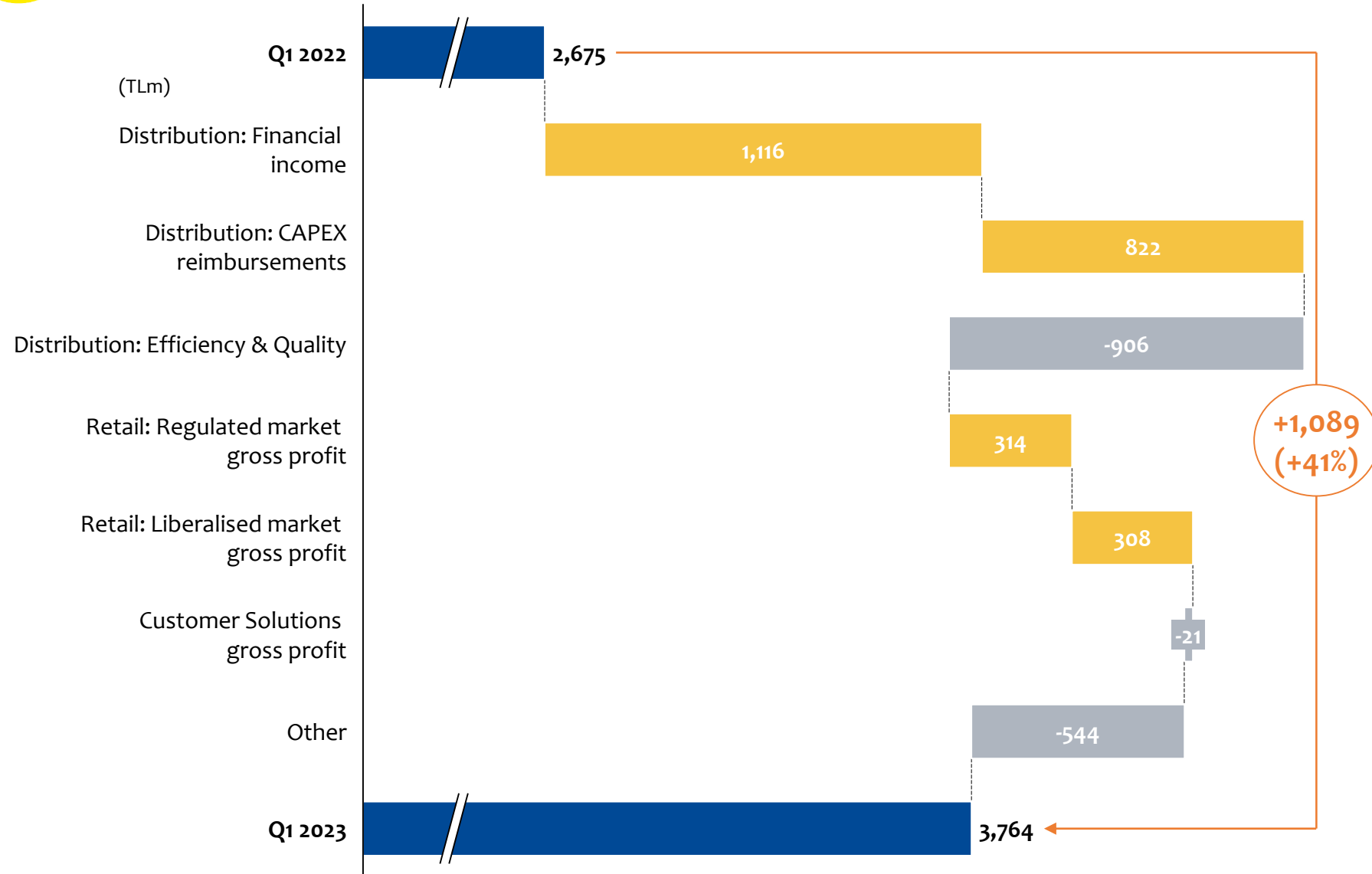


Retail and Customer Solutions



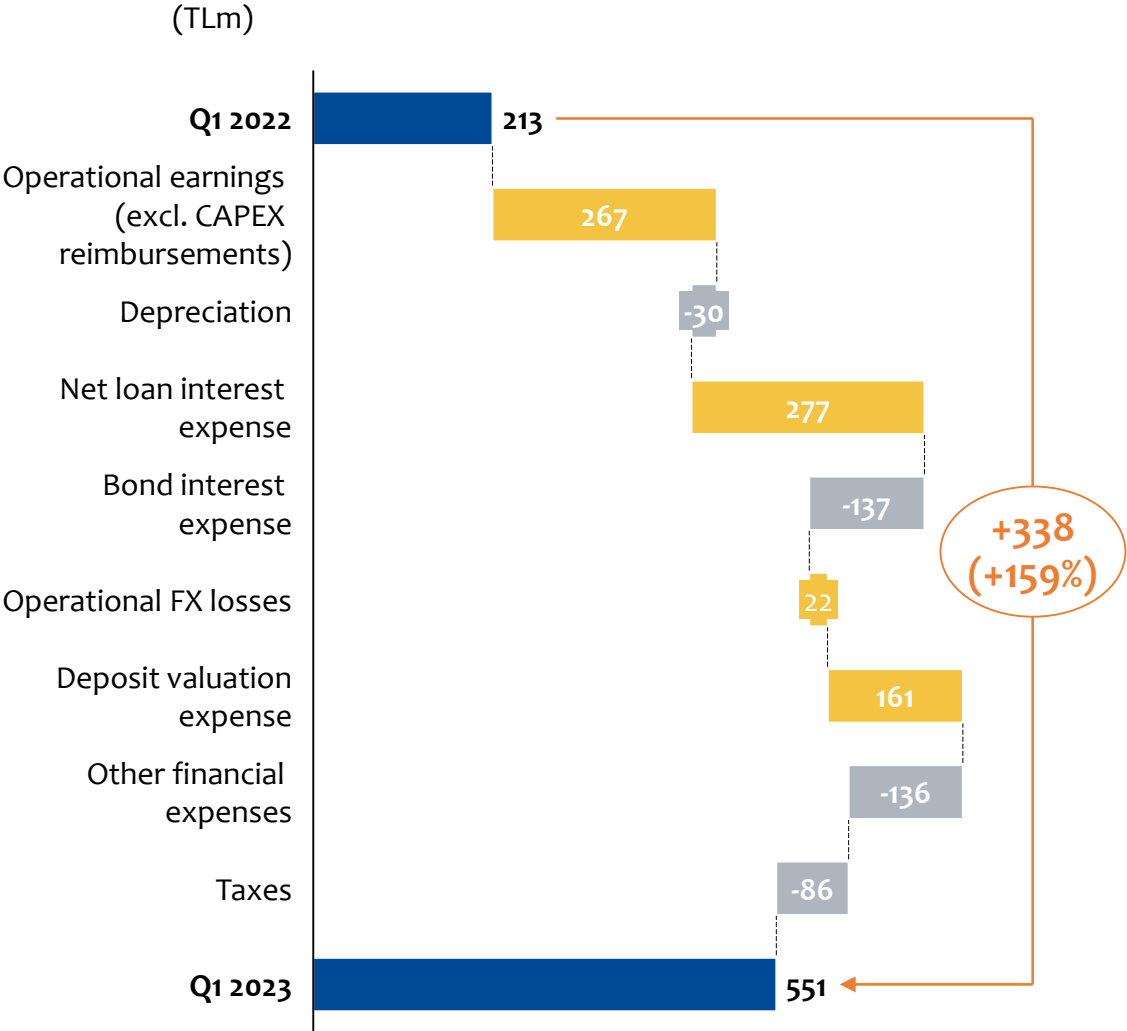


Operational Earnings Development

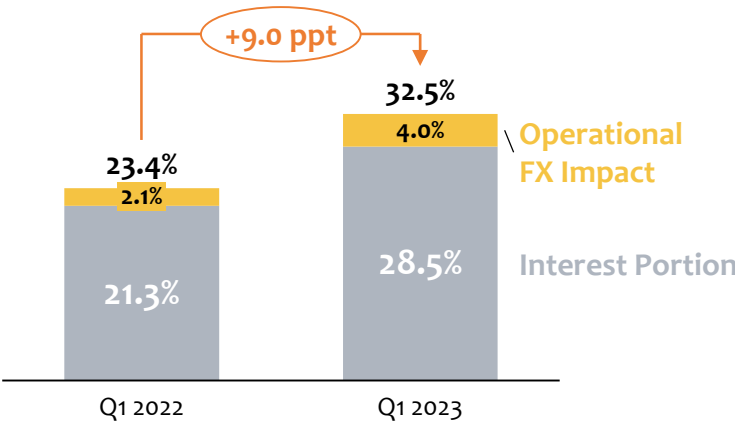




Underlying Net Income Development

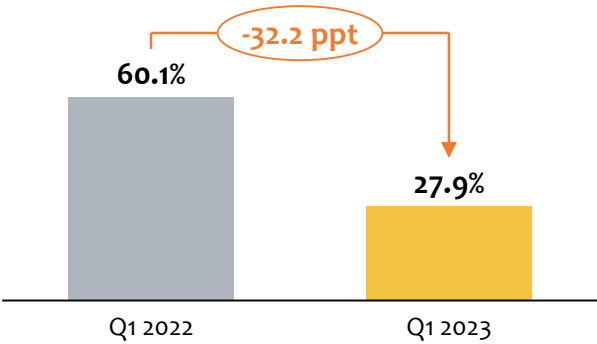


Weighted Average Loan Financing Cost



Weighted Average Bond Financing Cost

(Fixed and CPI & TLREF linked)



