



Earnings presentation 3Q 2020

4 November 2020



Executive Summary

Covid-19: Impacts only very moderate and mostly recovered

Q3 2020: Accelerated earnings growth
Positive free cash flow (after interest and tax) in Q3
Strong performance in retail business

2020 Outlook: Improved Outlook for Underlying Net Income



Covid-19 impact update

Impacts only very moderate and mostly recovered

Electricity consumption volume

- Distributed electricity volume in our regions down by maximum of 10% in April and May compared to last year.
- Recovery started in June and with further recovery in Q3- with volumes even exceeding last year's level by around 5% with the impact of high weather temperatures.

Electricity price

- April spot market prices were almost two thirds of February levels. Spot prices then rebounded in June reaching February levels in August and further increased by around 5% MoM in September.

Payment behaviour

- On-time collection rates have only very moderately deteriorated since May

Field Operations

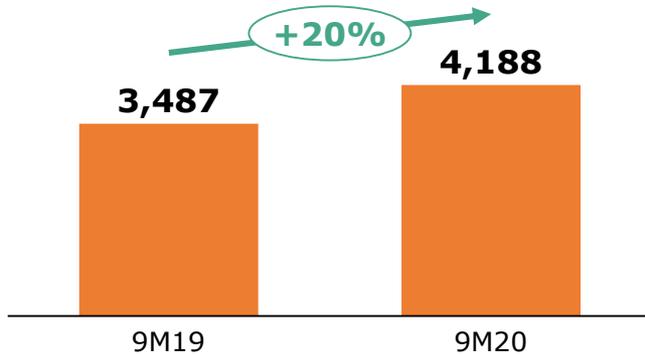
- Field operations are mostly back on track
- Meter readings, connection and disconnection activities are back to normal
- Capex execution activities have accelerated in Q3 with the normalization measures



Financial Highlights

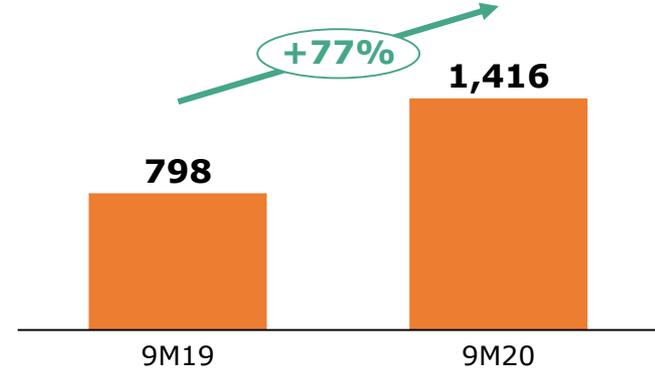
Operational earnings

(TLm)



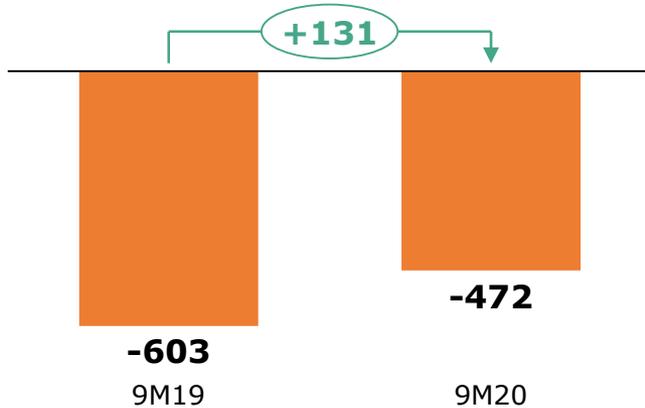
Underlying Net Income

(TLm)



