



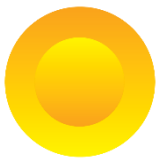
**ENERJISA**

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# Earnings presentation 1Q 2018

3 May 2018



# Executive Summary

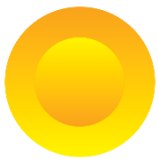
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Very solid first quarter 2018

2016-2020 outlook confirmed

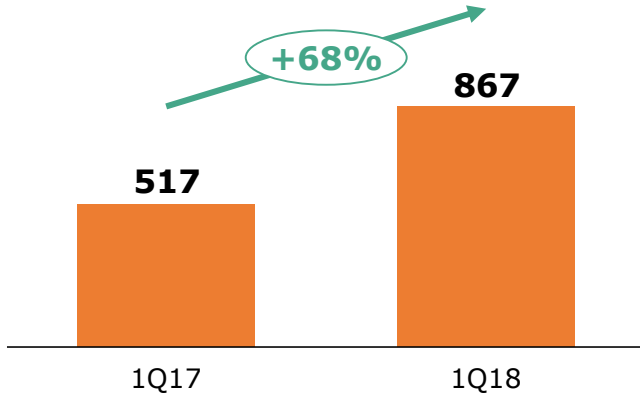
Target full year 2018 operational earnings of TL3.0-3.3bn

Strategy execution based upon highly regulated returns and strong market position ongoing

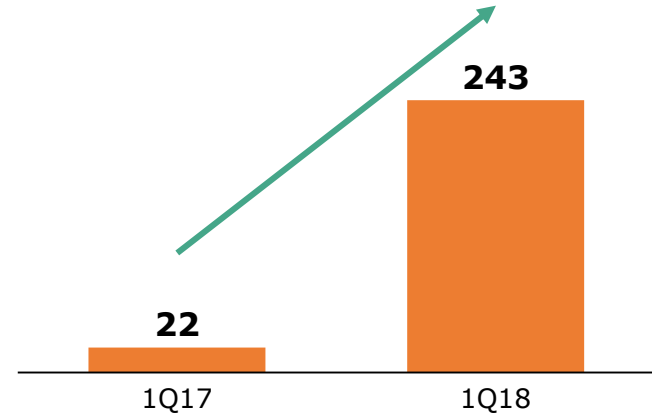


# Financial Highlights

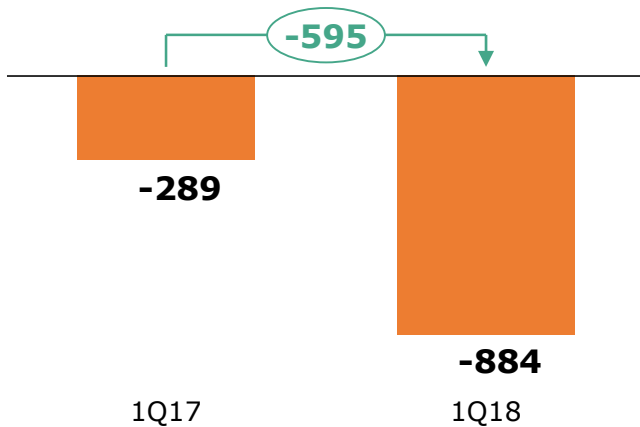
## Operational earnings<sup>1</sup> (TLm)



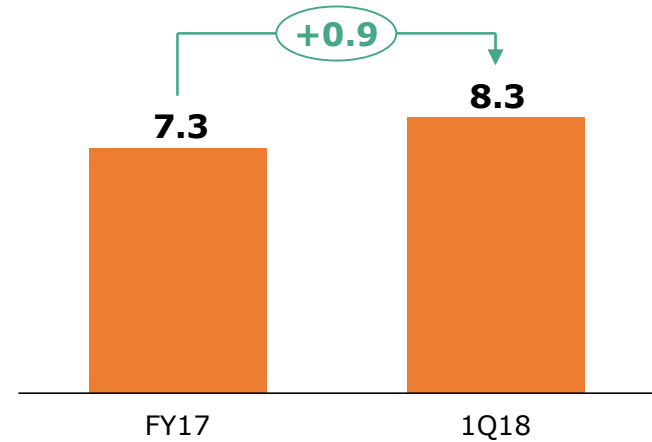
## Underlying Net Income<sup>2</sup> (TLm)



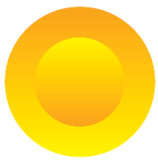
## Free Cash Flow after interest and tax (TLm)