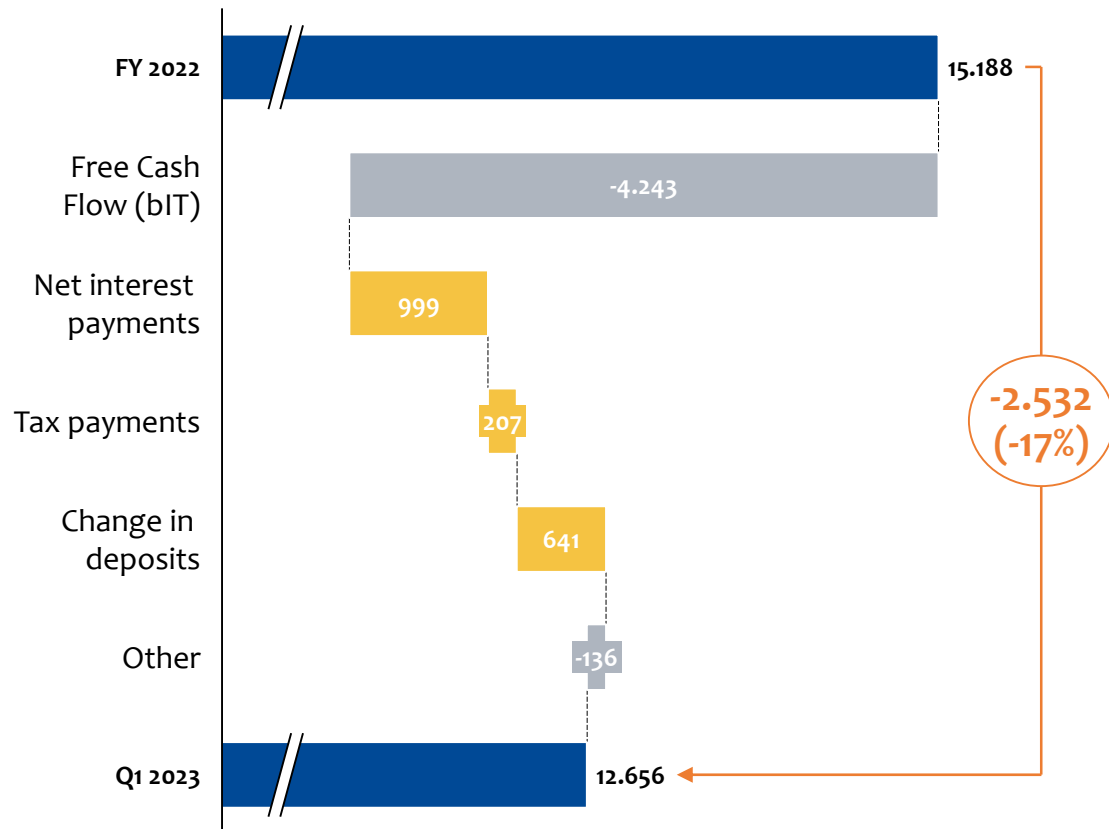
Average total financing rate in Q1 2023 were 29.3%
(Q1 2022: 30.8%)¹

1) Average total financing including bonds and loans, net of cash and derivatives.

