



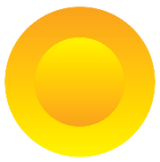
**ENERJISA**

*e-on*

**SABANCI**

# Earnings presentation 1Q 2019

7 May 2019



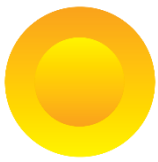
## Executive Summary

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Strong earnings and cash performance

2019 funding largely secured

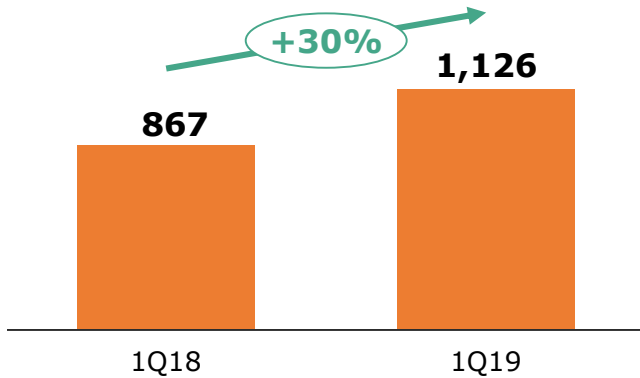
2019 & 2020 Outlook revised upwards



# Financial Highlights

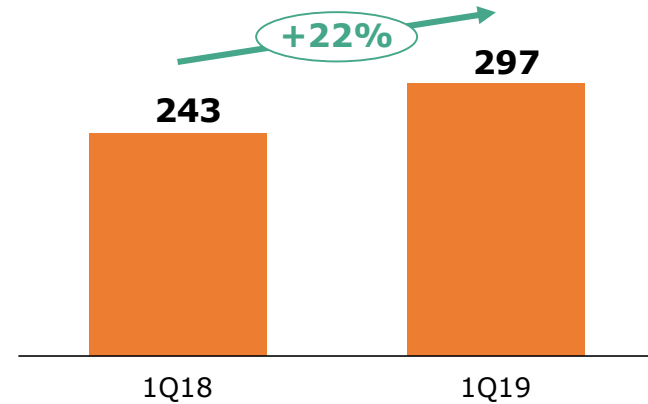
## Operational earnings

(TLm)



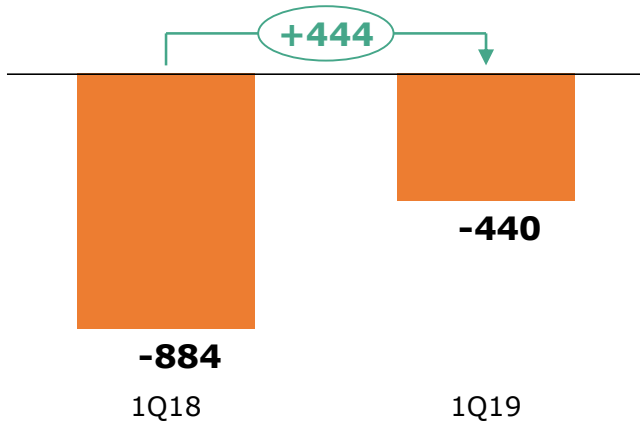
## Underlying Net Income

(TLm)



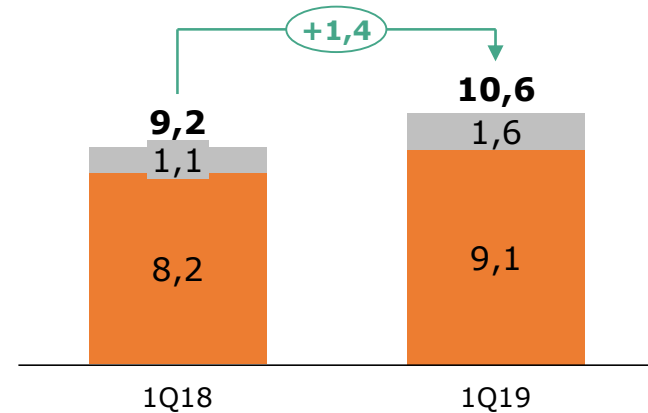
## Free Cash Flow after interest and tax

(TLm)



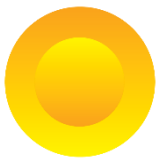
## Economic Net Debt

(TLbn)



■ Non-financial net debt<sup>1</sup> ■ Financial net debt

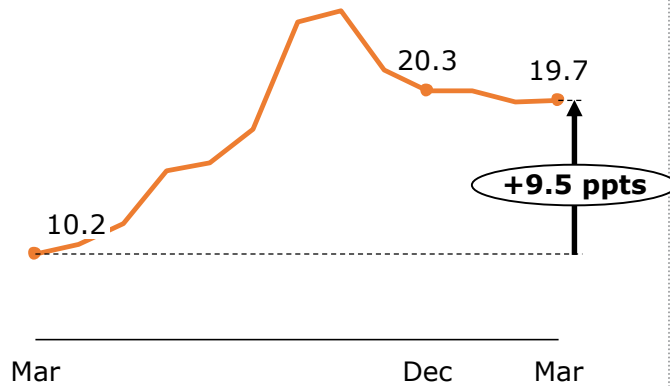
1 Incl. lease obligations (IFRS 16) as well as customer deposits



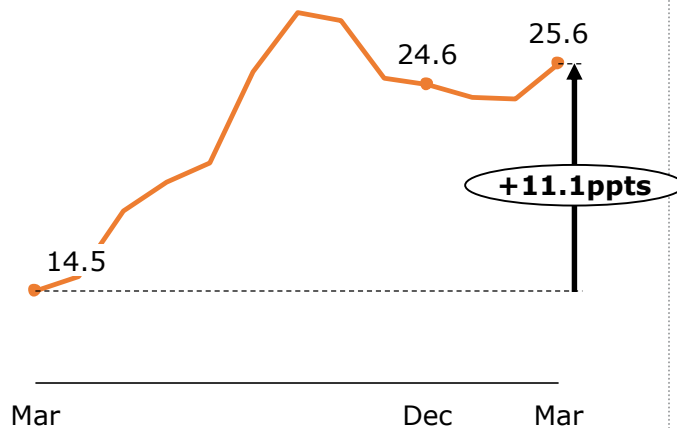
# Market environment

## Turkey

Inflation (%)

