



ENERJISA

e-on

SABANCI

Earnings presentation 1H 2018

14 August 2018



Executive Summary

Continued strong earnings growth

Free cash flow recovery started

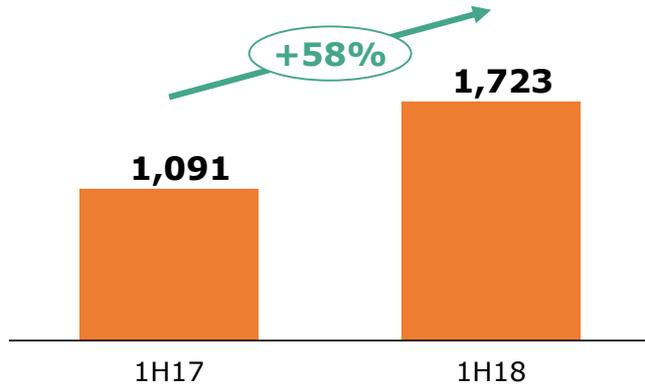
2018 operational earnings target and 2016-2020 outlook confirmed

New executive team in place

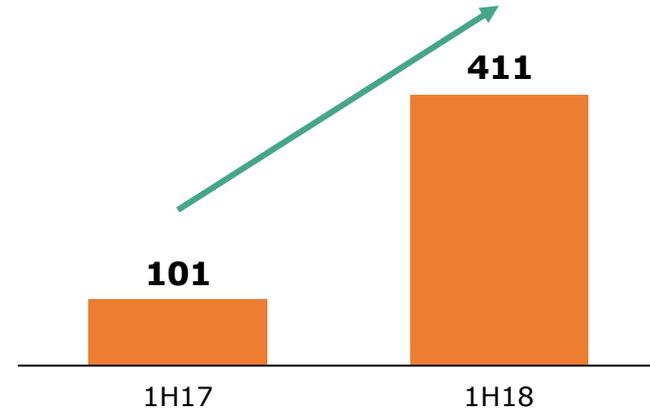


Financial Highlights

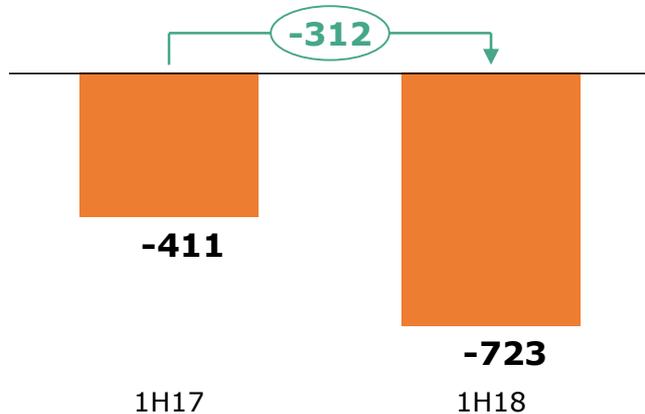
Operational earnings¹ (TLm)



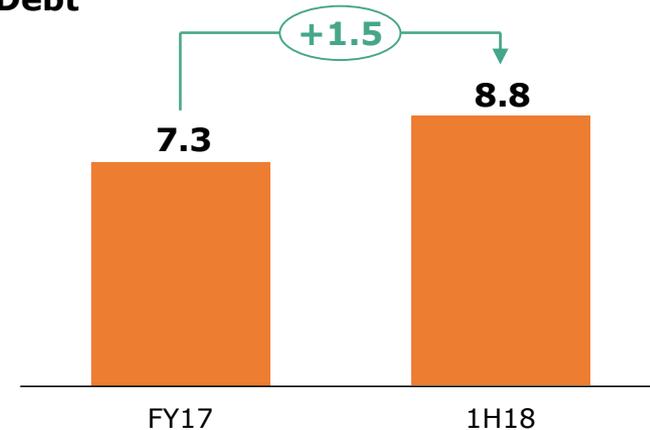
Underlying Net Income² (TLm)



Free Cash Flow after interest and tax (TLm)



Net Debt (TLbn)



1 EBITDA + Capex reimbursements excl. exceptional items; exceptional items in 1H17 include TL133m fair value change of financial assets and TL70m Capex outperformance related to 2016, exceptional items in 1H18 include TL244m fair value change of financial assets and TL-107m Competition Authority penalty provision and are therefore excluded from Operational Earnings