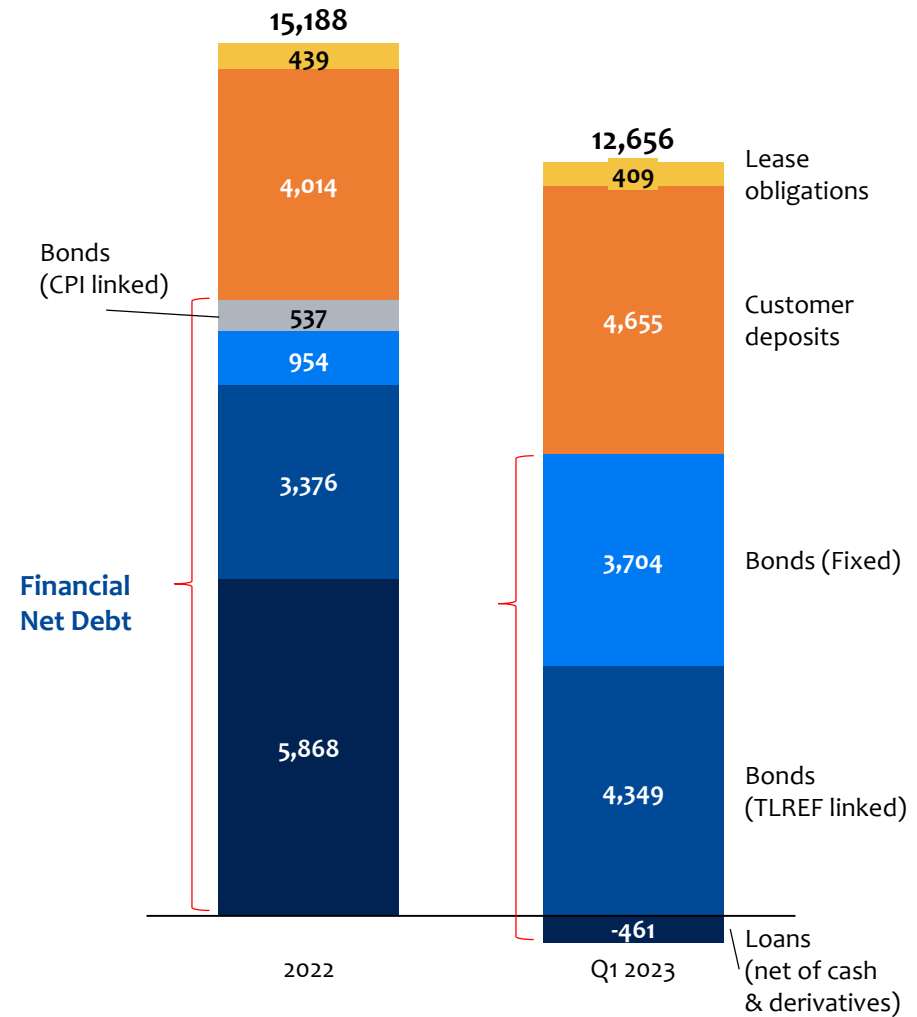


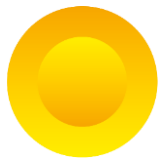
Economic Net Debt

Economic Net Debt Development (TLm)



Economic Net Debt Composition (TLm)





Guidance – reiterated and enhanced

Mid-term Outlook Confirmed

Operational Earnings 2022-2025 CAGR of 30% – 40%

Underlying Net Income 2022-2025 CAGR of 25% – 35%

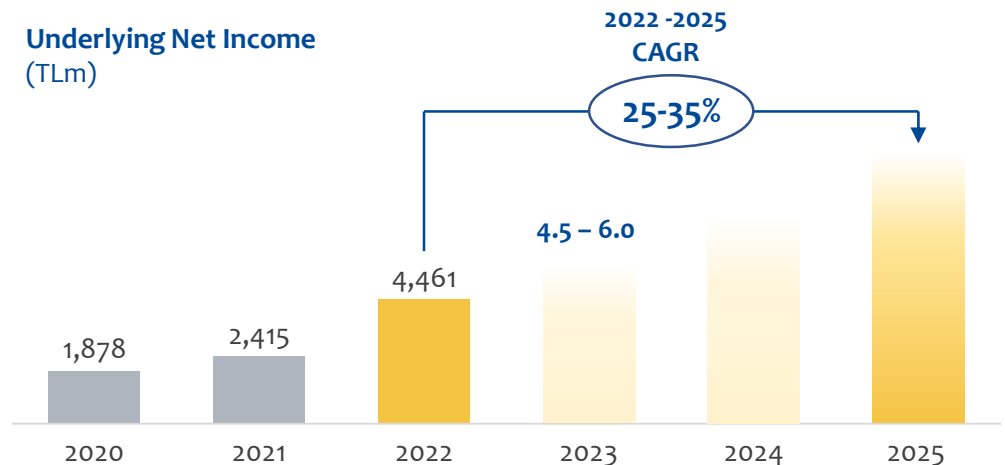
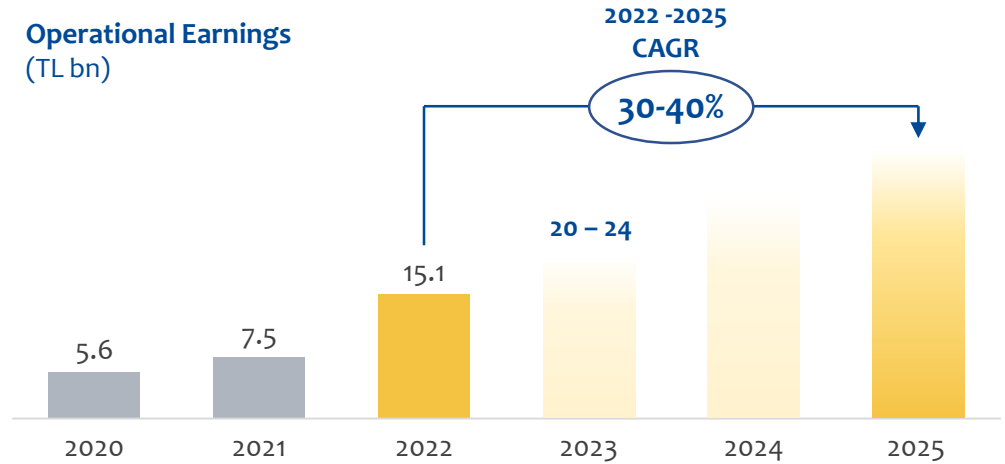
New 2023 Guidance Provided