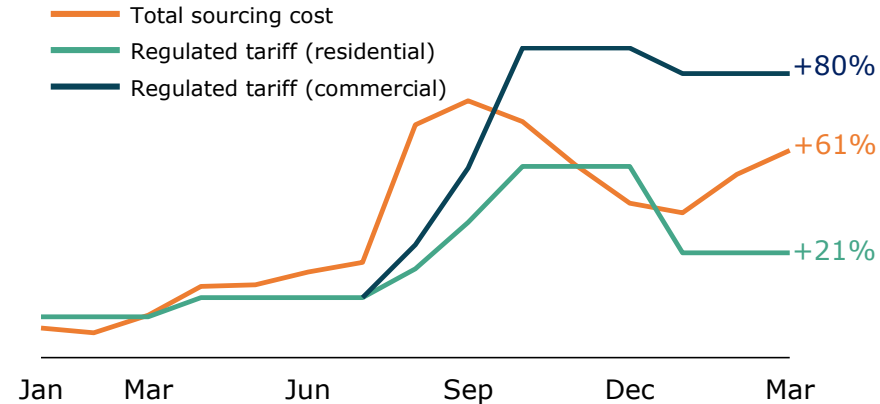


Interest rates (%)

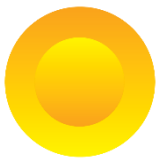


## Sector: Regulatory Developments

### Retail

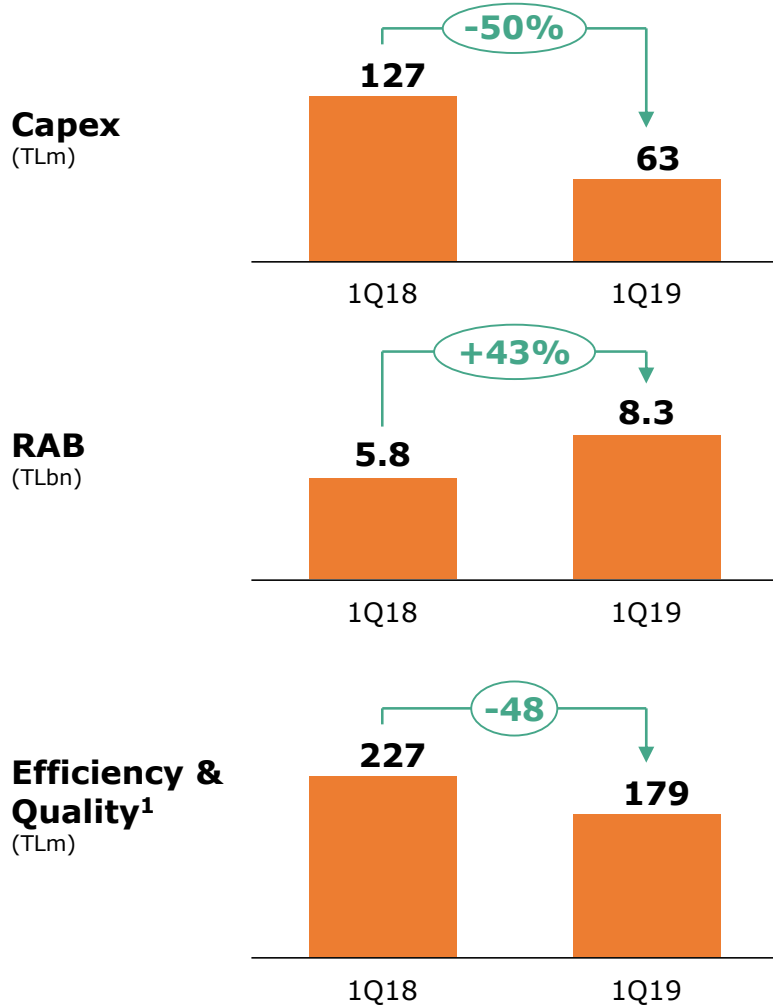


- Regulated Retail tariffs have been adjusted downwards as of 1.1.2019 in line with procurement cost decline since September
- EÜAŞ volume allocation has been announced and is higher compared to 2018, however is again expected to be insufficient to cover the regulated market consumption for 2019. Any corresponding spot procurement for the regulated market will incur additional working capital for Retail companies, which the regulator now compensates by granting a cost base adjustment in the calculation of the regulated Retail revenue (PTF+X mechanism)
- State will pay up to 150kWh (~80TL) per month of the electricity bill of customers on social support (affects 2.5m customers in Turkey)