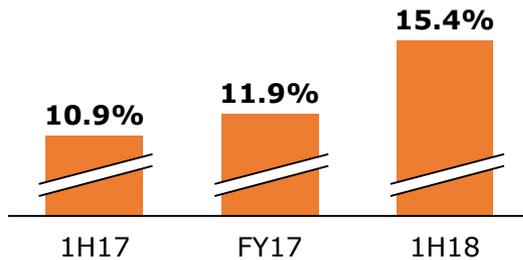
2 Net Income excl. exceptional items; exceptional items in 1H17 include TL106m fair value change of financial assets and TL56m Capex outperformance related to 2016, exceptional items in 1H18 include TL195m fair value change of financial assets and TL-107m Competition Authority penalty provision and are therefore excluded from Underlying Net Income



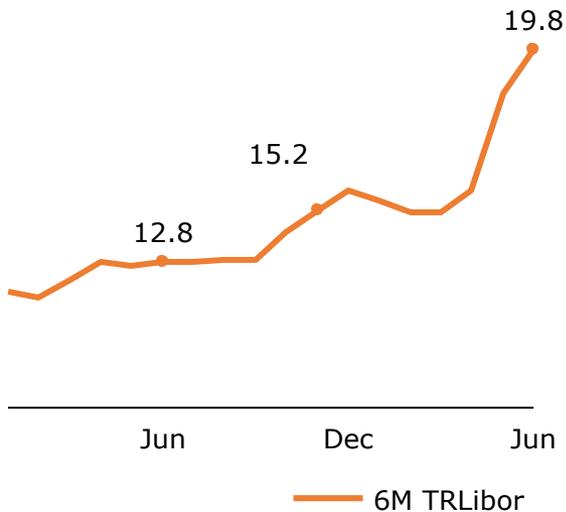
Market environment

Turkey

Inflation (%)



Interest rates (%)



Sector: Regulatory Developments

Energy Market

- State-owned gas wholesaler BOTAŞ changed its pricing from TL to USD as of 1.8.2018
 - Subsidy elimination
 - Increase in wholesale gas prices

Retail

- Increase in average regulated tariff by 15% as of 1.8.2018 (3rd revision after 7% increase as of 1.1.2018 and 5% increase as of 1.4.2018)