Operational Earnings 2023 of 20 – 24 billion TL

Underlying Net Income 2023 of 4.5 – 6.0 billion TL

Regulated Asset Base (RAB) 2023 of 30 – 35 billion TL

CAPEX 2023 of 11 – 15 billion TL



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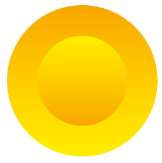
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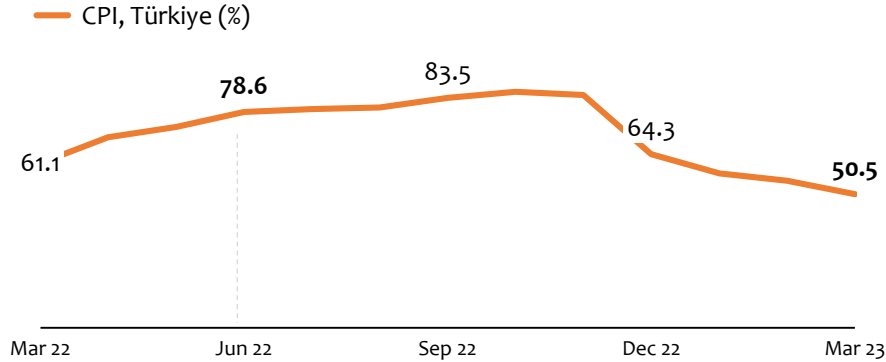


Appendix



Market Environment

Inflation

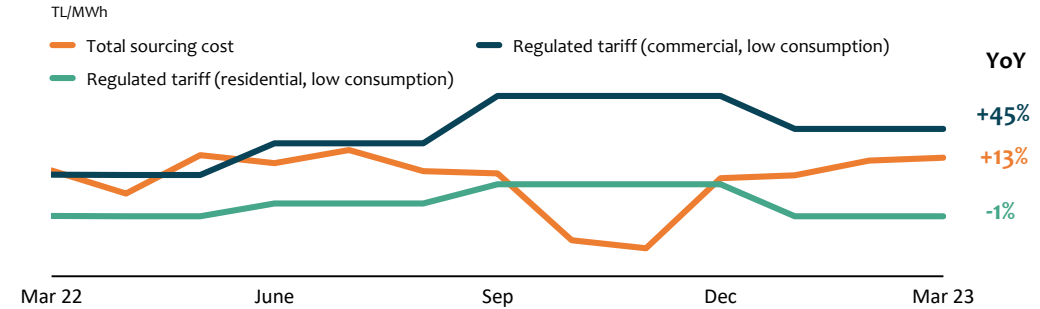


Inflation driven earnings profile due to Enerjisa's high degree of regulated earnings

- Enerjisa's regulated profile allows for earnings growth in its distribution business based on average inflation (long-term average, discounted).
- Relevant for Enerjisa's regulated business is predominantly the mid-year inflation rate (June-end inflation).
- Regulated distribution framework set for 2021-2025: Real WACC of 12.3% + inflation.
- In addition to the return on assets, Enerjisa is rewarded for being an efficient operator by generating efficiency and quality earnings (1.3 billion TL in 2022).
- Inflation also impacts costs, however are generally compensated via the regulation as long as the increase in OPEX don't surpass the index (inflation & other parameters).
- Inflation also impacts financial expenses as loans, bonds and customer deposits.