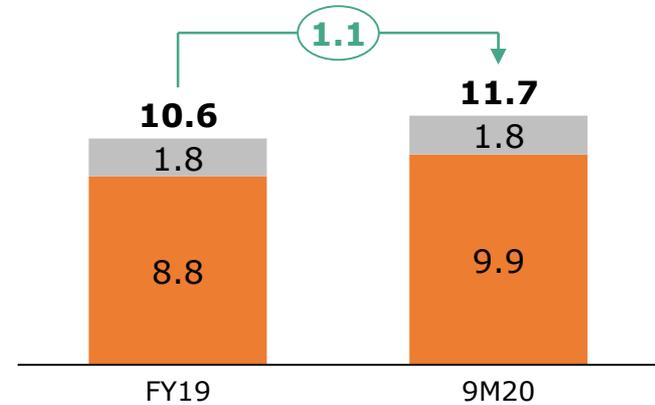
Free Cash Flow after interest and tax

(TLm)



Economic Net Debt

(TLbn)



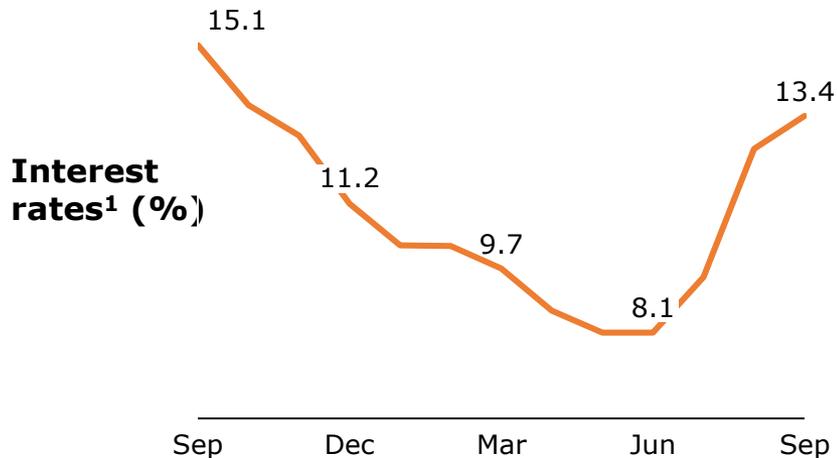
■ Non-financial net debt¹ ■ Financial net debt

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

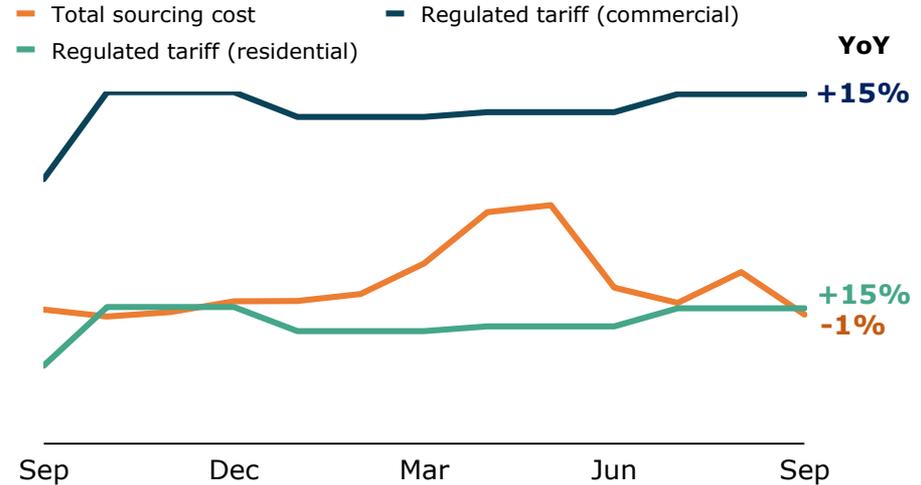


Market environment

Turkey



Sector: Regulatory Developments



- As of 1st October 2020, regulated industrial, commercial and residential tariffs increased by around 7-8%, while end user tariffs increased by around 5-6% QoQ.
- In Q3, procurement costs remained broadly unchanged YoY supported by around 35% YoY decline in EÜAŞ tariff.
- Meanwhile, EÜAŞ costs increased from 132TL/Mwh in Q3 to 155TL/Mwh as of 1st October.