## Net Debt (TLbn)



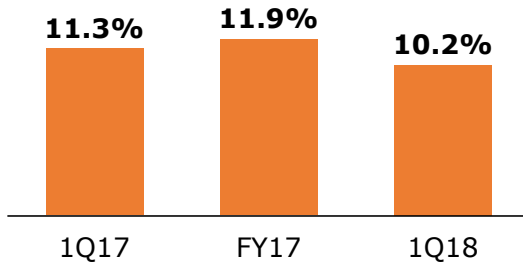
1 EBITDA + Capex reimbursements excl. exceptional items; exceptional items in 1Q17 include TL70m Capex outperformance related to 2016 and are therefore excluded from Operational Earnings  
2 Net Income excl. exceptional items; exceptional items in 1Q17 include TL56m Capex outperformance related to 2016 and are therefore excluded from Underlying Net Income



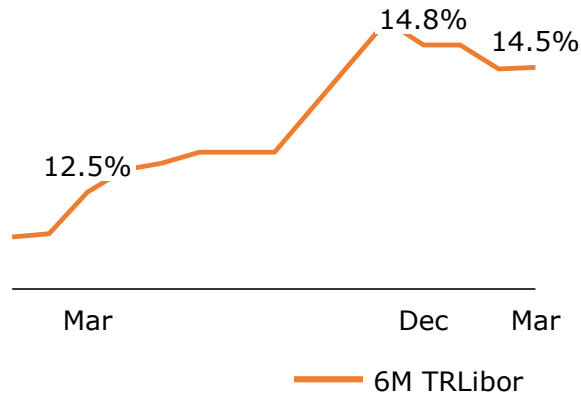
# Market environment

## Turkey

**Inflation (%)**



**Interest rates (%)**



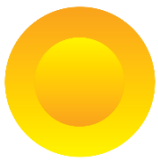
## Sector: Regulatory Developments

### **Distribution**

- Quality bonus for Capex realization provided for the full 3rd regulatory period (i.e. starting 2016)
- Regulated Tetaş power procurement prices decreased by 40TL/MWh as of 1.4.2018 (from 183TL/MWh to 140TL/MWh)

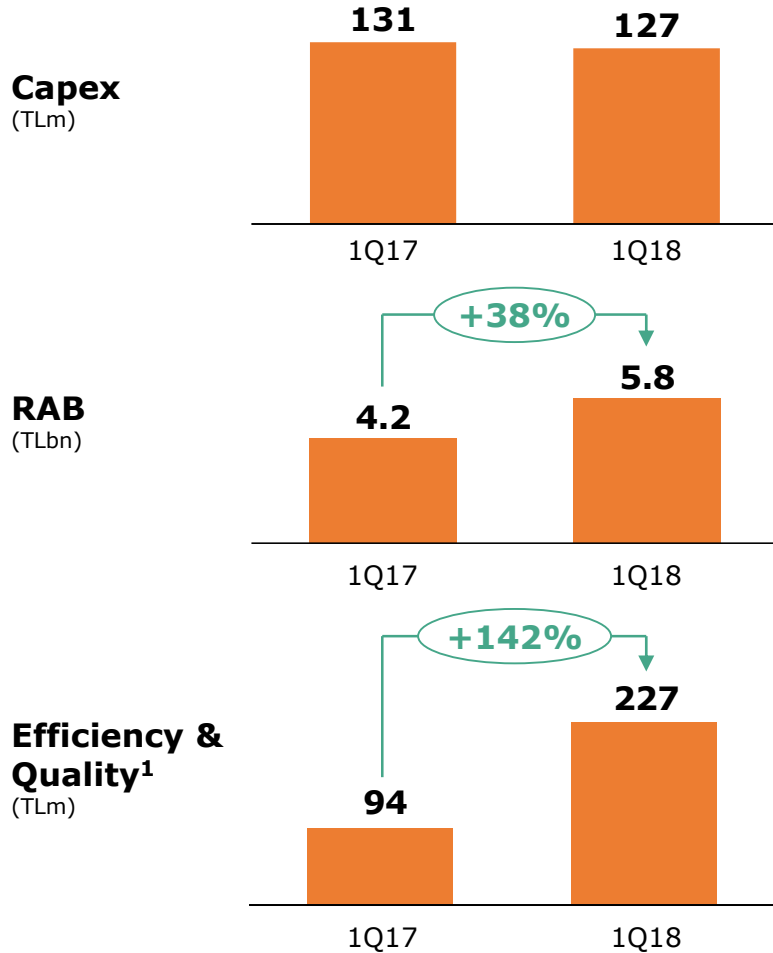
### **Retail**

- Last Resort Tariff (LRT) now effective for all customers with consumption >50 GWh
- Increase in average regulated tariff by 5% as of 1.4.2018 (2nd revision after 7% increase as of 1.1.2018)
- Price equalization methodology for feed-in-tariff costs revised

