



Enerjisa Enerji Earnings Presentation

H1 2023

ENERJISA



H1 2023

Executive Summary

Earthquake expenses classified as pass-through OPEX and reversing previously booked costs

H1 2023 Underlying Net Income (UNI) growth of 118%

Free Cash Flow generation in the first six months of 2.2 billion TL

Continued deleveraging successfully achieved

Outlook confirmed and 2023 UNI now expected at the upper part of the guidance range

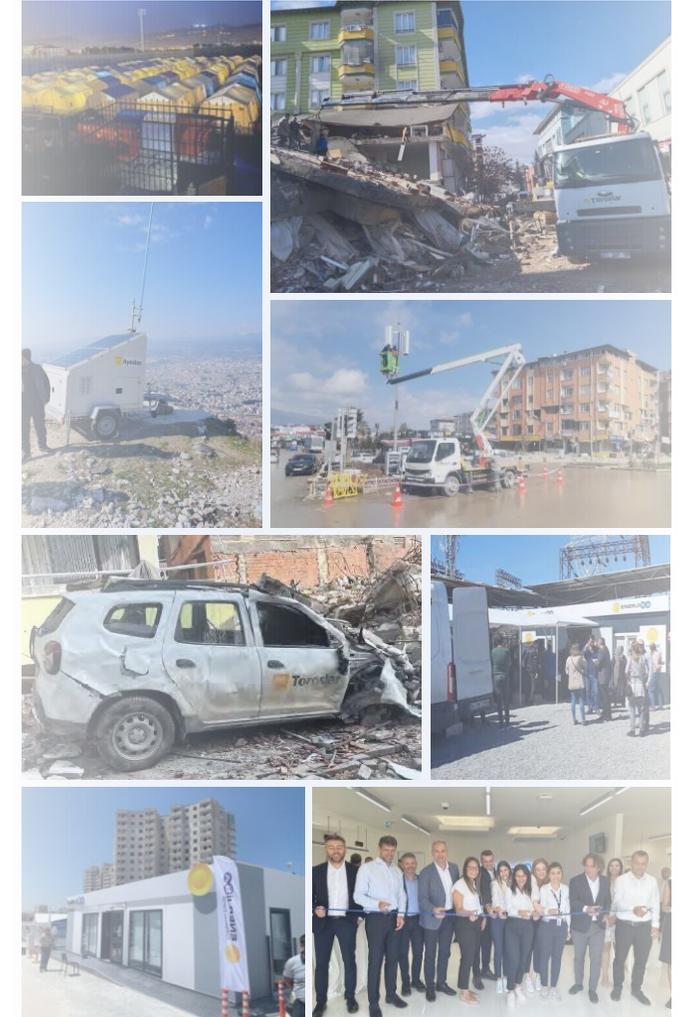
2023 UNI: 5.0 – 6.0 billion TL
(previously: 4.5 – 6.0 billion TL)



Earthquake Impact on Enerjisa Enerji's Financials

Earthquake impacts – Limited overall impact on assets and financials

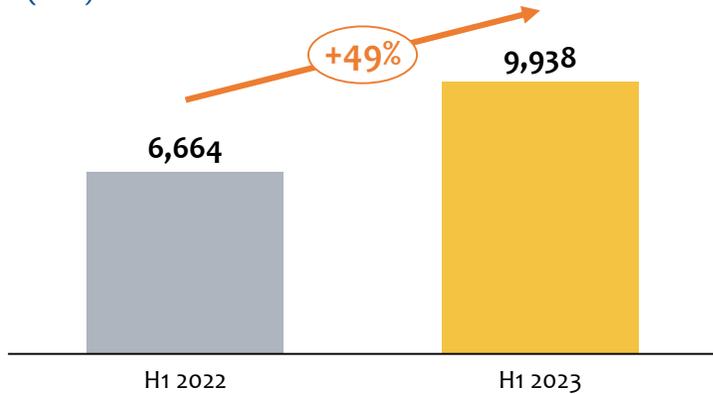
- Regulatory Asset Base and related investment returns, not impacted by the earthquake (no write-offs or impairments).
- Physical damages to the grid are insured to the maximum regulatory insurance amount, and thus the regulation covers all physical damages.
- Official decision received on the 27th of July 2023, from the energy regulator EMRA, to compensate all earthquake related costs in Toroslar, including:
 - OPEX related costs for restoration and repair of the grid, as well as other earthquake related expenses, to be classified as *pass-through uncontrollable costs* and to be matched with regulatory revenues.
 - Theft & loss outperformance, suffering from inadequate meter readings, will have an adjusted 2023 target matching the realization.
- H1 2023 earnings already reflecting the majority of these changes, as expenses are now matched with the corresponding income. Theft & Loss targets to be updated in next reporting.
- 98 million TL of humanitarian aid not compensated by the regulation. Booked as non-recurring item and adjusted for in Underlying Net Income.
- No changes to the total planned investment levels.



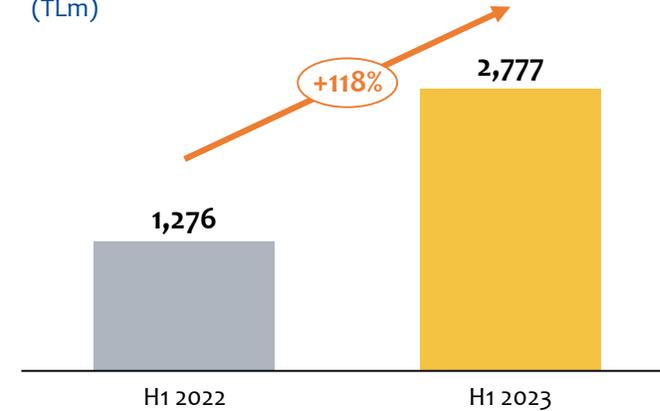


Financial Highlights

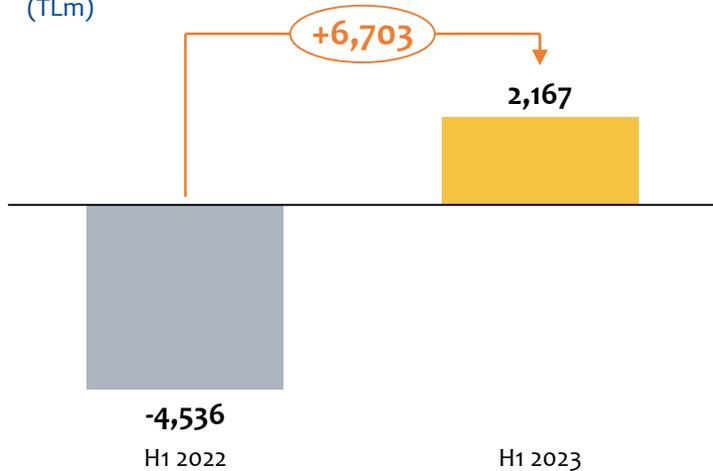
Operational Earnings¹ (TLm)