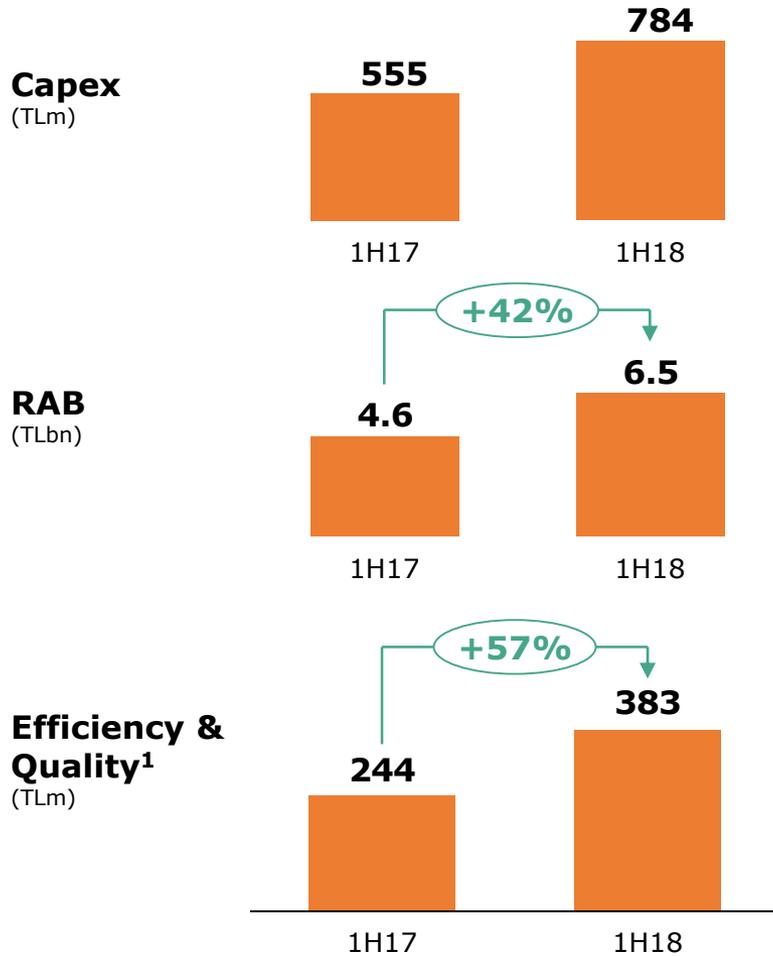
Distribution

- Regulated Eüaş (previously Tetaş) power procurement prices increased by 33TL/MWh as of 1.8.2018 (from 141TL/MWh to 174TL/MWh)
- Process for request of additional Distribution CAPEX allocation successfully completed for 2019