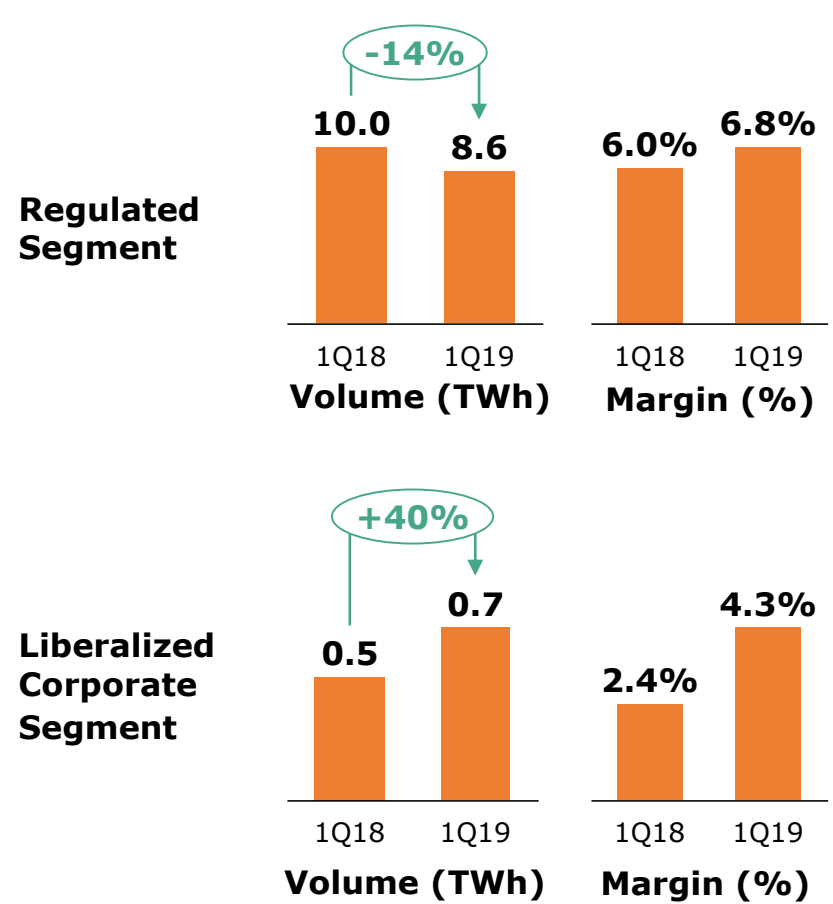


# Operations

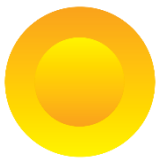
## Distribution



## Retail

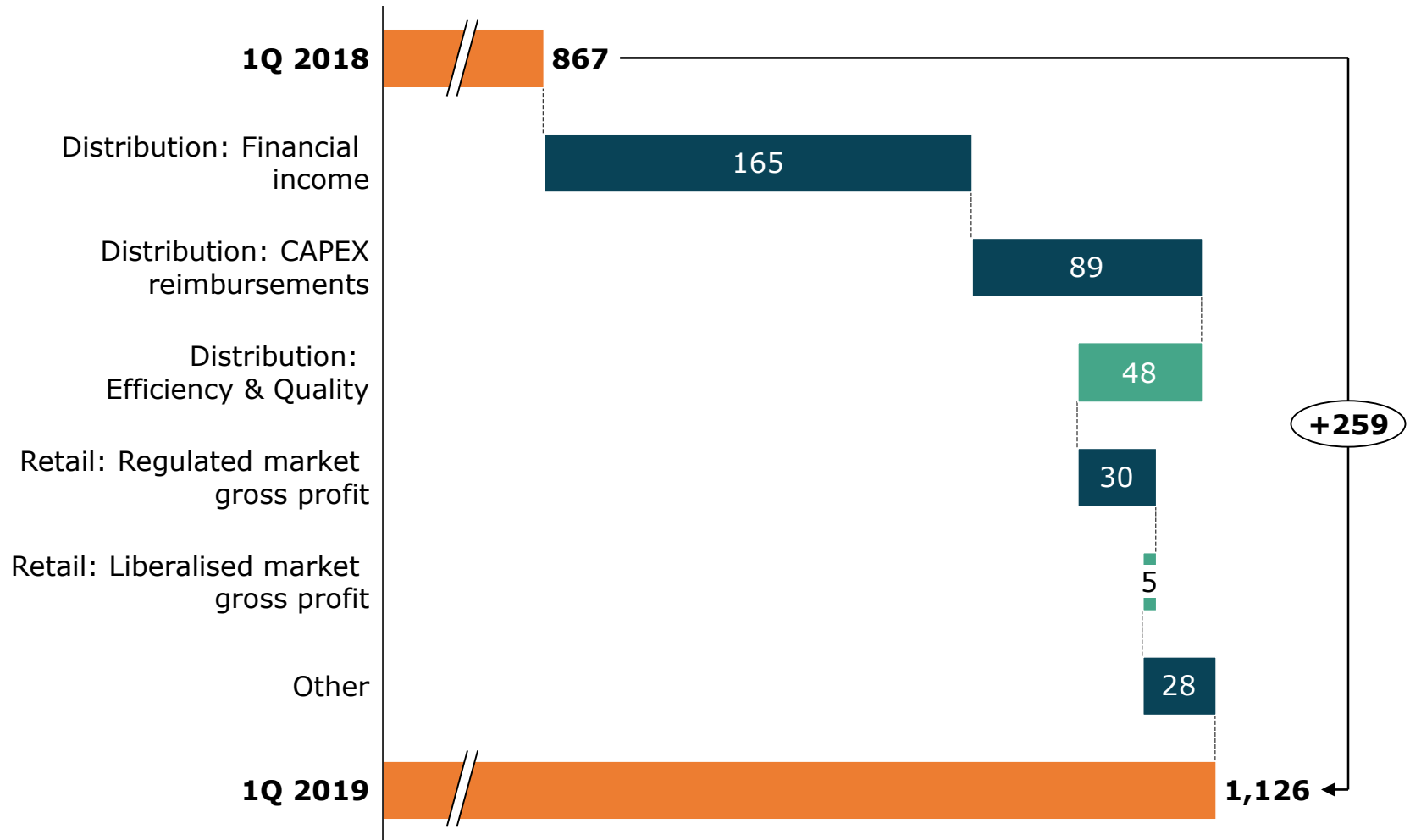


1 Incl. Capex, Opex and T&L outperformances as well as theft accrual & collection and quality bonus



# Consolidated Operational Earnings Development

(TLm)