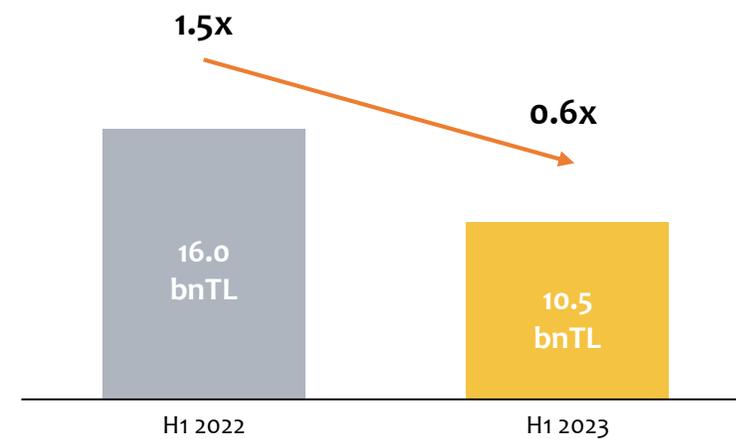
Underlying Net Income² (TLm)



Free Cash Flow After Interest and Tax (TLm)



Net Financial Debt / LTM³ Operational Earnings



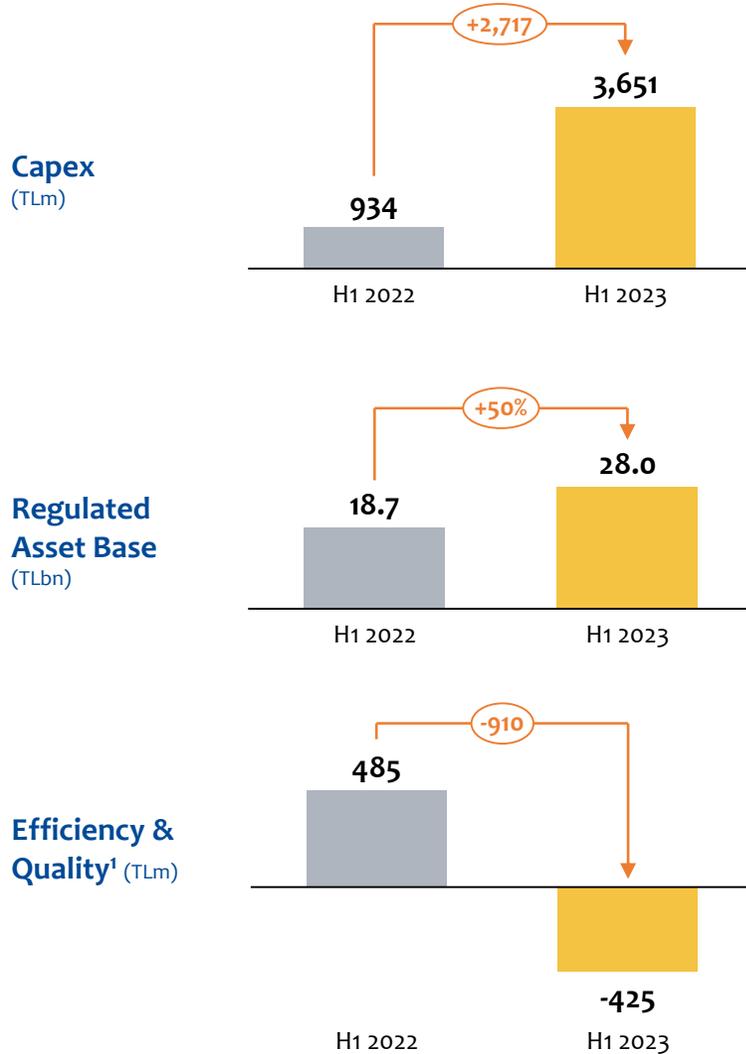
1) Operational Earnings: EBITDA + Capex Reimbursements – Non-recurring Items