Energy Procurement Costs & Tariffs

Regulated tariff vs. energy procurement costs



Tariffs	Industrial Energy Price	Commercial Energy Price*		Residential Energy Price**		Distribution Component
As of Jan 1, 2023	-25.1%	-18.2%	-13.2%	-34.9%	-21.4%	132%
As of Apr 1, 2023	-17.9%	-20.9%	-19.0%	-29.1%	-22.2%	No change

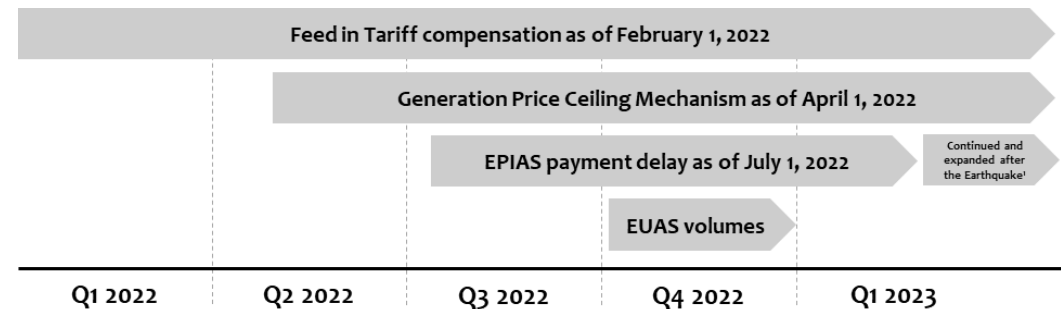
Total Sourcing Cost: Calculated based on the weighted average cost of the regulated volume purchases for Enerjisa.

The table shows the changes in national tariffs of low voltage single term subscriber groups.

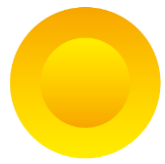
*The gradual tariff system in the low voltage Commercial subscriber group was put into use as of 1st of Mar'22.

**The gradual tariff system in the low voltage Residential subscriber group was put into use as of 1st of Jan'22.

Regulatory support mechanisms



¹ Valid for all volumes (regulated & liberalised) in the Toroslar region.



Distribution: Operational Earnings & Cash Development

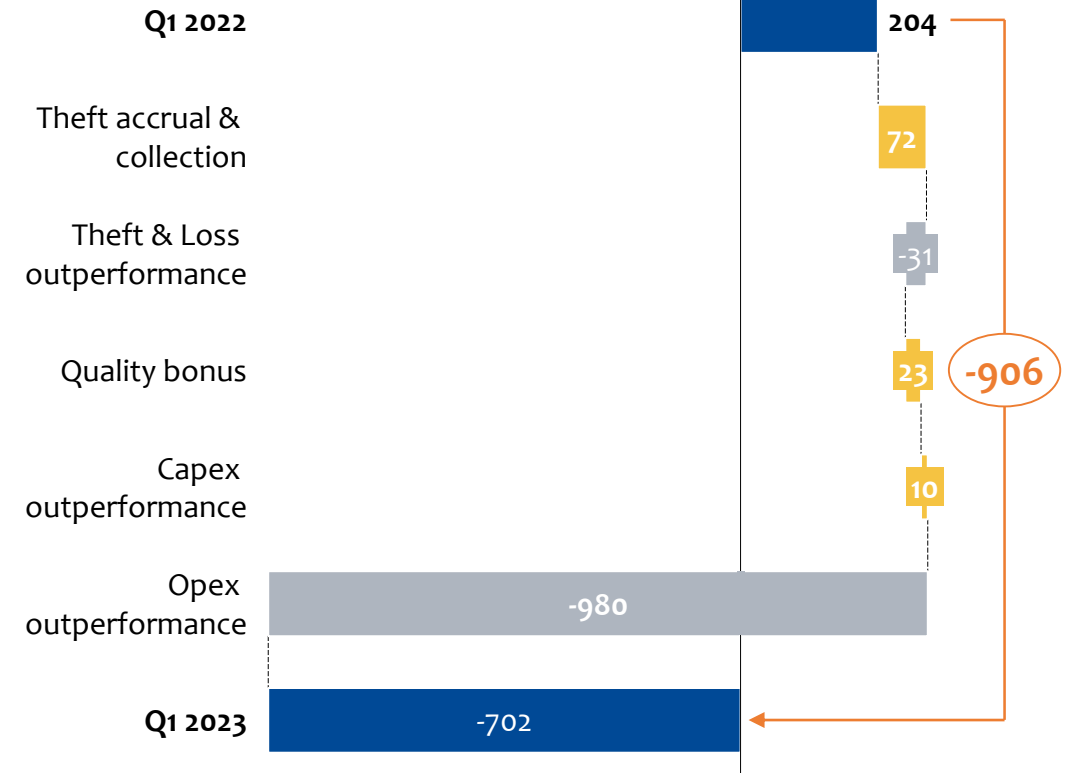
Operational Earnings (TLm)