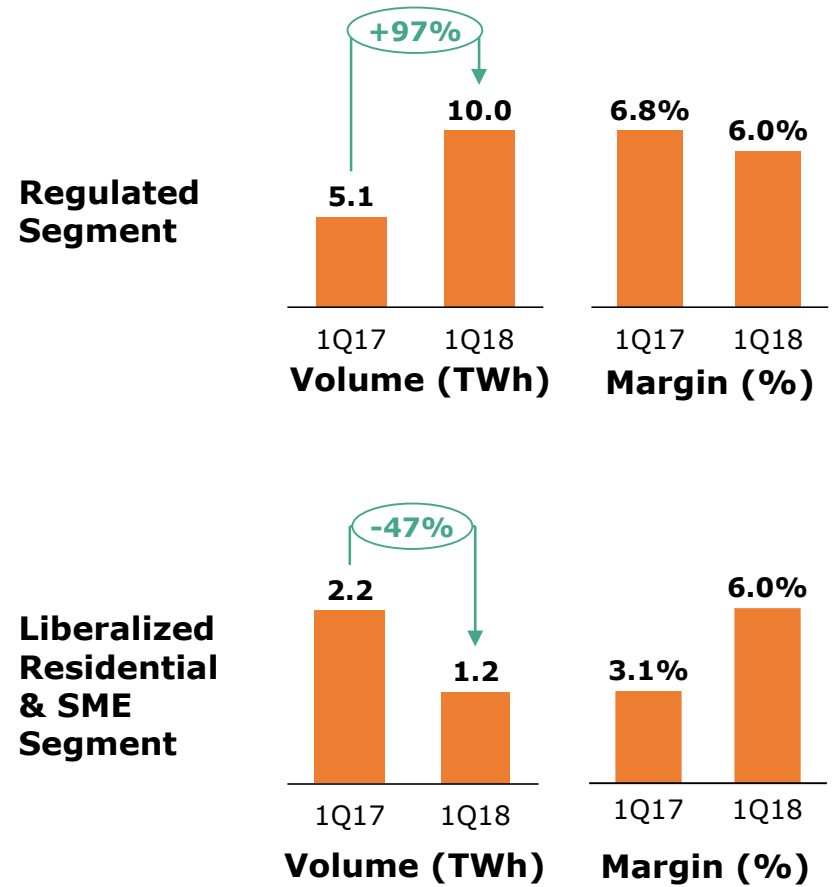


# Operations

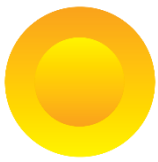
## Distribution



## Retail

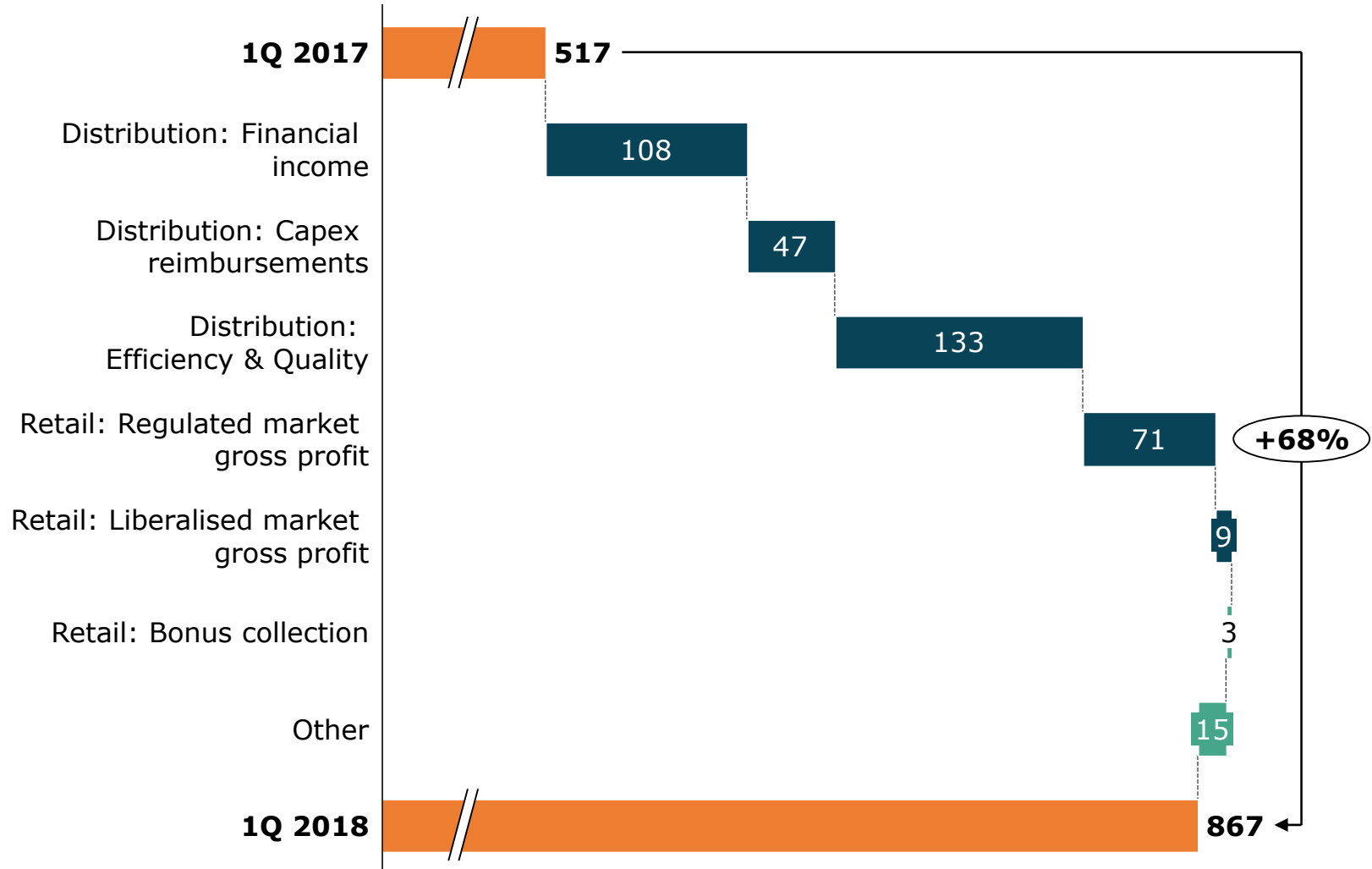


1 Incl. Capex, Opex and T&L outperformances