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

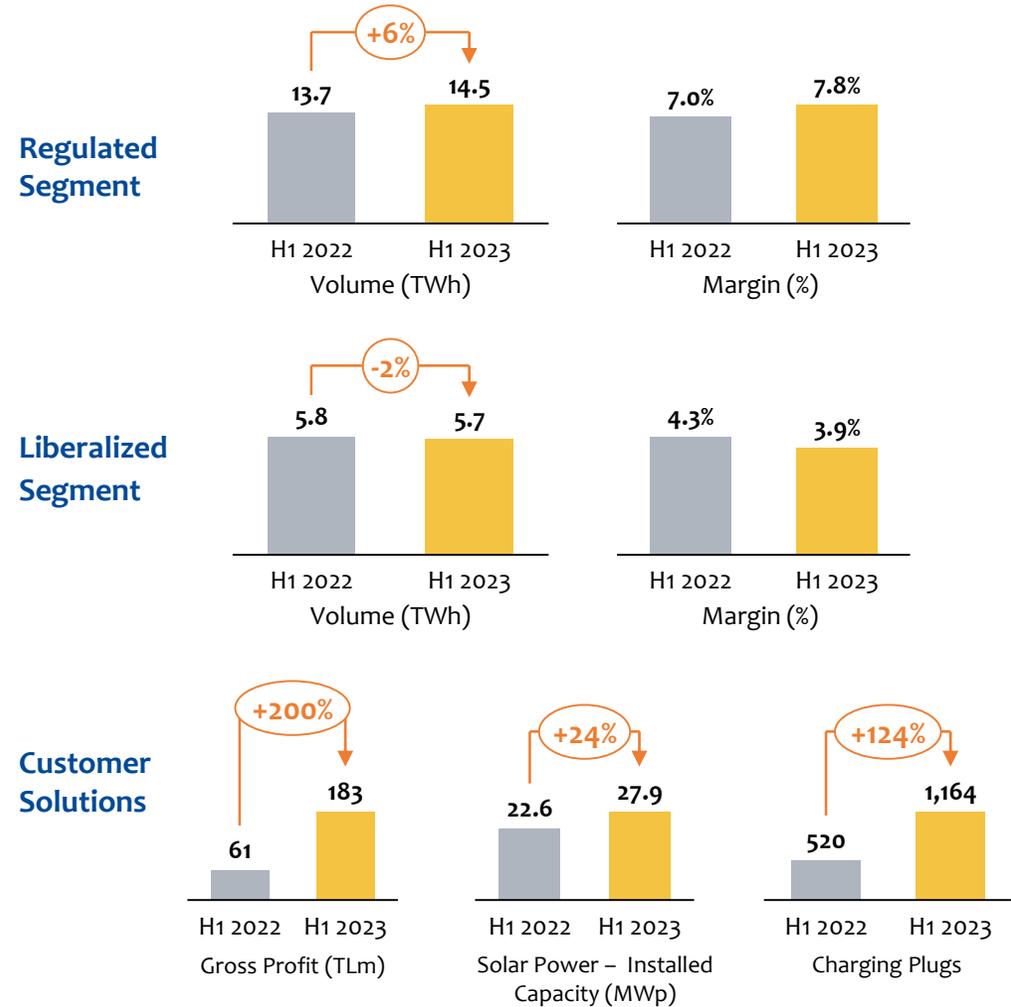
3) LTM: Last Twelve Months

Operations

Distribution



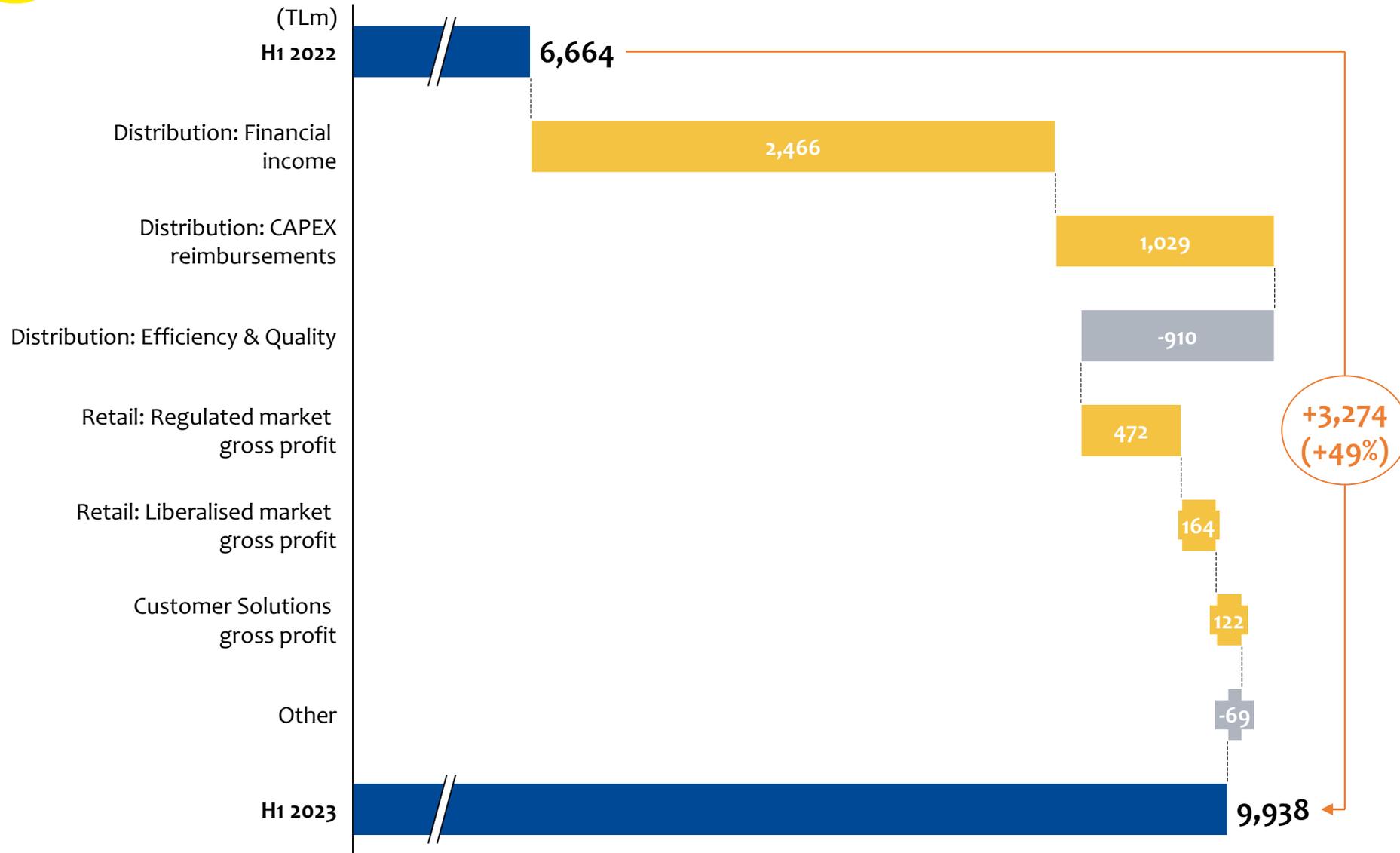
Retail and Customer Solutions



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

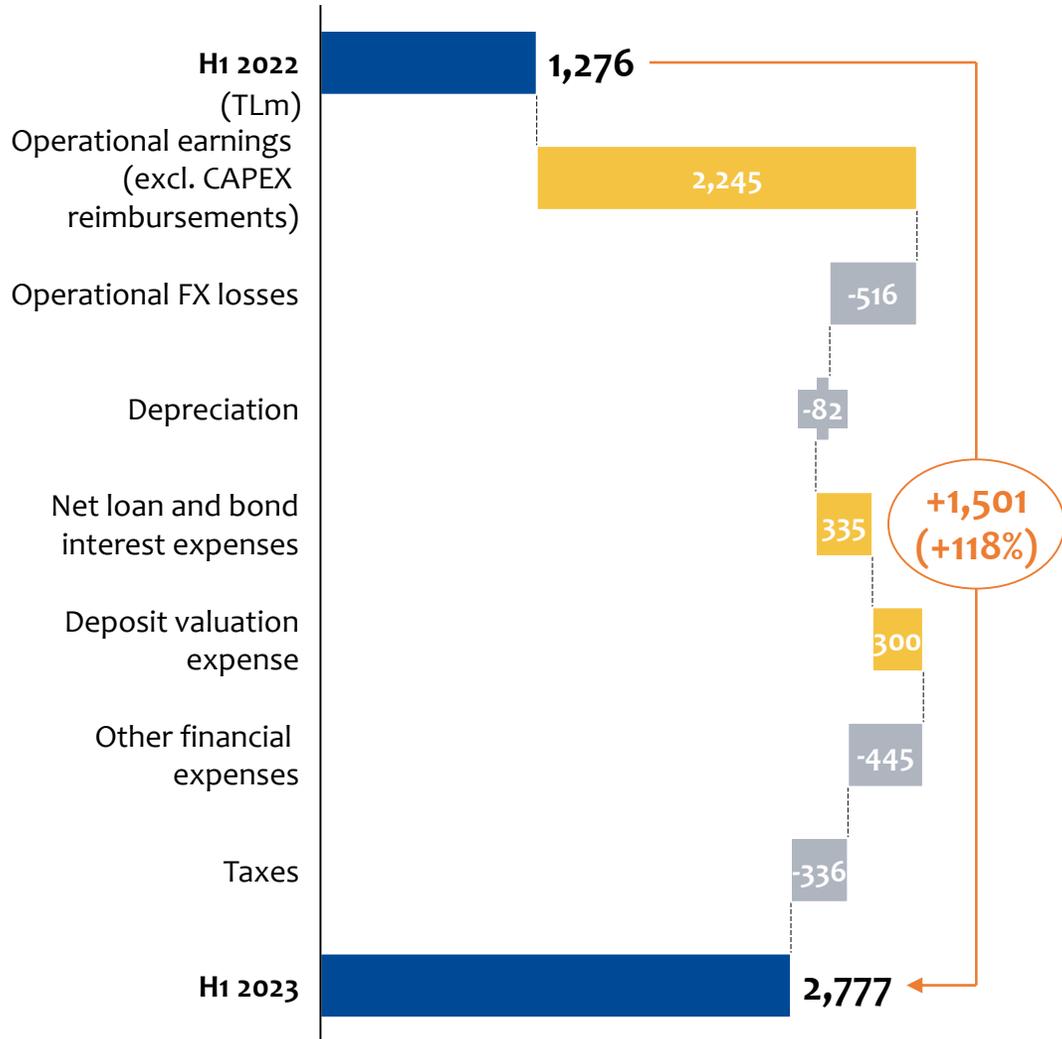