Distribution	Q1 2022	Q1 2023
Financial Income	856	1,972
Capex reimbursements	873	1,695
Efficiency & Quality	204	-702
Tax correction	105	58
Other	111	-13
Operational Earnings	2,149	3,010

Free Cash Flow Before Interest and Tax (TLm)

Distribution	Q1 2022	Q1 2023
Operational Earnings	2,149	3,010
Financial income not yet cash-effective	-154	-957
Capex outperformance	0	-10
Net working capital and other	-422	2,050
Operating Cash Flow (before interest & tax)	1,573	4,093
Actual allowed Capex	-380	-976
Capex outperformance	0	10
VAT paid	-68	-174
Unpaid and previous year Capex	-685	-1,911
Cash-effective Capex	-1,133	-3,051
Free Cash Flow (before interest & tax)	440	1,042

Efficiency & Quality Q1 2023 (TLm)





Retail and Customer Solutions: Operational Earnings & Cash Development

Operational Earnings (TLm)

Retail	Q1 2022	Q1 2023
Regulated gross profit	625	939
Liberalised gross profit	87	395
Opex	-171	-402
Bad debt related income and expense	4	-84
Other	-24	-39
Operational Earnings	521	809

Free Cash Flow Before Interest and Tax (TLm)

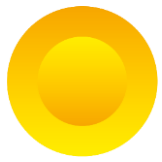
Retail	Q1 2022	Q1 2023
Operational Earnings	521	809
Price equalization effects	-2,800	1,988
Net deposit additions	239	219
Delta NWC	-1,558	593
Operating Cash Flow (before interest & tax)	-3,598	3,609
Capex	-26	-33
Free Cash Flow (before interest & tax)	-3,624	3,576

Operational Earnings (TLm)

Customer Solutions	Q1 2022	Q1 2023
Revenue	41	72
Cost of Sales	-5	-57
Gross Profit (exc. depreciation)	36	15
OPEX	-9	-35
Doubtful provision expense	-3	-
Other	-7	-15
Operational Earnings	17	-35

Free Cash Flow Before Interest and Tax (TLm)

Customer Solutions	Q1 2022	Q1 2023
Operational Earnings	17	-35
Delta NWC	-43	-194
Operating Cash Flow (before interest & tax)	-26	-229
Capex	-22	-118
Free Cash Flow (before interest & tax)	-48	-347



Summary Financial Statements - Income Statement

(TLm)	Q1 2022	Q1 2023
Sales Revenue	17,910	28,641
Cost of Sales	-15,191	-22,927
Gross Profit	2,719	5,714
OPEX	-1,320	-3,684
Other Income/(Expense)	-345	-771
Operating profit before finance income/(expense)	1,054	1,259
Financial Income/(Expense)	-767	-764
Profit before tax	287	495
Taxation	-94	-125
Net Income	193	370

(TLm)	Q1 2022	Q1 2023
Operating profit before finance income/(expense)	1,054	1,259
Adjustment of depreciation and amortization	127	157
Adjustments related to operational fx gains and losses	49	27
Adjustments related to valuation difference arising from deposits	583	422
Adjustments related to interest income/expense related to tariff receivables	11	10
EBITDA	1,824	1,875
CAPEX Reimbursements	873	1,695
EBITDA+CAPEX Reimbursements	2,697	3,570
Non-recurring (income) / expense related to previous years		
Non-recurring (income)/expense	-22	194
Operational earnings	2,675	3,764

Net Income	193	370
Non-recurring (income) / expense	-18	181
Tax rate change	38	0
Underlying Net Income	213	551



Summary Financial Statements - Balance Sheet

	31 December 2022	31 March 2023
(TLm)		
Cash and Cash Equivalents	8,371	9,996
Financial Assets	3,342	4,935
Trade Receivables	5,688	6,482
Derivative financial instruments	234	216
Other Current Assets	4,356	6,487
Current Assets	21,991	28,116
Financial Assets	11,790	10,437
Trade Receivables	109	113
Tangible and Intangible Assets	8,118	8,249
Derivative financial instruments	12	8
Deferred tax assets	12,371	13,163
Other Non-Current Assets	4,798	4,111
Non-Current Assets	37,198	36,081
TOTAL ASSETS	59,189	64,197
Short-Term Financial Liabilities	15,171	12,398
Other Financial Liabilities	83	88
Trade Payables	6,772	10,859
Derivative financial instruments	103	41
Other Current Liabilities	9,125	13,778
Current Liabilities	31,254	37,164
Long-Term Financial Liabilities	3,925	5,181
Other Financial Liabilities	509	513
Derivative financial instruments	0	0
Deferred tax liabilities	775	765
Other Non-current Liabilities	1,154	1,416
Long-Term Liabilities	6,363	7,875
Share Capital	1,181	1,181
Adjustment to share capital	1,776	1,393
Other Equity Items	872	892
Retained Earnings	17,743	15,692
Equity	21,572	19,158
TOTAL LIABILITIES AND EQUITY	59,189	64,197