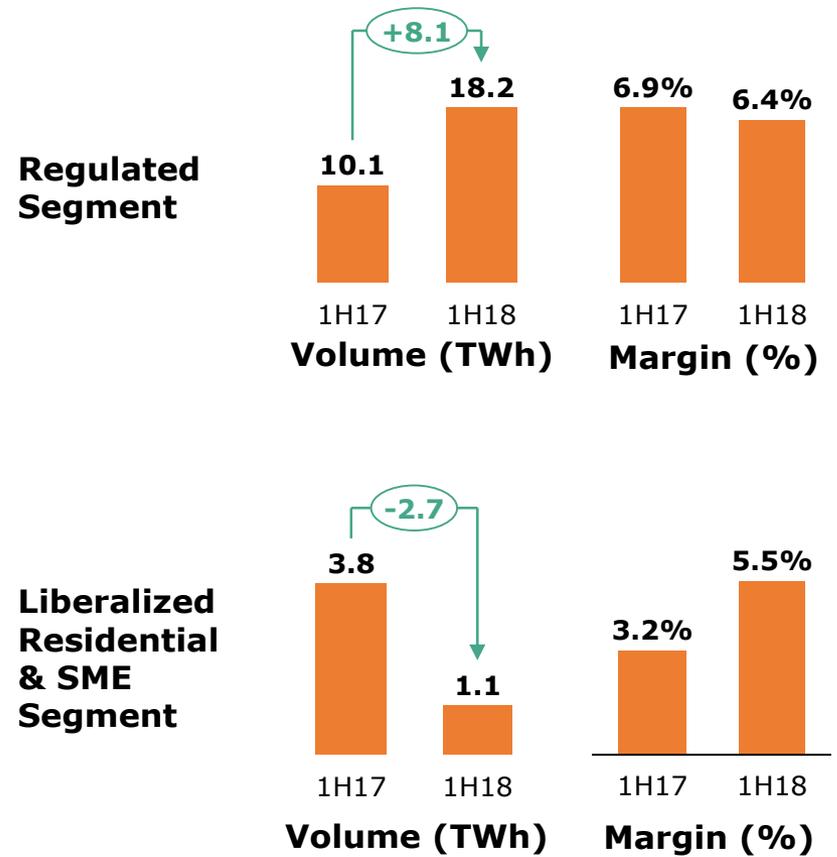


Operations

Distribution



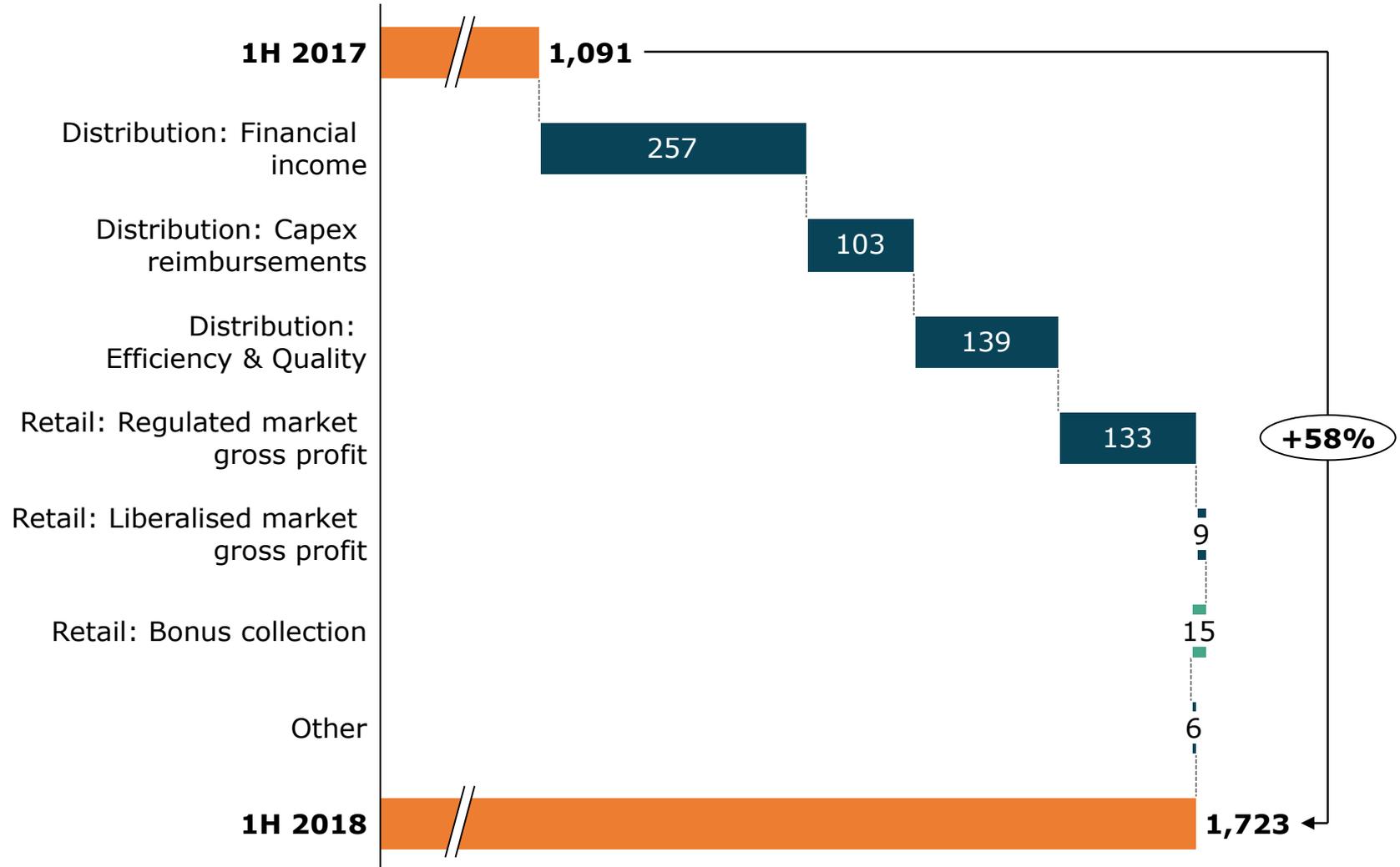
Retail





Consolidated Operational Earnings Development

(TLm)





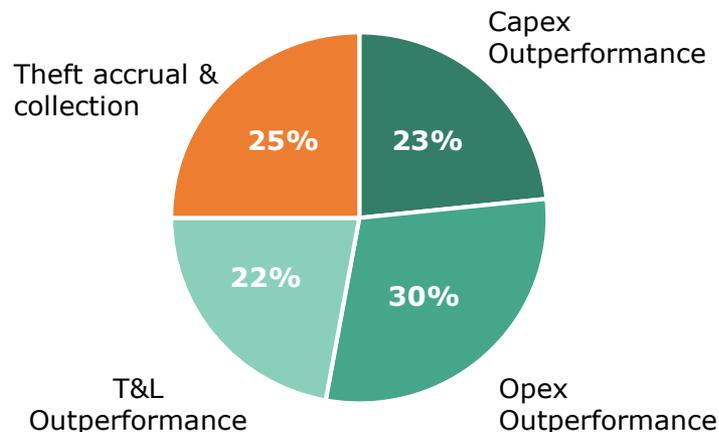
Distribution: Operational Earnings & Cash Development