Operational Earnings Development



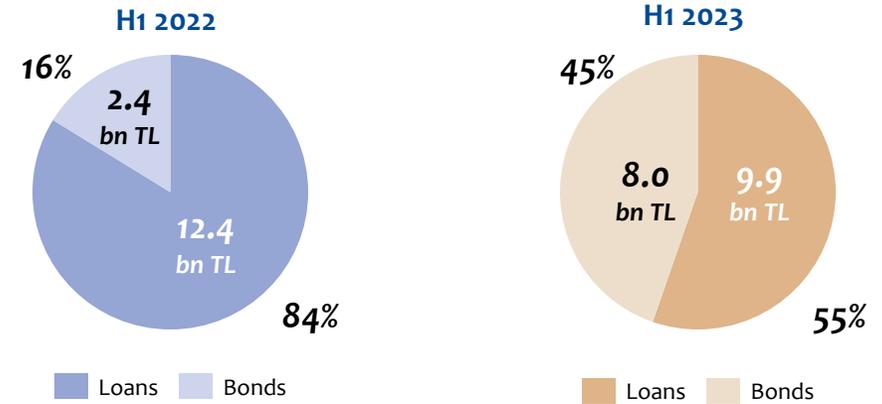


Underlying Net Income Development



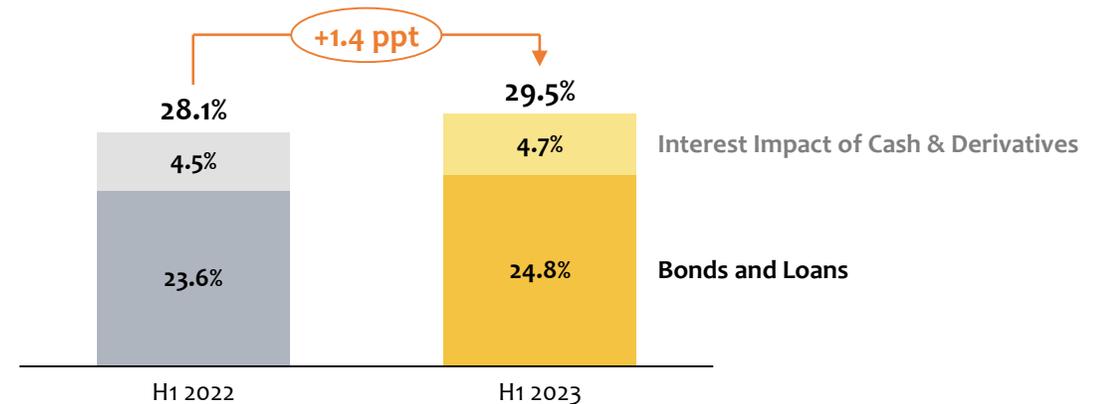
Debt Portfolio Mix

(Average Debt Portfolio Mix¹, excluding cash & derivatives)



Enerjisa Financing Rates²

(Average Interest Rates¹ (%), Including Cash & Derivatives)