as well as theft accrual & collection and quality bonus.



# Consolidated Operational Earnings Development

(TLm)





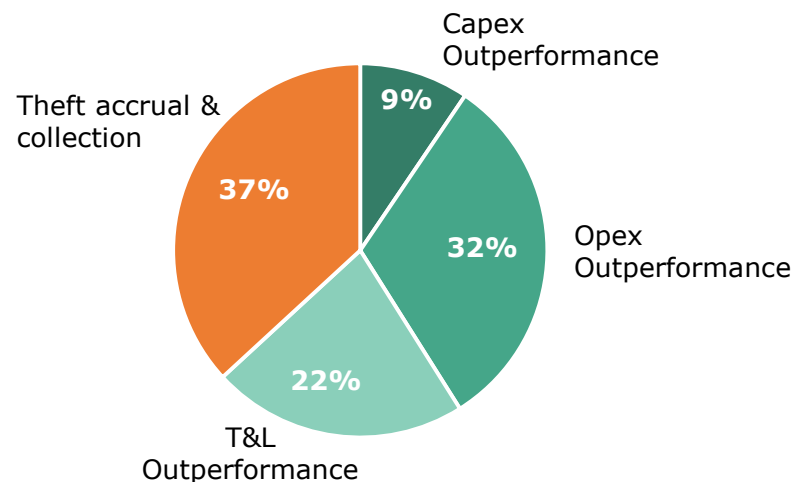
# Distribution: Operational Earnings & Cash Development