Operational Earnings and Free Cash Flow Before Interest and Tax

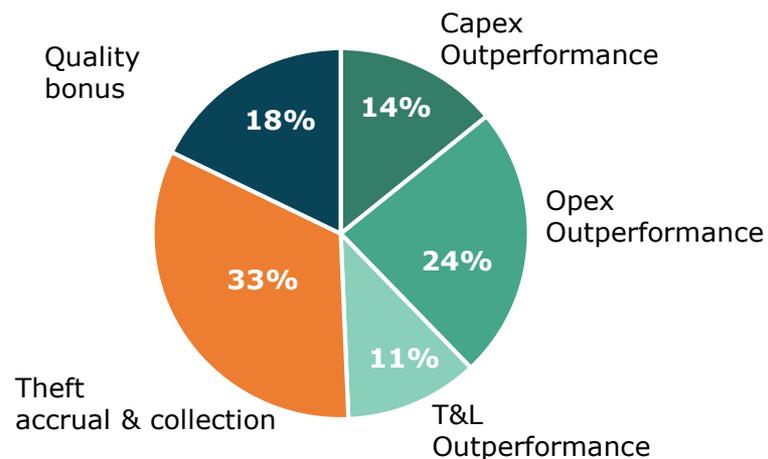
(TLm)

	1H 2017	1H 2018
Financial income	417	674
CAPEX reimbursements	296	399
Efficiency & Quality	244	383
Tax correction	33	60
Other	23	10
Operational earnings	1,013	1,526
Financial income not yet cash effective	-198	-358
Capex outperformance	-57	-54
Net VAT received/paid	259	237
Other (Working Capital)	-220	-540
Operating Cash Flow before interest and tax	797	811
Actual allowed Capex (nominal)	-555	-784
Capex outperformance	57	54
VAT paid	-57	-160
Previous year/unpaid Capex	-225	32
Cash-effective Capex	-780	-858
Free Cash Flow before interest and tax	17	-47

Efficiency & quality 1H 2017



Efficiency & quality 1H 2018



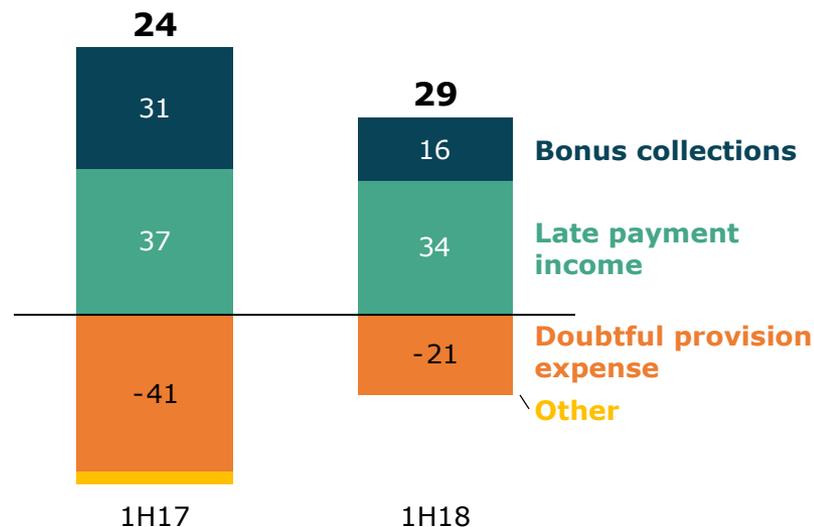


Retail: Operational Earnings & Cash Development

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

	1H 2017	1H 2018
Regulated gross profit	151	284
Liberalised gross profit	10	19
Customer Solutions gross profit	0	5
Opex	-109	-125
Bad debt related income and expense	24	29
Operational earnings	76	212
Price equalization effects	-79	-375
Net customer deposit additions	57	157
Other (Working Capital)	23	-162
Operating Cash Flow before interest and tax	77	-168
Capex	-13	-28
Free Cash Flow before interest and tax	64	-196

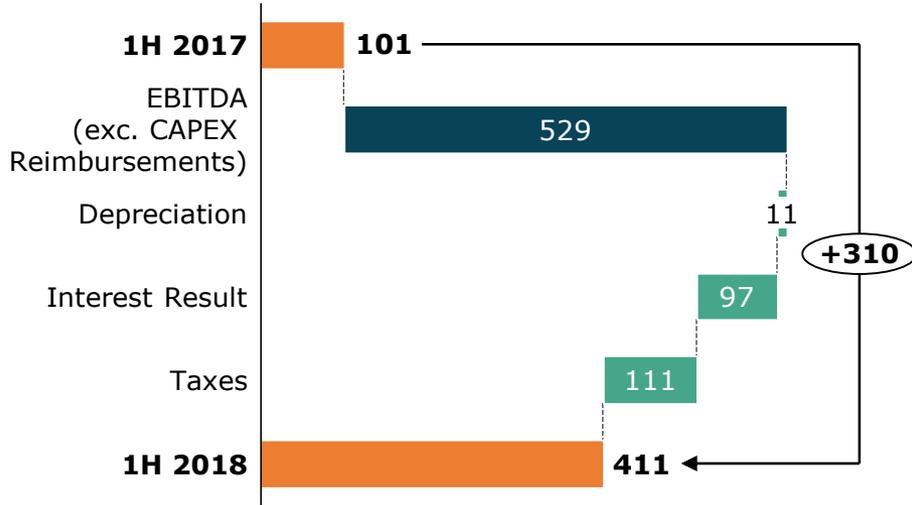
Bad debt related income and expense (TLm)