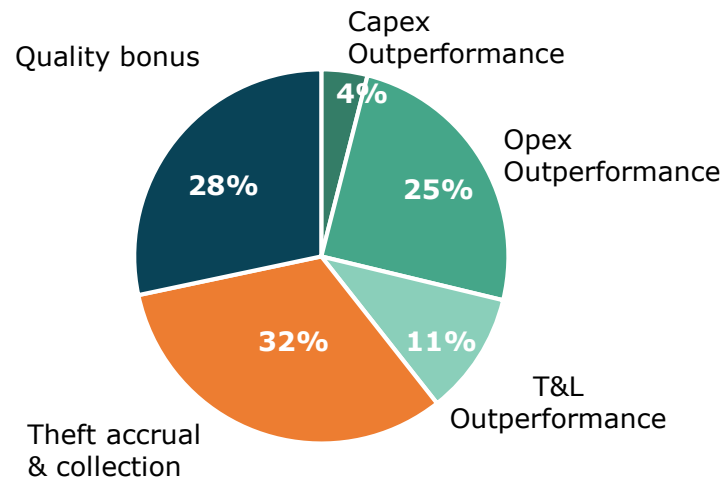
# Distribution: Operational Earnings & Cash Development

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

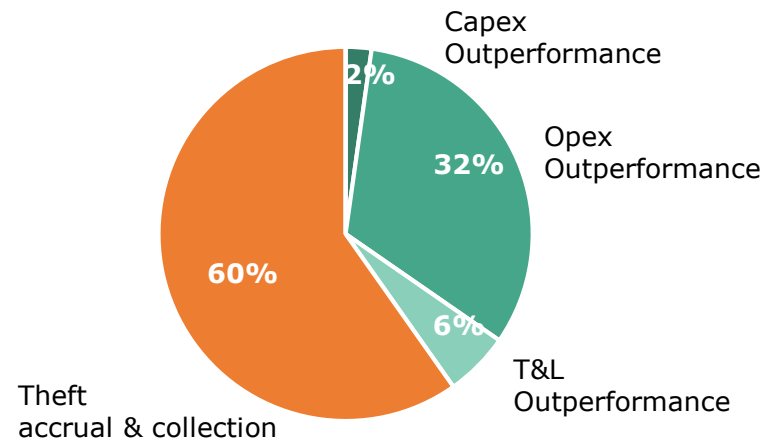
(TLm)

	1Q 2018	1Q 2019
Financial income	305	470
CAPEX reimbursements	191	280
Efficiency & Quality	227	179
Tax correction	29	46
Other	10	11
<b>Operational earnings</b>	<b>762</b>	<b>986</b>
Financial income not yet cash effective	-154	-263
Capex outperformance	-9	-4
Net VAT	50	76
Other (Working Capital)	-555	-655
<b>Operating Cash Flow before interest and tax</b>	<b>94</b>	<b>140</b>
Actual allowed Capex (nominal)	-127	-63
Capex outperformance	9	4
VAT	-91	-11
Previous year/unpaid Capex	-281	-635
<b>Cash-effective Capex</b>	<b>-489</b>	<b>-705</b>
<b>Free Cash Flow before interest and tax</b>	<b>-395</b>	<b>-565</b>

## Efficiency & quality 1Q 2018



## Efficiency & quality 1Q 2019



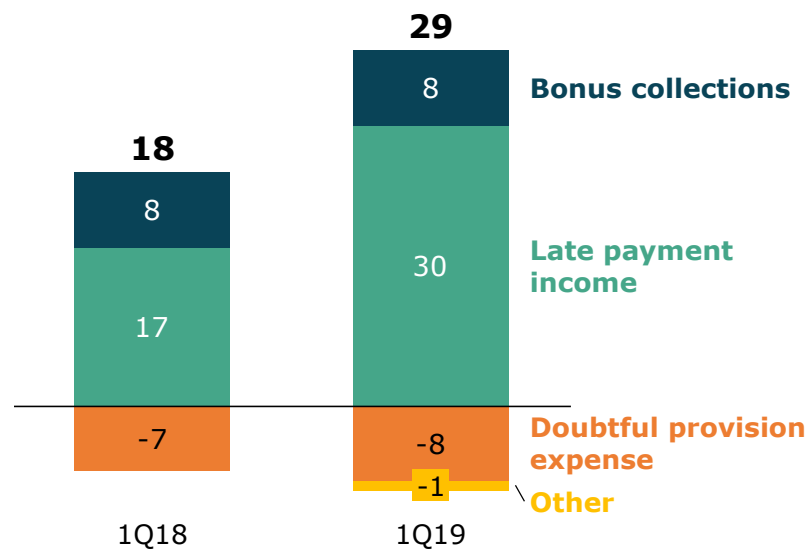


# Retail: Operational Earnings & Cash Development

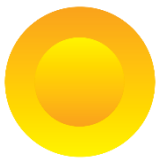
## Operational Earnings and Free Cash Flow Before Interest and Tax (TLm)

	1Q 2018	1Q 2019
Regulated gross profit	144	174
Liberalised gross profit	15	10
Customer Solutions gross profit	2	3
Opex	-64	-74
Bad debt related income and expense	18	29
<b>Operational earnings</b>	<b>115</b>	<b>142</b>
Price equalization effects	-256	498
Net customer deposit additions	111	31
Other (Working Capital)	-69	-75
<b>Operating Cash Flow before interest and tax</b>	<b>-99</b>	<b>596</b>
Capex	-12	-21
<b>Free Cash Flow before interest and tax</b>	<b>-110</b>	<b>575</b>