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

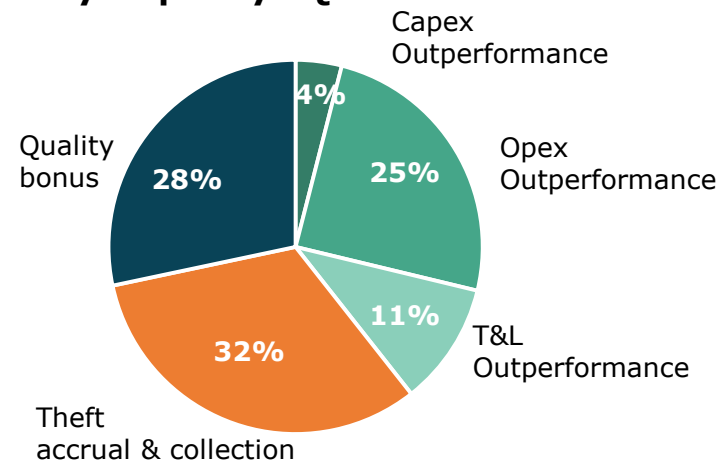
(TLm)

	1Q 2017	1Q 2018
Financial income	197	305
CAPEX reimbursements	144	191
Efficiency & Quality	94	227
Tax correction	21	29
Other	29	10
<b>Operational earnings</b>	<b>485</b>	<b>762</b>
Financial income not yet cash effective	-90	-154
Capex outperformance	-9	-9
Net VAT received/paid	27	50
Other (non-cash, Working Capital)	-262	-555
<b>Operating Cash Flow before interest and tax</b>	<b>151</b>	<b>94</b>
Actual allowed Capex (nominal)	-131	-127
Capex outperformance	9	9
VAT paid	-58	-91
Previous year/unpaid Capex	-210	-280
<b>Cash-effective Capex</b>	<b>-390</b>	<b>-489</b>
<b>Free Cash Flow before interest and tax</b>	<b>-239</b>	<b>-395</b>

## Efficiency & quality 1Q 2017



## Efficiency & quality 1Q 2018



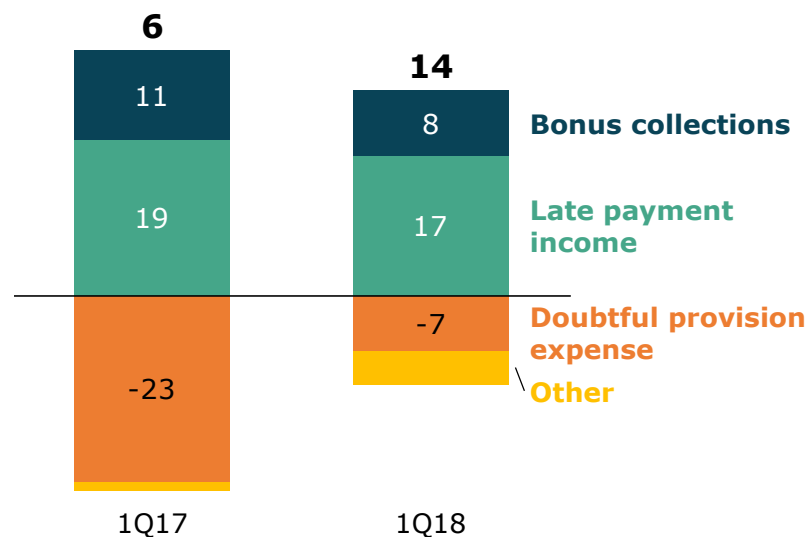


# Retail: Operational Earnings & Cash Development

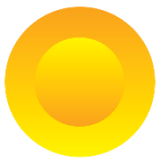
## Operational Earnings and Free Cash Flow Before Interest and Tax (TLm)

	1Q 2017	1Q 2018
Regulated gross profit	73	144
Liberalised gross profit	10	19
Customer Solutions gross profit	0	2
Opex	-56	-64
Bad debt related income and expense	6	14
<b>Operational earnings</b>	<b>33</b>	<b>115</b>
Price equalization effects	10	-256
Net customer deposit additions	31	111
Other (Working Capital)	144	-68
<b>Operating Cash Flow before interest and tax</b>	<b>218</b>	<b>-98</b>
Capex	-8	-12
<b>Free Cash Flow before interest and tax</b>	<b>210</b>	<b>-110</b>