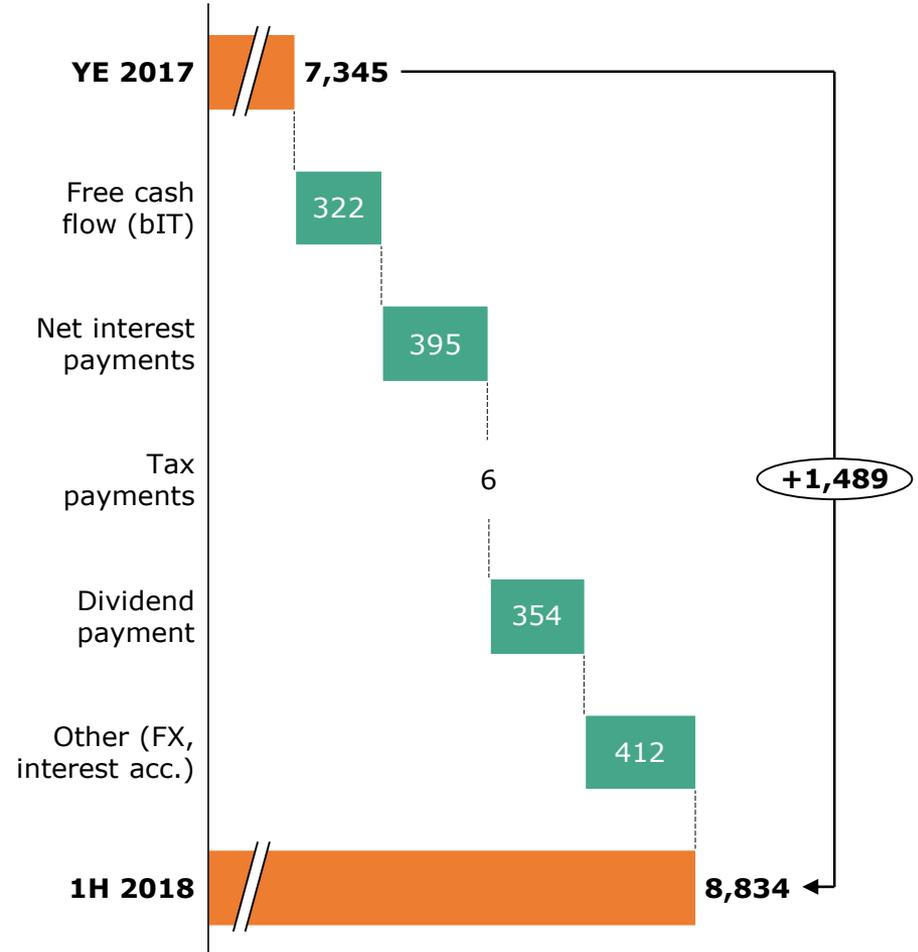


Consolidated Net Income & Leverage

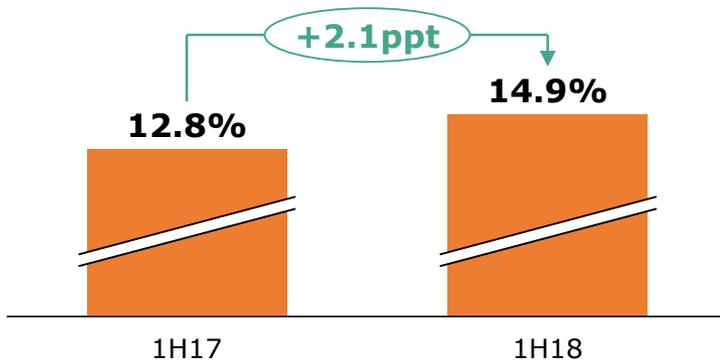
Underlying net income development (TLm)