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



Summary Financial Statements - Cash Flow

(TLm)	Q1 2022	Q1 2023
Profit for the period	193	370
Adjustments to reconcile net profit for the period	1,065	367
Changes in operating assets and liabilities	-5,077	4,136
Other inflows (incl. Capex reimbursements)	1,754	2,573
Cash Flows from Operating Activities (before interest and tax)	-2,065	7,446
Tax payments	-77	-207
Interest received	0	0
Cash Flows from Operating Activities (before interest, after tax)	-2,142	7,239
CAPEX	-1,183	-3,203
Interest received	50	421
Cash Flows from Investing Activities	-1,133	-2,782
Cash in-flows and out-flows from borrowings	3,988	-1,340
Interest paid	-490	-1,422
Interest received	0	2
Payments of finance lease liabilities	-47	-72
Cash Flows from Financing Activities	3,451	-2,832
Increase in cash and cash equivalents	176	1,625
Cash and cash equivalents at the beginning of the period	412	8,371
Cash and cash equivalents at the end of the period	588	9,996

(TLm)	Q1 2022	Q1 2023
Cash Flows from Operating Activities (before interest and tax)	-2,065	7,446
CAPEX	-1,183	-3,203
Free cash flow (before interest and tax)	-3,248	4,243
Tax payments	-77	-207
Interest received	50	423
Interest paid	-490	-1,422
Free cash flow (after interest and tax)	-3,765	3,037



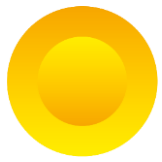
Retail & Customer Solutions: Income statement

Retail

(TLm)	Q1 2022	Q1 2023
Sales Revenue (net)	14,009	20,018
<i>Regulated</i>	10,322	11,835
<i>Liberalised</i>	3,687	8,183
Cost of Sales (-)	-13,617	-18,787
<i>Regulated</i>	-9,697	-10,896
<i>Liberalised</i>	-3,920	-7,891
Gross Profit	392	1,231
OPEX	-186	-427
Other Income/(Expense)	-298	-624
Operating profit before finance income/(expense)	-92	180
Adjustment of depreciation and amortization	15	23
Adjustments related to operational fx gains and losses	15	5
Adjustments related to interest income related to tariff receivables	0	178
Adjustments related to valuation difference arising from deposits	583	422
EBITDA	521	808
Non-recurring (income) / expense	0	1
Operational earnings	521	809

Customer Solutions

(TLm)	Q1 2022	Q1 2023
Sales Revenue (net)	41	72
Cost of Sales (-)	-6	-60
Gross Profit	35	12
OPEX	-9	-35
Other Income/(Expense)	-10	-15
Operating profit before finance income/(expense)	16	-38
Adjustment of depreciation and amortization	1	3
Adjustments related to operational fx gains and losses	0	0
EBITDA	17	-35
Non-recurring (income) / expense	0	0
Operational earnings	17	-35



Distribution: Income statement

(TlM)	Q1 2022	Q1 2023
Sales Revenue	3,860	8,552
Financial income	856	1,972
Distribution revenue	1,644	2,794
Pass-through transmission revenue	523	1,462
Lighting sales revenue	446	1,311
Investment revenue	380	976
Other	11	37
Cost of Sales	-1,568	-4,080
Energy purchases (Lighting, T&L)	-662	-1,653
Investment costs	-380	-965
Pass-through transmission cost	-523	-1,462
Other	-3	0
Gross Profit	2,292	4,472
OPEX	-1,061	-3,150
Other Income/(Expense)	-35	18
Operating profit before finance income/(expense)	1,196	1,340
Adjustment of depreciation and amortization	57	77
Adjustments related to operational fx gains and losses	34	23
Adjustments related to interest income related to tariff receivables	11	-167
EBITDA	1,298	1,273
CAPEX Reimbursements	873	1,695
EBITDA+CAPEX Reimbursements	2,171	2,968
Non-recurring (income)/expense	-22	42
Operational earnings	2,149	3,010

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Investor Relations Calendar

Reporting & Events

Date

Annual General Assembly

March 29, 2023

Q1 2023 Earnings Call

May 5, 2023

H1 2023 Earnings Call

August 8, 2023

9M 2023 Earnings Call

November 7, 2023