## Bad debt related income and expense (TLm)

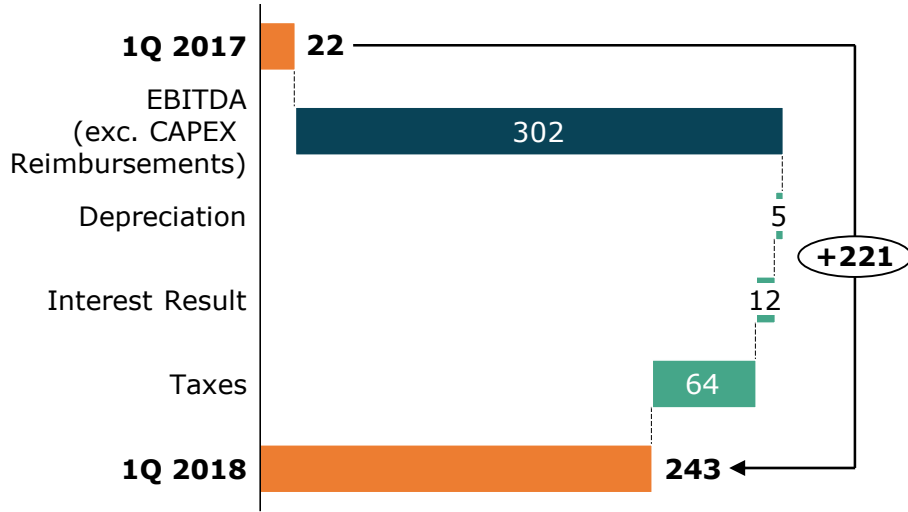




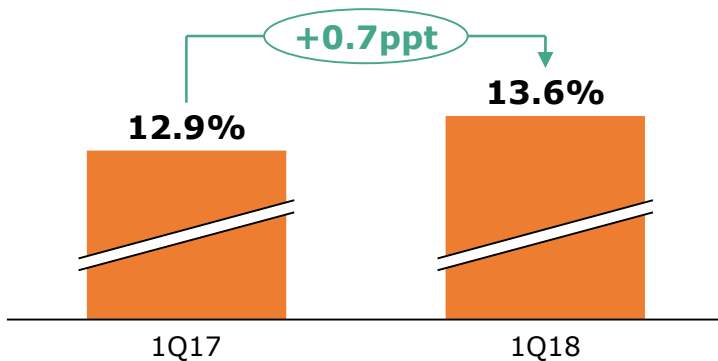


# Consolidated Net Income & Leverage

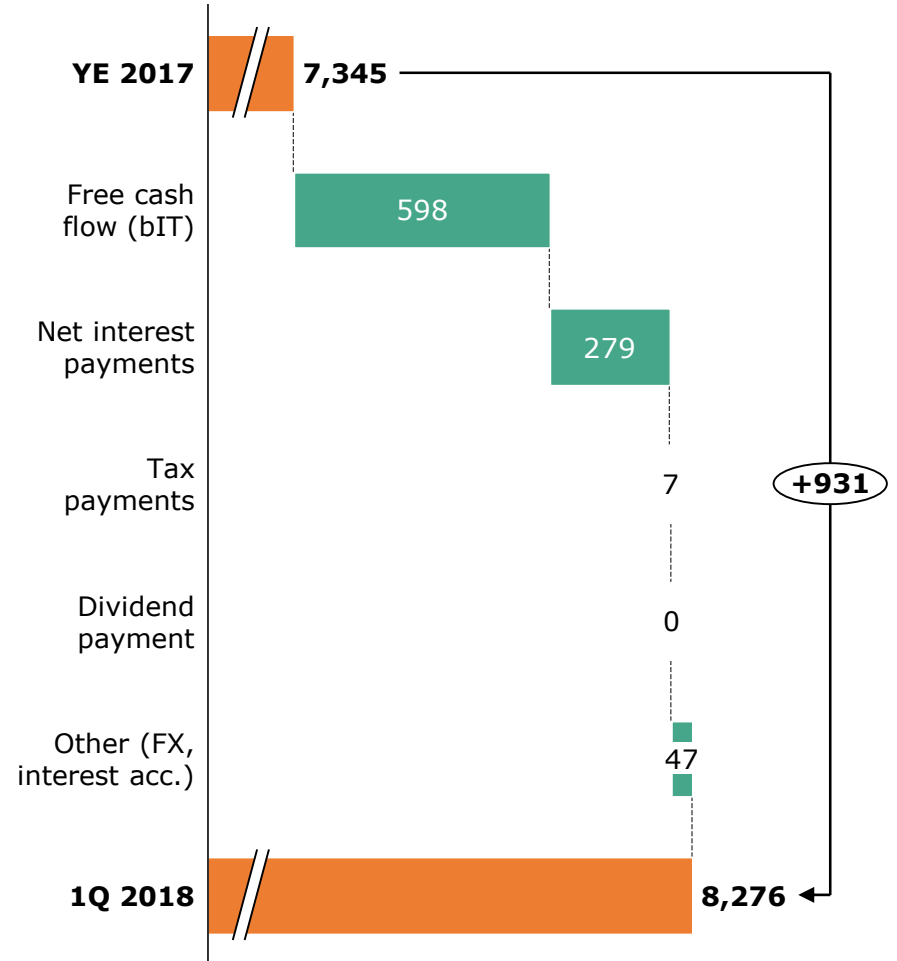
## Underlying net income development (TLm)