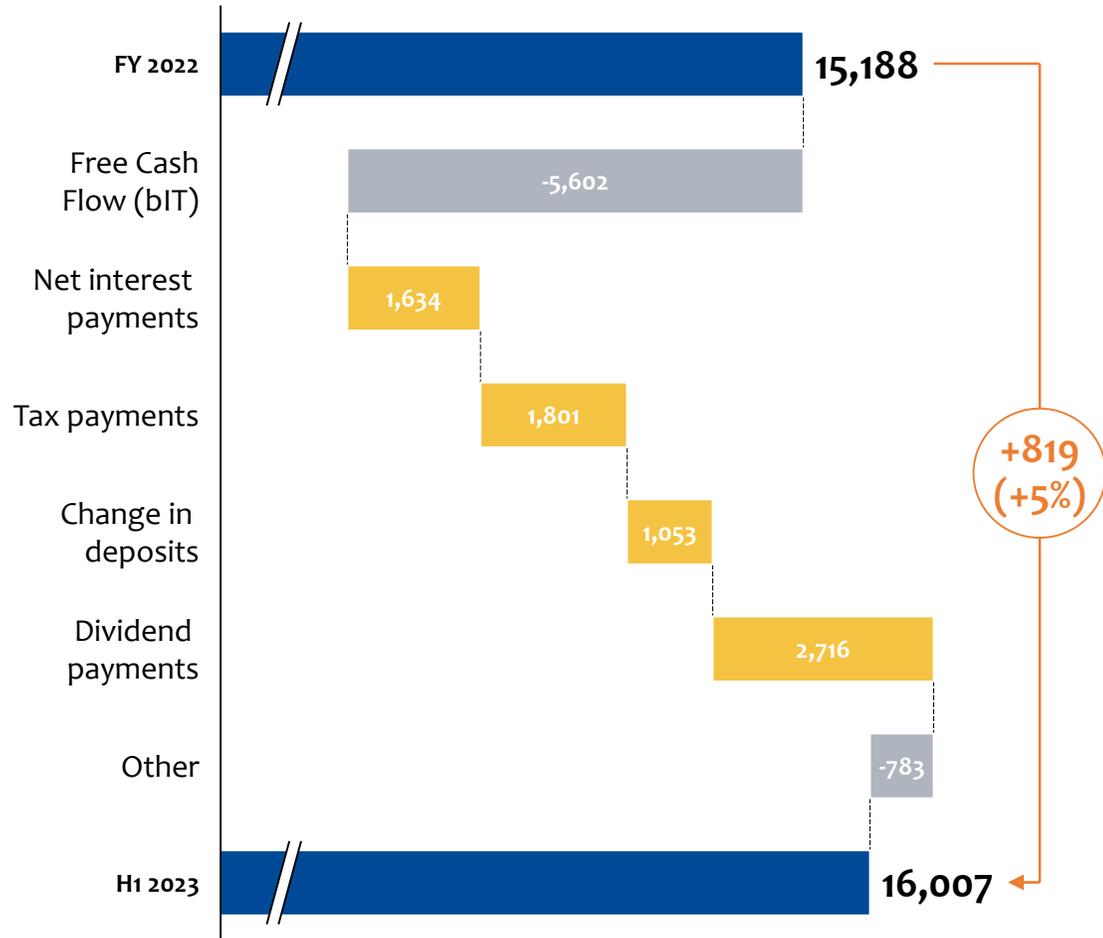


1) Average from December 2022 to Jun 2023 2) Excluding Operational FX Losses

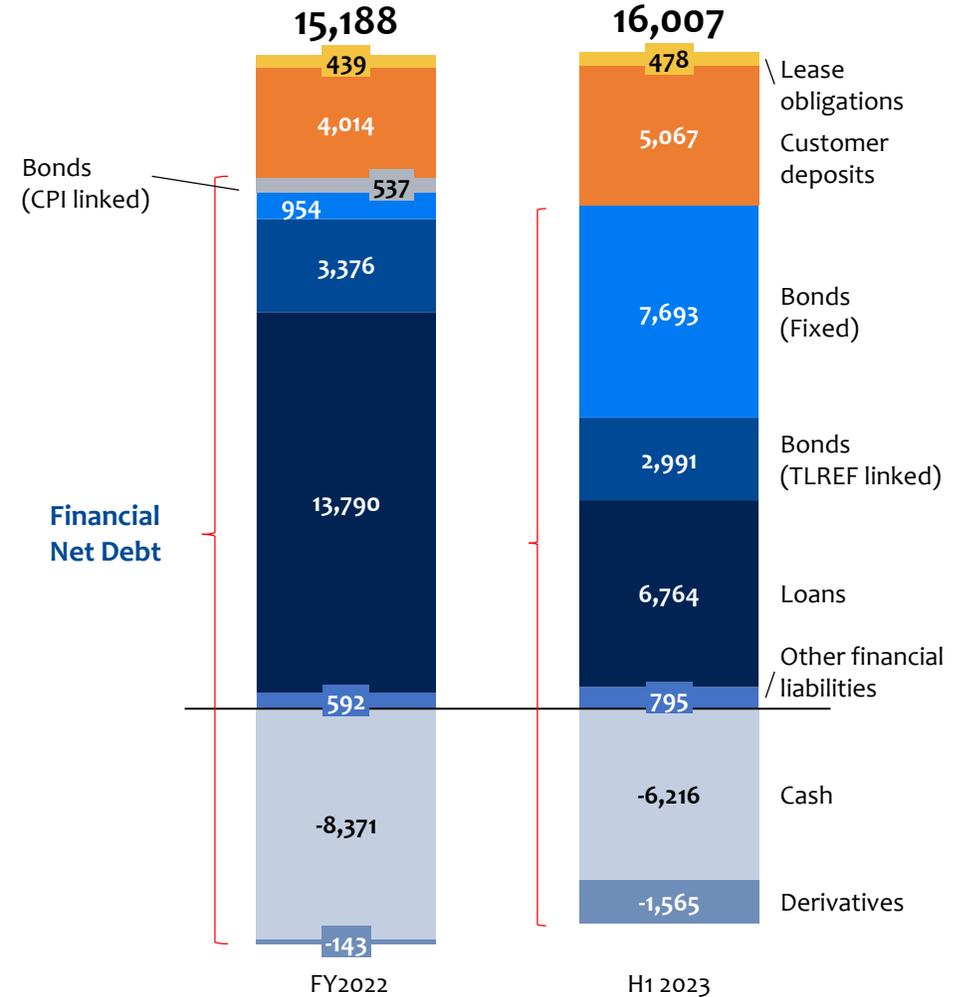


Economic Net Debt

Economic Net Debt Development (TLm)