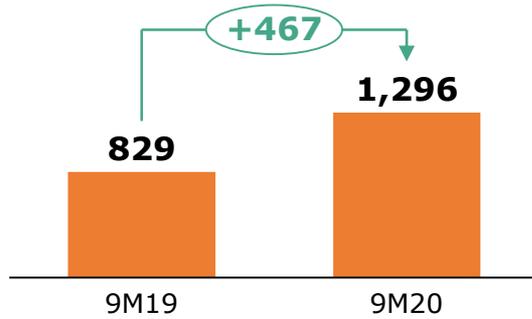
1 6-month TRLibor



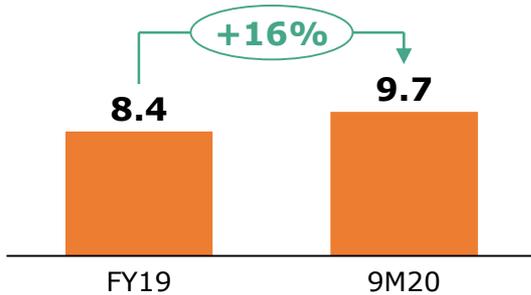
Operations

Distribution

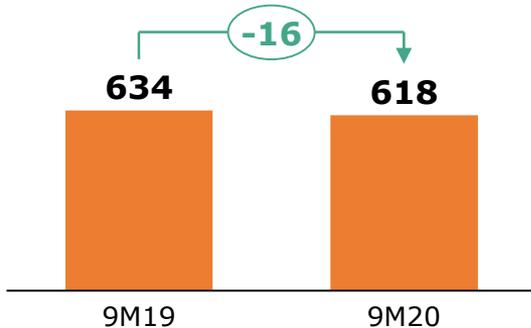
Capex
(TLm)



RAB
(TLbn)

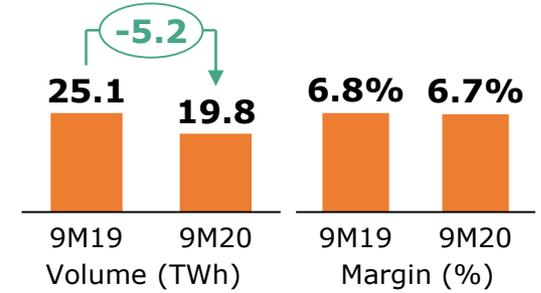


Efficiency & Quality¹
(TLm)