## Weighted average interest rates



## Net debt development (TLm)





# 2018 guidance

Mid-term targets confirmed

- Operational Earnings 20% CAGR 2016-2020
- Underlying Net Income significantly >20% CAGR 2016-2020
- Dividend pay-out 60-70% (of underlying earnings)
- Leverage <3.5x

2018 Operational Earnings

## Consolidated Group: TL3.0 – 3.3bn

**Distribution** 2018 vs. 2017



**Retail**

2018 vs. 2017



**Net Debt**



Free cash flow after interest and tax negative driven by investments

**Leverage**



Operational earnings grow faster than net debt

Additional indications

**Cost of debt**

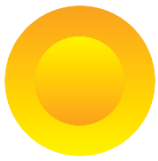


Nominal financing cost for new financing increased

**Tax rate**



30-33% IFRS effective tax rate due to former acquisition-related debt as well as unallocated admin cost on holding level



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# Appendix



# Summary Financial Statements

## Consolidated Income Statement

	1 January 31 March 2017	1 January 31 March 2018		1 January 31 March 2017	1 January 31 March 2018
(TLm)			(TLm)		
Sales Revenue	2,726	4,070	<b>Operating profit before finance income/(expense)</b>	<b>357</b>	<b>596</b>
Cost of Sales	-1,971	-3,045	Adjustment of depreciation and amortization	56	61
<b>Gross Profit</b>	<b>755</b>	<b>1,025</b>	Adjustments related to fair value difference arising from deposits	30	26
OPEX	-340	-415	Interest income related to revenue cap regulation	0	-8
Other Income/(Expense)	-58	-14	<b>EBITDA</b>	<b>443</b>	<b>676</b>
<b>Operating profit before finance income/(expense)</b>	<b>357</b>	<b>596</b>	CAPEX Reimbursements	144	191
Financial Income/(Expense)	-240	-264	<b>EBITDA+CAPEX Reimbursements</b>	<b>587</b>	<b>867</b>
<b>Profit before tax</b>	<b>117</b>	<b>332</b>	Fair value changes of financial assets	0	0
Taxation	-39	-89	Non-recurring income related to fiscal year 2016	-70	0
<b>Net Income</b>	<b>78</b>	<b>243</b>	<b>Operational earnings</b>	<b>517</b>	<b>867</b>
			<b>Net Income</b>	<b>78</b>	<b>243</b>
			Non-recurring income related to fiscal year 2016	-56	0
			<b>Underlying Net Income</b>	<b>22</b>	<b>243</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 2017	31 March 2018
Cash and Cash Equivalents	173	79
Financial Assets	692	767
Trade Receivables	2,382	2,852
Other Current Assets	855	923
<b>Current Assets</b>	<b>4,102</b>	<b>4,621</b>
Financial Assets	5,747	5,758
Tangible and Intangible Assets	7,841	7,790
Other Non-Current Assets	896	799
<b>Non-Current Assets</b>	<b>14,484</b>	<b>14,347</b>
<b>TOTAL ASSETS</b>	<b>18,586</b>	<b>18,968</b>
Short-Term Financial Liabilities	1,939	1,766
Other Financial Liabilities	30	35
Trade Payables	1,512	951
Other Current Liabilities	1,374	1,416
<b>Current Liabilities</b>	<b>4,855</b>	<b>4,168</b>
Long-Term Financial Liabilities	5,269	6,269
Other Financial Liabilities	280	284
Other Non-current Liabilities	2,302	2,474
<b>Long-Term Liabilities</b>	<b>7,851</b>	<b>9,027</b>
Total Share Capital	4,017	3,966
Other Equity Items	184	220
Retained Earnings	1,679	1,587
<b>Equity</b>	<b>5,880</b>	<b>5,773</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>18,586</b>	<b>18,968</b>