Economic Net Debt Composition (TLm)





Guidance – reiterated and enhanced

2023 Guidance

Operational Earnings 2023 of 20 – 24 bn TL

Underlying Net Income 2023 of 5.0 – 6.0 bn TL
(previously: 4.5 – 6.0 bn TL)

- UPDATED -

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

Investments¹ 2023 of 11 – 15 bn TL

2023 guidance reiterated and UNI now expected at the upper part of the guidance range

Mid-term Outlook

Operational Earnings 2022-2025 CAGR² of 30% – 40%

Underlying Net Income 2022-2025 CAGR² of 25% – 35%

Mid-term Outlook reiterated

1) Distribution investments classified as CAPEX. Customer Solutions investments classified as Net Working Capital in Operating Cash Flow.

2) CAGR stands for compounded annual growth rate. Enerjisa's mid-term outlook indicates the average growth rate over the period 2022-2025.

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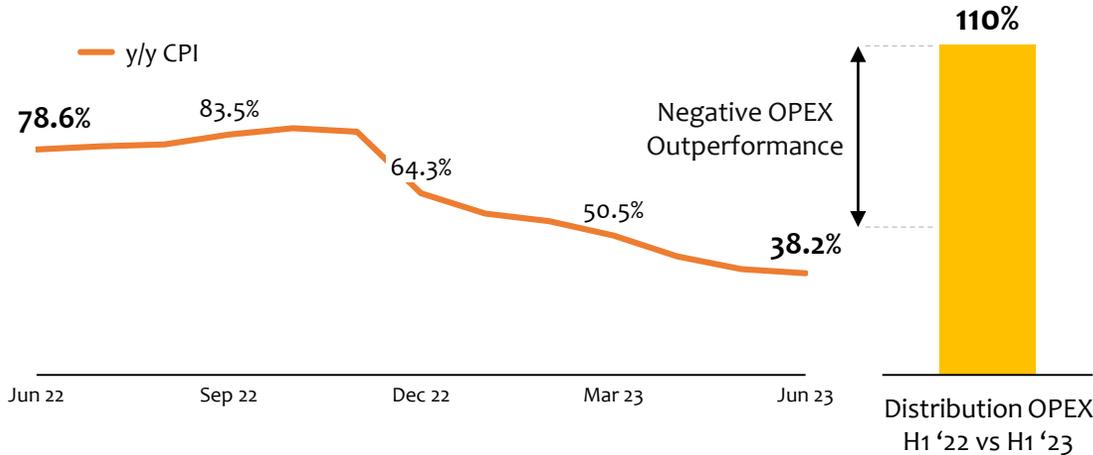
Appendix





Market Environment

Inflation



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

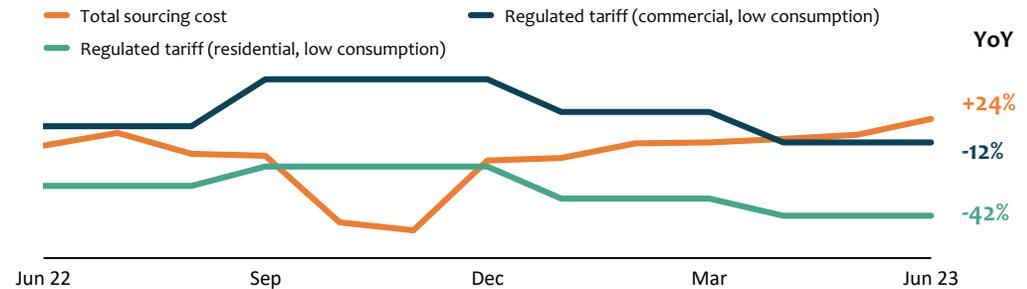
- Enerjisa's regulated profile allows for earnings growth in its distribution business based on average inflation (long-term mid-year average, discounted).
- Relevant for Enerjisa's regulated business is predominantly the mid-year inflation rate (June-end inflation) which in 2023 is 38.2%.
- Inflation also impacts costs, however are compensated via the regulation as long as the increase in OPEX don't surpass the inflation index.

OPEX in the distribution segment increased significantly above inflation and thus only partially compensated.

- In H1 2023, year-over-year regulatory OPEX in the distribution business increased 110% due to rapidly increasing minimum wages, fuel costs and commodity prices.
- Regulation currently only allows for a cost compensation with inflation, resulting in a negative OPEX outperformance (H1 2023: -1,040 million TL).

Energy Procurement Costs & Tariffs

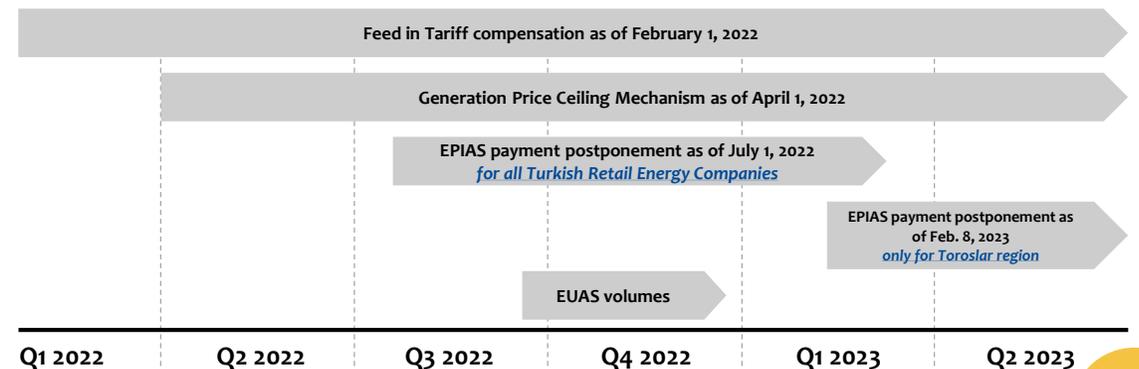
Regulated tariff vs. energy procurement costs