## Bad debt related income and expense (TLm)

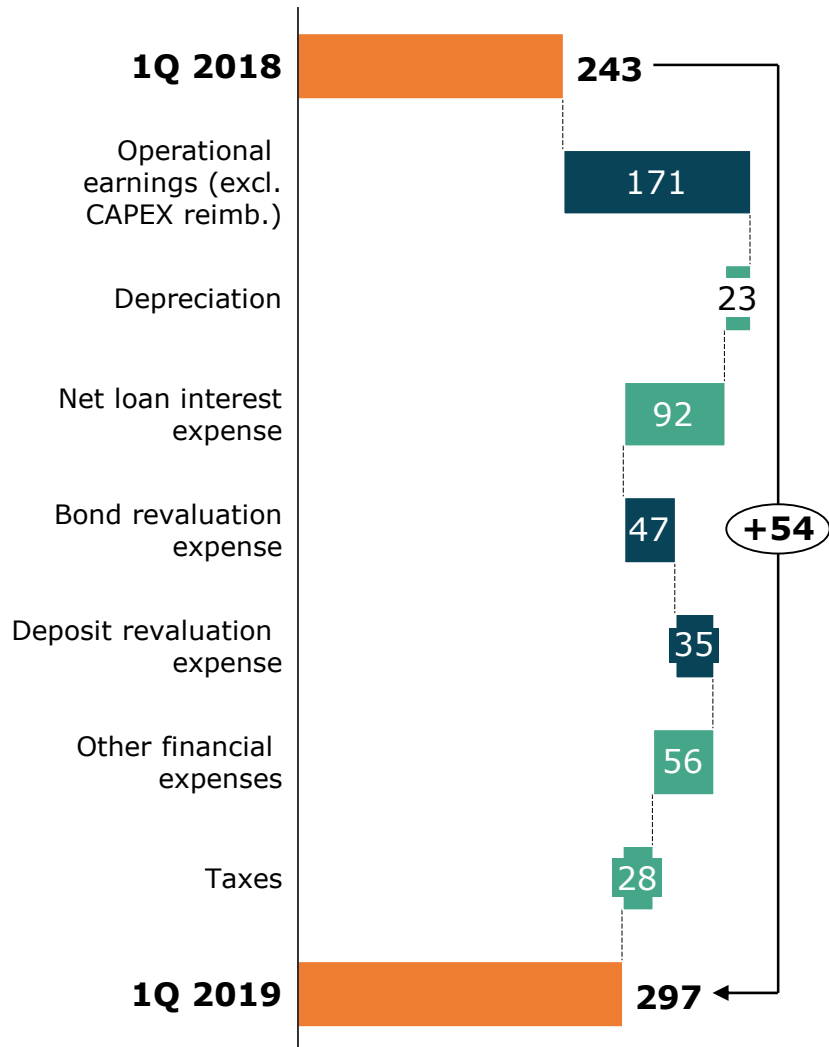




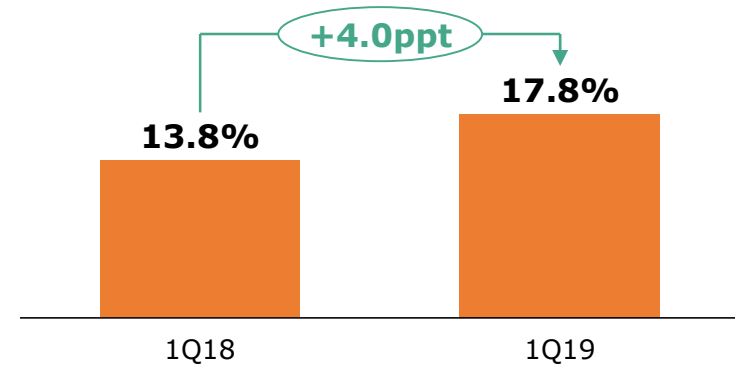


# Consolidated Underlying Net Income Development

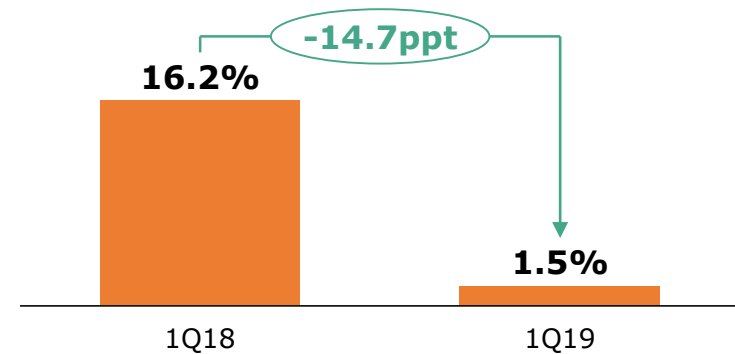
## Underlying net income development (TLm)