Net debt development (TLm)



Weighted average interest rates



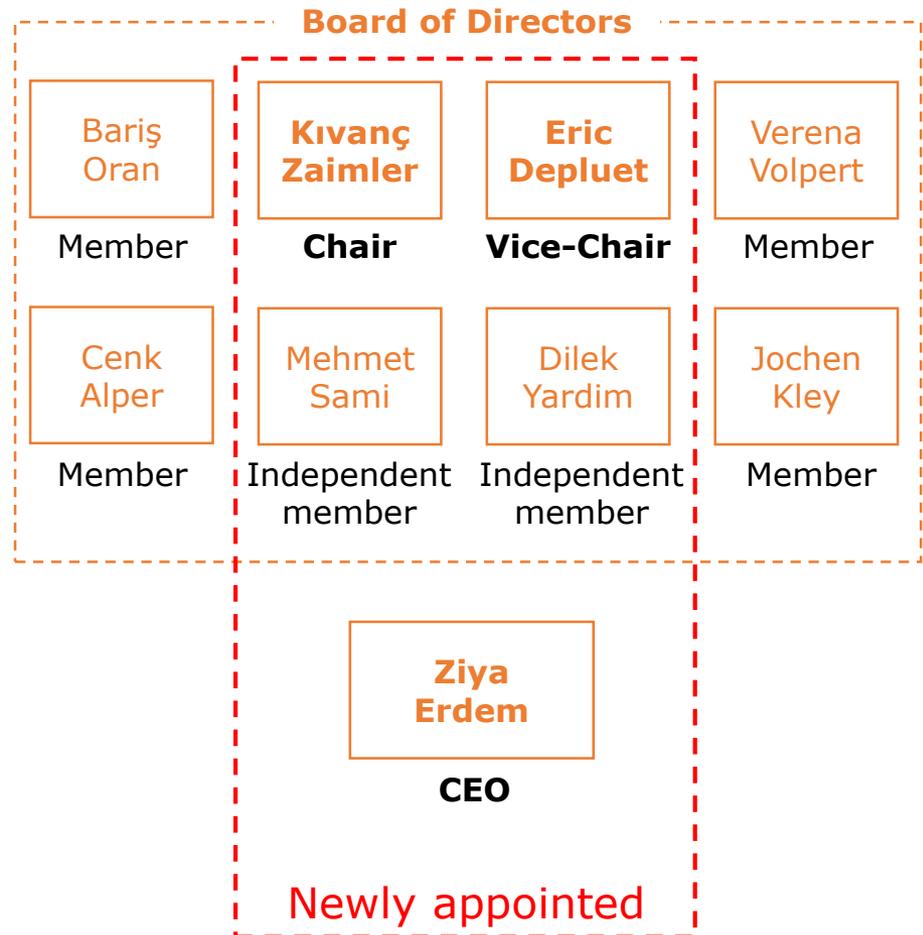


Targets & Executive changes

Targets



Executive changes





Appendix



Summary Financial Statements

Consolidated Income Statement

	1 January 30 June 2017	1 January 30 June 2018		1 January 30 June 2017	1 January 30 June 2018
(TLm)	2017	2018	(TLm)	2017	2018
Sales Revenue	5,508	7,827	Operating profit before finance income/(expense)	833	1,275
Cost of Sales	-3,871	-5,553	Adjustment of depreciation and amortization	113	124
Gross Profit	1,637	2,274	Adjustments related to operational fx gains and losses	0	16
OPEX	-681	-837	Adjustments related to fair value difference arising from deposits	51	62
Other Income/(Expense)	-123	-162	Interest income related to revenue cap regulation	1	-16
Operating profit before finance income/(expense)	833	1,275	EBITDA	998	1,461
Financial Income/(Expense)	-479	-566	CAPEX Reimbursements	296	399
Profit before tax	354	709	EBITDA+CAPEX Reimbursements	1,294	1,860
Taxation	-91	-210	Fair value changes of financial assets	-133	-244
Net Income	263	499	Competition Authority penalty provision	0	107
			Non-recurring income related to fiscal year 2016	-70	0
			Operational earnings	1,091	1,723
			Net Income	263	499
			Fair value changes of financial assets	-106	-195
			Competition Authority penalty provision	0	107
			Non-recurring income related to fiscal year 2016	-56	0
			Underlying Net Income	101	411