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
As of Jul 1, 2023	-2.4%	-5.1%	-3.4%	-13.6%	-6.3%	10.3%

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





Distribution: Operational Earnings & Cash Development

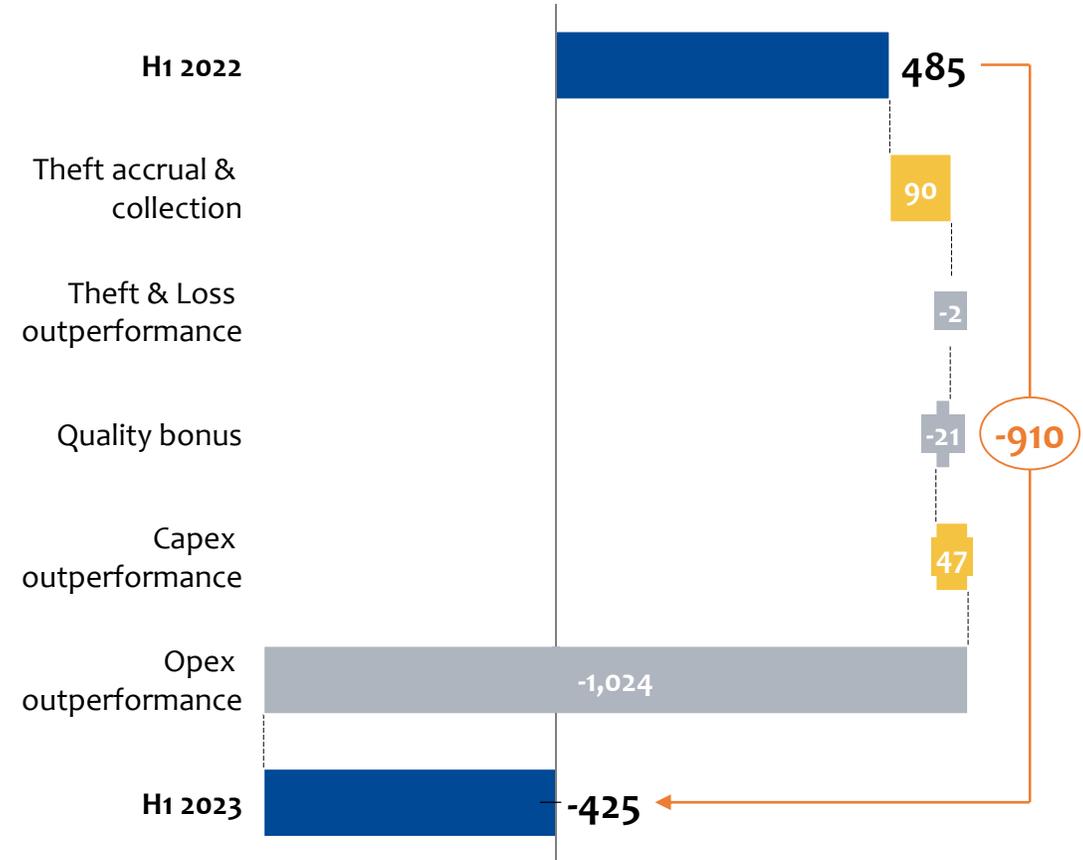
Operational Earnings (TLm)

Distribution	H1 2022	H1 2023
Financial Income	2,117	4,583
Capex reimbursements	2,059	3,088
Efficiency & Quality	485	-425
Tax correction	235	0
Other	320	323
Operational Earnings	5,216	7,569

Free Cash Flow Before Interest and Tax (TLm)

Distribution	H1 2022	H1 2023
Operational Earnings	5,216	7,569
Financial income not yet cash-effective	-596	-2,734
Capex outperformance	0	-47
Net working capital and other	386	4,591
Operating Cash Flow (before interest & tax)	5,006	9,379
Actual allowed Capex	-934	-3,651
Capex outperformance	0	47
VAT paid	-168	-649
CAPEX related working capital effect	-986	-1,986
Cash-effective Capex	-2,088	-6,239
Free Cash Flow (before interest & tax)	2,918	3,140

Efficiency & Quality H1 2023 (TLm)





Retail and Customer Solutions: Operational Earnings & Cash Development

Operational Earnings (TLm)

Retail	H1 2022	H1 2023
Regulated gross profit	1,395	1,867
Liberalised gross profit	384	548
Opex	-350	-775
Bad debt related income and expense	70	18
Other	-50	192
Operational Earnings	1,449	1,850

Free Cash Flow Before Interest and Tax (TLm)

Retail	H1 2022	H1 2023
Operational Earnings	1,449	1,850
Price equalization effects	-4,980	-1,299
Net deposit additions	283	279
Delta NWC	-2,755	2,822
Operating Cash Flow (before interest & tax)	-6,003	3,652
Capex	-45	-78
Free Cash Flow (before interest & tax)	-6,048	3,574

Operational Earnings (TLm)

Customer Solutions	H1 2022	H1 2023
Revenue	76	318
Cost of Sales	-15	-135
Gross Profit (exc. depreciation)	61	183
OPEX	-29	-159
Doubtful provision expense	-3	-3
Other	6	520
Operational Earnings	35	541

Free Cash Flow Before Interest and Tax (TLm)

Customer Solutions	H1 2022	H1 2023
Operational Earnings	35	541
Delta NWC	-78	-1,360
Operating Cash Flow (before interest & tax)	-43	-819
Capex	-26	-153
Free Cash Flow (before interest & tax)	-69	-972



Summary Financial Statements - Income Statement

(TLm)	H1 2022	H1 2023
Sales Revenue	37,051	58,117
Cost of Sales	-32,128	-49,363
Gross Profit	4,923	8,754
OPEX	-1,419	-3,049
Other Income/(Expense)	74	-946
Operating profit before finance income/(expense)	3,578	4,759
Financial Income/(Expense)	-1,914	-1,648
Profit before tax	1,664	3,111
Taxation	-489	-757
Net Income	1,175	2,354