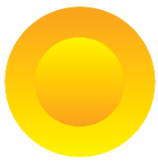


## Weighted average loan interest rates



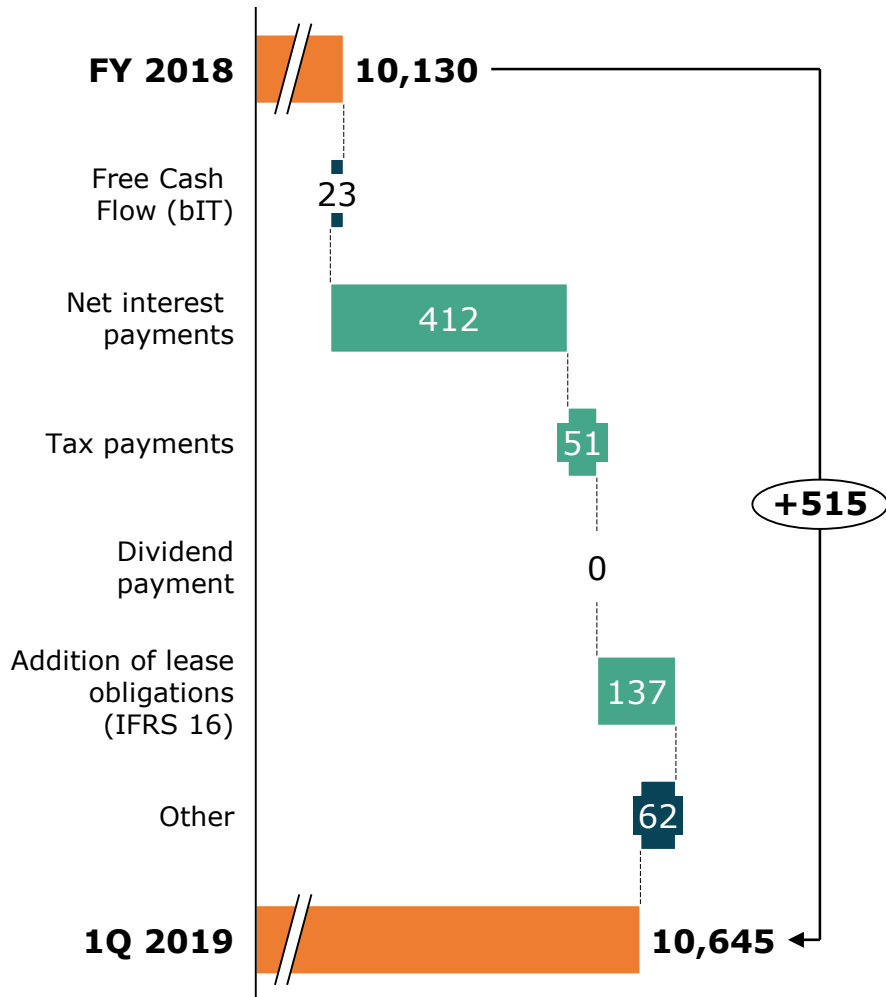
## Weighted average bond interest rates (CPI-linked)



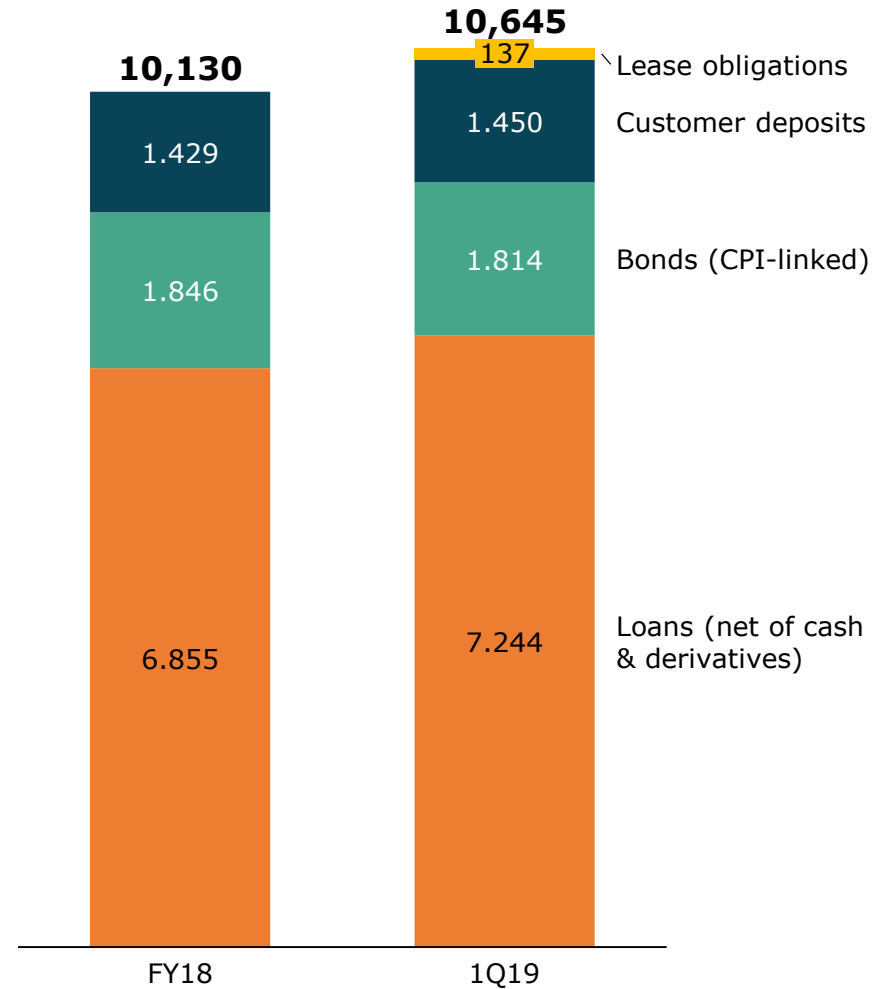


# Economic Net Debt

### Economic Net Debt development (TLm)



### Economic Net Debt composition (TLm)

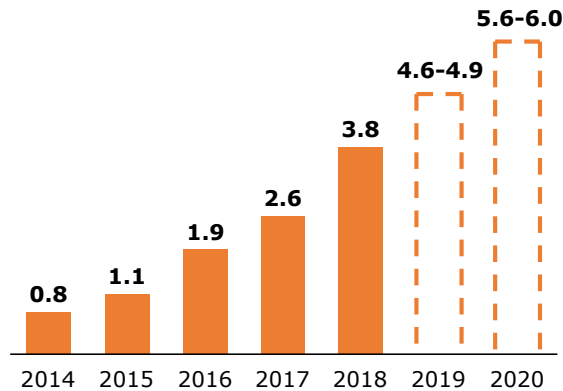




# Continuous real earnings & dividend growth and strong reduction in leverage

## Operational earnings

(bnTL)