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 2017	30 June 2018
Cash and Cash Equivalents	173	115
Financial Assets	692	795
Trade Receivables	2,382	2,954
Other Current Assets	830	1,012
Current Assets	4,077	4,876
Financial Assets	5,747	6,618
Tangible and Intangible Assets	7,841	7,739
Other Non-Current Assets	921	1,154
Non-Current Assets	14,509	15,511
TOTAL ASSETS	18,586	20,388
Short-Term Financial Liabilities	1,939	1,419
Other Financial Liabilities	30	38
Trade Payables	1,512	1,514
Other Current Liabilities	1,351	1,251
Current Liabilities	4,832	4,222
Long-Term Financial Liabilities	5,269	7,186
Other Financial Liabilities	280	306
Other Non-current Liabilities	2,325	2,623
Long-Term Liabilities	7,874	10,115
Total Share Capital	4,017	3,966
Other Equity Items	184	246
Retained Earnings	1,679	1,838
Equity	5,880	6,050
TOTAL LIABILITIES AND EQUITY	18,586	20,388

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 30 June	1 January 30 June		1 January 30 June	1 January 30 June
(TLm)	2017	2018	(TLm)	2017	2018
Profit for the period	263	499	Cash Flows from Operating Activities (before interest and tax)	822	565
Adjustments to reconcile net profit for the period	562	608	CAPEX	-810	-887
Changes in operating assets and liabilities	-462	-1,199	Free cash flow (before interest and tax)	12	-322
Other inflows (incl. Capex reimbursements)	459	657	Tax payments	-23	-6
Cash Flows from Operating Activities (before interest and tax)	822	565	Interest received	16	54
Tax payments	-23	-6	Interest paid	-416	-449
Cash Flows from Operating Activities (before interest, after tax)	799	559	Free cash flow (after interest and tax)	-411	-723
CAPEX	-810	-887			
Interest received	16	54			
Cash Flows from Investing Activities	-794	-833			
Cash in-flows and out-flows from borrowings	906	1,019			
Interest paid	-416	-449			
Dividend paid	-	-354			
Cash Flows from Financing Activities	490	216			
Increase in cash and cash equivalents	495	-58			
Cash and cash equivalents at the beginning of the period	75	173			
Cash and cash equivalents at the end of the period	570	115			

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



Retail: Income statement

(TLm)	1 January	1 January
	30 June	30 June
	2017	2018
Sales Revenue (net)	4,865	6,928
<i>Regulated</i>	2,189	4,466
<i>Liberalised</i>	1,129	564
<i>Pass-through grid revenue</i>	1,547	1,893
<i>Customer solutions</i>	0	5
Cost of Sales (-)	-4,691	-6,621
<i>Regulated</i>	-2,039	-4,182
<i>Liberalised</i>	-1,105	-546
<i>Pass-through grid cost</i>	-1,547	-1,893
Gross Profit	174	307
OPEX	-113	-136
Other Income/(Expense)	-40	-131
Operating profit before finance income/(expense)	21	40
Adjustment of depreciation and amortization	4	11
Adjustments related to fair value difference arising from deposits	51	62
EBITDA	76	113
Competition Authority penalty provision	-	99
Operational earnings	76	212



Distribution: Income statement

	1 January 30 June 2017	1 January 30 June 2018
(TLm)		
Sales Revenue	2,153	2,772
<i>Financial income</i>	417	674
<i>Distribution revenue</i>	1,362	1,626
<i>Pass-through transmission revenue</i>	289	369
<i>Lighting sales revenue</i>	87	103
Cost of Sales	-691	-807
<i>Energy purchases (Lighting, T&L)</i>	-403	-437
<i>Pass-through transmission cost</i>	-289	-369
Gross Profit	1,462	1,966
OPEX	-463	-582
Other Income/(Expense)	-82	-30
Operating profit before finance income/(expense)	917	1,354
Adjustment of depreciation and amortization	2	8
Adjustments related to operational fx gains and losses	0	16
Interest income related to revenue cap regulation	0	-16
EBITDA	920	1,363
CAPEX Reimbursements	296	399
EBITDA+CAPEX Reimbursements	1,216	1,762
Fair value changes of financial assets	-133	-244
Competition Authority penalty provision	-	8
Non-recurring income related to fiscal year 2016	-70	0
Operational earnings	1,013	1,526



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Financial calendar 2018





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