(TLm)	H1 2022	H1 2023
Operating profit before finance income/(expense)	3,578	4,759
Adjustment of depreciation and amortization	263	345
Adjustments related to operational fx gains and losses	162	678
Adjustments related to valuation difference arising from deposits	1,074	774
Adjustments related to interest income related to tariff receivables	-421	-45
EBITDA	4,656	6,511
CAPEX Reimbursements	2,059	3,088
EBITDA+CAPEX Reimbursements	6,715	9,599
Non-recurring (income) / expense related to previous years	0	87
Non-recurring (income) / expense	-51	252
Operational earnings	6,664	9,938
Net Income	1,175	2,354
Non-recurring income related to previous years	0	221
Non-recurring (income) / expense	-41	202
Tax rate change	142	0
Underlying Net Income	1,276	2,777



Summary Financial Statements - Balance Sheet

(TLm)	31 December 2022	30 June 2023
Cash and Cash Equivalents	8,371	6,216
Financial Assets	3,342	5,301
Trade Receivables	5,688	7,527
Derivative financial instruments	234	1,544
Other Current Assets	4,356	10,144
Current Assets	21,991	30,732
Financial Assets	11,790	13,130
Trade Receivables	109	212
Tangible and Intangible Assets	8,118	8,531
Derivative financial instruments	12	22
Deferred tax assets	12,371	11,931
Other Non-Current Assets	4,798	4,353
Non-Current Assets	37,198	38,179
TOTAL ASSETS	59,189	68,911
Short-Term Financial Liabilities	15,171	10,791
Other Financial Liabilities	83	119
Trade Payables	6,772	16,225
Derivative financial instruments	103	1
Other Current Liabilities	9,125	9,808
Current Liabilities	31,254	36,944
Long-Term Financial Liabilities	3,925	7,135
Other Financial Liabilities	509	676
Deferred tax liabilities	775	828
Other Non-Current Liabilities	1,154	1,554
Long-Term Liabilities	6,363	10,193
Share Capital	1,181	1,181
Adjustment to share capital	1,776	1,393
Other Equity Items	872	1,561
Retained Earnings	17,743	17,639
Equity	21,572	21,774
TOTAL LIABILITIES AND EQUITY	59,189	68,911

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)	H1 2022	H1 2023
Profit for the period	1,175	2,354
Adjustments to reconcile net profit for the period	1,876	-187
Changes in operating assets and liabilities	-8,325	5,177
Other inflows (incl. Capex reimbursements)	4,210	4,733
Cash Flows from Operating Activities (before interest and tax)	-1,064	12,077
Tax payments	-385	-1,801
Interest received	153	0
Interest paid	0	-313
Cash Flows from Operating Activities	-1,296	9,963
CAPEX	-2,164	-6,475
Interest received	35	850
Cash Flows from Investing Activities	-2,129	-5,625
Cash in-flows and out-flows from borrowings	7,493	-1,449
Interest paid	-1,111	-2,176
Interest received	0	5
Dividend paid	-1,465	-2,716
Payments of finance lease liabilities	-96	-157
Cash Flows from Financing Activities	4,821	-6,493
Increase in cash and cash equivalents	1,396	-2,155
Cash and cash equivalents at the beginning of the period	412	8,371
Cash and cash equivalents at the end of the period	1,808	6,216

(Tlm)	H1 2022	H1 2023
Cash Flows from Operating Activities (before interest and tax)	-1,064	12,077
CAPEX	-2,164	-6,475
Free cash flow (before interest and tax)	-3,228	5,602
Tax payments	-385	-1,801
Interest received	188	855
Interest paid	-1,111	-2,489
Free cash flow (after interest and tax)	-4,536	2,167



Retail & Customer Solutions: Income statement

Retail		
(TLm)	H1 2022	H1 2023
Sales Revenue (net)	28,338	37,945
<i>Regulated</i>	19,878	23,757
<i>Liberalised</i>	8,460	14,188
Cost of Sales (-)	-27,374	-35,751
<i>Regulated</i>	-18,482	-21,979
<i>Liberalised</i>	-8,892	-13,772
Gross Profit	964	2,194
OPEX	-382	-828
Other Income/(Expense)	163	-801
Operating profit before finance income/(expense)	745	565
Adjustment of depreciation and amortization	32	53
Adjustments related to operational fx gains and losses	53	46
Adjustments related to interest income related to tariff receivables	-455	324
Adjustments related to valuation difference arising from deposits	1,074	774
EBITDA	1,449	1,762
Non-recurring (income) / expense	0	88
Operational earnings	1,449	1,850

Customer Solutions		
(TLm)	H1 2022	H1 2023
Sales Revenue (net)	76	318
Cost of Sales (-)	-18	-143
Gross Profit	58	175
OPEX	-29	-159
Other Income/(Expense)	3	517
Operating profit before finance income/(expense)	32	533
Adjustment of depreciation and amortization	3	8
EBITDA	35	541
Operational earnings	35	541



Distribution: Income statement

(TLm)	H1 2022	H1 2023
Sales Revenue	8,637	19,854
Financial income	2,117	4,583
Distribution revenue	3,558	6,080
Pass-through transmission revenue	1,027	3,129
Lighting sales revenue	971	2,341
Investment revenue	934	3,651
Other	30	70
Cost of Sales	-4,736	-13,468
Energy purchases (Lighting, T&L)	-1,238	-2,762
Investment costs	-934	-3,605
Pass-through transmission cost	-1,027	-3,129
Other	-1,537	-3,972
Gross Profit	3,901	6,386
OPEX	-867	-1,934
Other Income/(Expense)	-90	-660
Operating profit before finance income/(expense)	2,944	3,792
Adjustment of depreciation and amortization	121	176
Adjustments related to operational fx gains and losses	109	631
Adjustments related to interest income related to tariff receivables	34	-369
EBITDA	3,208	4,230
CAPEX Reimbursements	2,059	3,088
EBITDA+CAPEX Reimbursements	5,267	7,318
Non-recurring (income)/expense	-51	251
Operational earnings	5,216	7,569

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2023 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