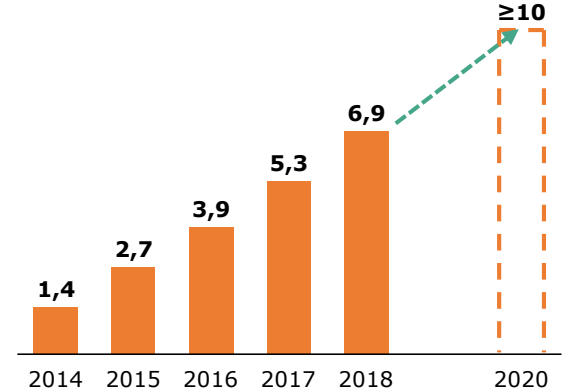


## Operational assumptions

- Short-term **inflation** 15-18% p.a.
- **Distribution**
  - Nominal investment return = real WACC (13.61%) + mid-term inflation (10-12%)
  - Capex  $\varnothing$  1.6bnTL p.a. 2019-20
  - Efficiency & Quality growth in line with inflation
- **Retail** growth  $\geq$  inflation

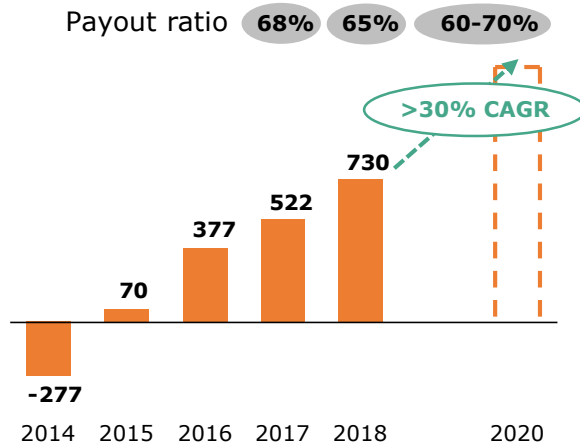
## Regulated Asset Base

(bnTL)



## Underlying Net Income & Dividend

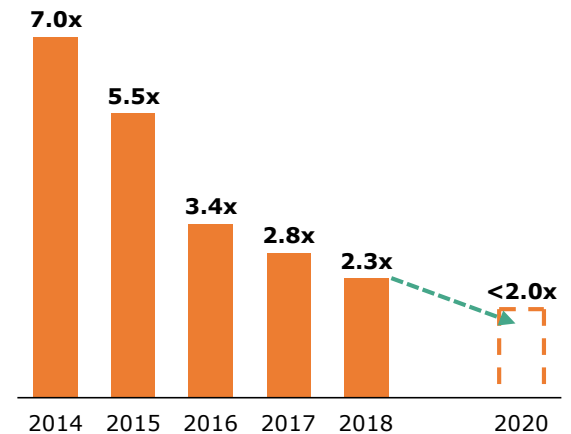
(mTL)

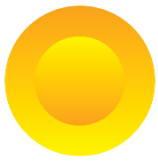


## Financial assumptions

- Avg. effective **loan** rate  $\sim$ 20%
- Avg. effective **bond** rate  $\sim$ CPI+300bps
- Average effective **tax** rate approaching marginal income tax rate of 22%
- **Free Cash Flow** after interest and tax  $> 0$

## Leverage





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# Appendix



# Summary Financial Statements

## Consolidated Income Statement

	1 January 31 March	1 January 31 March		1 January 31 March	1 January 31 March
(TLm)	2018	2019	(TLm)	2018	2019
Sales Revenue	4.061	4.484	<b>Operating profit before finance income/(expense)</b>	<b>596</b>	<b>772</b>
Cost of Sales	-3.036	-3.183	Adjustment of depreciation and amortization	61	84
<b>Gross Profit</b>	<b>1.025</b>	<b>1.301</b>	Adjustment of impairment on goodwill	0	0
OPEX	-415	-512	Adjustments related to operational fx gains and losses	0	2
Other Income/(Expense)	-14	-17	Adjustments related to fair value difference arising from deposits	26	-9
<b>Operating profit before finance income/(expense)</b>	<b>596</b>	<b>772</b>	Interest income related to revenue cap regulation	-8	-3
Financial Income/(Expense)	-264	-358	<b>EBITDA</b>	<b>676</b>	<b>846</b>
<b>Profit before tax</b>	<b>332</b>	<b>414</b>	CAPEX Reimbursements	191	280
Taxation	-89	-117	<b>EBITDA+CAPEX Reimbursements</b>	<b>867</b>	<b>1.126</b>
<b>Net Income</b>	<b>243</b>	<b>297</b>	Exceptional items	0	0
			<b>Operational earnings</b>	<b>867</b>	<b>1.126</b>
			<b>Net Income</b>	<b>243</b>	<b>297</b>
			Exceptional items	0	0
			<b>Underlying Net Income</b>	<b>243</b>	<b>297</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 March 2019
Cash and Cash Equivalents	562	1.825
Financial Assets	791	934
Trade Receivables	3.512	2.794
Derivative financial instruments	313	426
Other Current Assets	1.226	1.524
<b>Current Assets</b>	<b>6.404</b>	<b>7.503</b>
Financial Assets	8.504	8.411
Tangible and Intangible Assets	7.104	7.204
Other Non-Current Assets	1.113	1.303
<b>Non-Current Assets</b>	<b>16.721</b>	<b>16.918</b>
<b>TOTAL ASSETS</b>	<b>23.125</b>	<b>24.421</b>
Short-Term Financial Liabilities	3.434	5.916
Other Financial Liabilities	44	45
Trade Payables	2.481	1.612
Derivative financial instruments	4	36
Other Current Liabilities	1.581	2.027
<b>Current Liabilities</b>	<b>7.544</b>	<b>9.636</b>
Long-Term Financial Liabilities	5.765	5.127
Other Financial Liabilities	322	321
Derivative financial instruments	8	0
Other Non-current Liabilities	3.187	3.207
<b>Long-Term Liabilities</b>	<b>9.282</b>	<b>8.655</b>
Total Share Capital	3.966	3.808
Other Equity Items	241	284
Retained Earnings	2.092	2.038
<b>Equity</b>	<b>6.299</b>	<b>6.130</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>23.125</b>	<b>24.421</b>