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

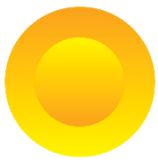


# Summary Financial Statements

## Consolidated Cash Flow

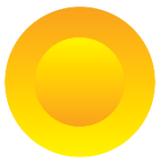
	1 January 31 March	1 January 31 March		1 January 31 March	1 January 31 March
(TLm)	2017	2018	(TLm)	2017	2018
Profit for the period	78	243	Cash Flows from Operating Activities (before interest and tax)	366	-97
Adjustments to reconcile net profit for the period	287	233	CAPEX	-398	-501
Changes in operating assets and liabilities	-231	-886	<b>Free cash flow (before interest and tax)</b>	<b>-32</b>	<b>-598</b>
Other inflows (incl. Capex reimbursements)	232	313	Tax payments	-22	-7
<b>Cash Flows from Operating Activities (before interest and tax)</b>	<b>366</b>	<b>-97</b>	Interest received	7	32
Tax payments	-22	-7	Interest paid	-242	-311
<b>Cash Flows from Operating Activities (before interest, after tax)</b>	<b>344</b>	<b>-104</b>	<b>Free cash flow (after interest and tax)</b>	<b>-289</b>	<b>-884</b>
CAPEX	-398	-501			
Interest received	7	32			
<b>Cash Flows from Investing Activities</b>	<b>-391</b>	<b>-469</b>			
Cash in-flows and out-flows from borrowings	938	790			
Interest paid	-242	-311			
<b>Cash Flows from Financing Activities</b>	<b>696</b>	<b>479</b>			
Increase in cash and cash equivalents	649	-94			
Cash and cash equivalents at the beginning of the period	75	173			
<b>Cash and cash equivalents at the end of the period</b>	<b>724</b>	<b>79</b>			

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



# Retail: Income statement

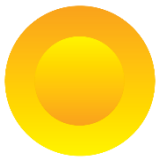
	1 January 31 March 2017	1 January 31 March 2018
<b>(TLm)</b>		
Sales Revenue (net)	2,498	3,763
<i>Regulated</i>	1,071	2,408
<i>Liberalised</i>	592	367
<i>Pass-through grid revenue</i>	835	986
<i>Customer solutions</i>	0	2
Cost of Sales (-)	-2,415	-3,598
<i>Regulated</i>	-998	-2,264
<i>Liberalised</i>	-582	-348
<i>Pass-through grid cost</i>	-835	-986
<b>Gross Profit</b>	<b>83</b>	<b>165</b>
OPEX	-58	-70
Other Income/(Expense)	-24	-11
<b>Operating profit before finance income/(expense)</b>	<b>1</b>	<b>83</b>
Adjustment of depreciation and amortization	2	6
Adjustments related to fair value difference arising from deposits	30	26
<b>Operational earnings (EBITDA)</b>	<b>33</b>	<b>115</b>



# Distribution: Income statement

	1 January 31 March 2017	1 January 31 March 2018
<b>(TLm)</b>	<b>2017</b>	<b>2018</b>
Sales Revenue	1,046	1,283
<i>Financial income</i>	197	305
<i>Distribution revenue</i>	650	731
<i>Pass-through transmission revenue</i>	150	189
<i>Lighting sales revenue</i>	49	58
Cost of Sales	-374	-423
<i>Energy purchases (Lighting, T&amp;L)</i>	-224	-234
<i>Pass-through transmission cost</i>	-150	-189
<b>Gross Profit</b>	<b>672</b>	<b>860</b>
OPEX	-232	-284
Other Income/(Expense)	-31	-2
<b>Operating profit before finance income/(expense)</b>	<b>409</b>	<b>574</b>
Adjustment of depreciation and amortization	2	4
Interest income related to revenue cap regulation	0	-8
<b>EBITDA</b>	<b>411</b>	<b>570</b>
CAPEX Reimbursements	144	191
<b>EBITDA+CAPEX Reimbursements</b>	<b>555</b>	<b>762</b>
Non-recurring income related to fiscal year 2016	-70	0
<b>Operational earnings</b>	<b>485</b>	<b>762</b>





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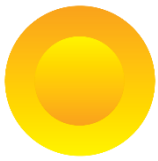


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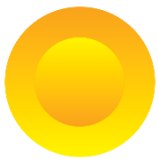
# Financial calendar 2018

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14.8. 2Q/1H 2018 Earnings Release

6.11. 3Q/9M 2018 Earnings Release



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