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



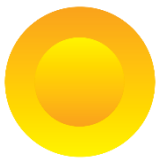
# Summary Financial Statements

## Consolidated Cash Flow

	1 January 31 March	1 January 31 March		1 January 31 March	1 January 31 March
(TLm)	2018	2019	(TLm)	2018	2019
Profit for the period	243	297	Cash Flows from Operating Activities (before interest and tax)	-97	756
Adjustments to reconcile net profit for the period	233	220	CAPEX	-501	-733
Changes in operating assets and liabilities	-886	-116	<b>Free cash flow (before interest and tax)</b>	<b>-598</b>	<b>23</b>
Other inflows (incl. Capex reimbursements)	313	355	Tax payments	-7	-51
<b>Cash Flows from Operating Activities (before interest and tax)</b>	<b>-97</b>	<b>756</b>	Interest received	32	62
Tax payments	-7	-51	Interest paid	-311	-474
<b>Cash Flows from Operating Activities (before interest, after tax)</b>	<b>-104</b>	<b>705</b>	<b>Free cash flow (after interest and tax)</b>	<b>-884</b>	<b>-440</b>
CAPEX	-501	-733			
Interest received	32	62			
<b>Cash Flows from Investing Activities</b>	<b>-469</b>	<b>-671</b>			
Cash in-flows and out-flows from borrowings	790	1.676			
Interest paid	-311	-474			
<b>Cash Flows from Financing Activities</b>	<b>479</b>	<b>1.202</b>			
Increase in cash and cash equivalents before currency translation adjustments on cash and cash equivalents	-94	1.236			
Currency translation adjustments on cash and cash equivalents	0	28			
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>79</b>	<b>1.825</b>			

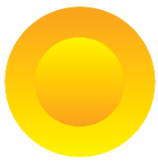
Note: Consolidated numbers include the Business Units Distribution and Retail as well as the legal holding entity.





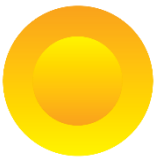
# Retail: Income statement

	1 January 31 March	1 January 31 March
(TLm)	2018	2019
Sales Revenue (net)	2.777	2.795
<i>Regulated</i>	2.408	2.547
<i>Liberalised</i>	367	244
<i>Customer solutions</i>	2	4
Cost of Sales (-)	-2.613	-2.608
<i>Regulated</i>	-2.264	-2.373
<i>Liberalised</i>	-349	-234
<i>Customer solutions</i>	0	-1
<b>Gross Profit</b>	<b>164</b>	<b>187</b>
OPEX	-70	-85
Other Income/(Expense)	-11	38
<b>Operating profit before finance income/(expense)</b>	<b>83</b>	<b>140</b>
Adjustment of depreciation and amortization	6	11
Adjustments related to fair value difference arising from deposits	26	-9
<b>EBITDA</b>	<b>115</b>	<b>142</b>
Exceptional items	0	0
<b>Operational earnings</b>	<b>115</b>	<b>142</b>



# Distribution: Income statement

	1 January 31 March 2018	1 January 31 March 2019
<b>(TLm)</b>		
Sales Revenue	1.283	1.689
<i>Financial income</i>	305	470
<i>Distribution revenue</i>	731	844
<i>Pass-through transmission revenue</i>	189	298
<i>Lighting sales revenue</i>	58	77
Cost of Sales	-423	-575
<i>Energy purchases (Lighting, T&amp;L)</i>	-234	-277
<i>Pass-through transmission cost</i>	-189	-298
<b>Gross Profit</b>	<b>860</b>	<b>1.114</b>
OPEX	-284	-368
Other Income/(Expense)	-2	-59
<b>Operating profit before finance income/(expense)</b>	<b>574</b>	<b>687</b>
Adjustment of depreciation and amortization	4	20
Adjustments related to operational fx gains and losses	0	2
Interest income related to revenue cap regulation	-8	-3
<b>EBITDA</b>	<b>570</b>	<b>706</b>
CAPEX Reimbursements	191	280
<b>EBITDA+CAPEX Reimbursements</b>	<b>762</b>	<b>986</b>
Exceptional items	0	0
<b>Operational earnings</b>	<b>762</b>	<b>986</b>



## Investor Relations contacts

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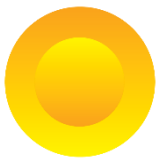


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Investor Relations

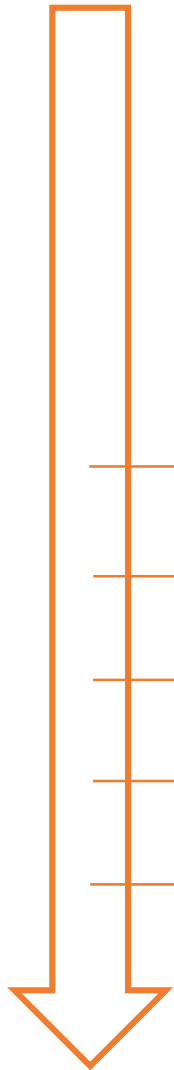
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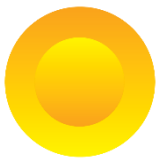


# Financial calendar 2019

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- 24-28.06.19 Non-deal Roadshow in Chicago, Toronto, Boston & NYC
- 8.8.19 2Q/1H 2018 Earnings Release
- 3-4.9.19 HSBC GEMS Investor Forum 2019, London
- 5-6.9.19 Non-deal Roadshow in NYC
- 5.11.19 3Q/9M 2018 Earnings Release



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