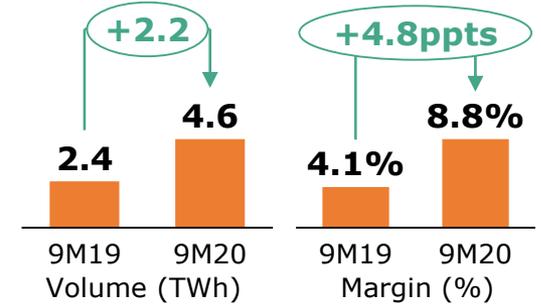


Retail

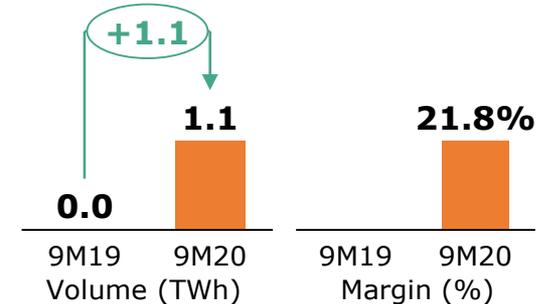
Regulated Segment



Liberalized Corporate Segment



Liberalized Residential & SME Segment

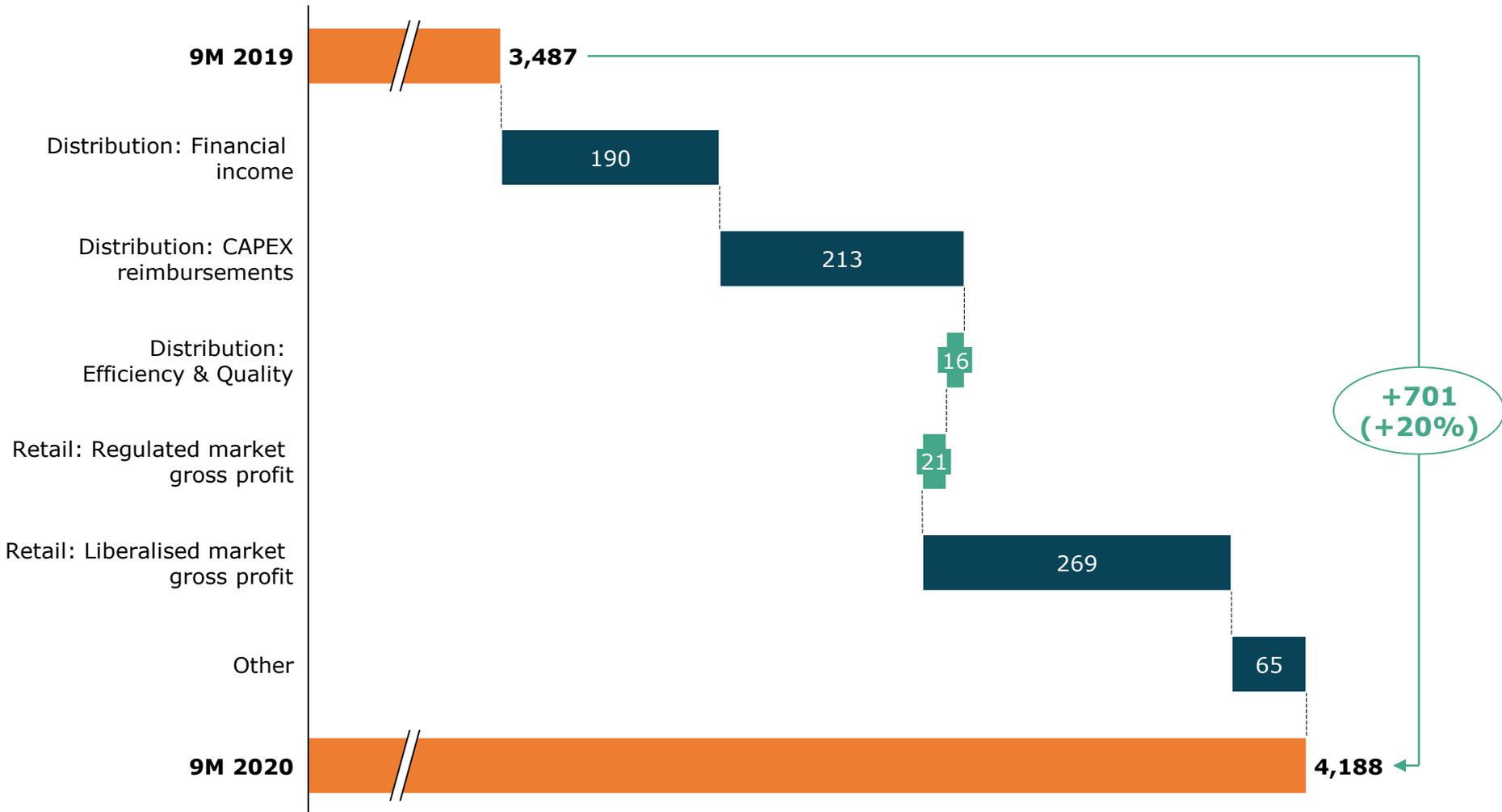


1 Incl. Capex, Opex and T&L outperformances as well as theft accrual & collection and quality bonus



Consolidated Operational Earnings Development

(TLm)





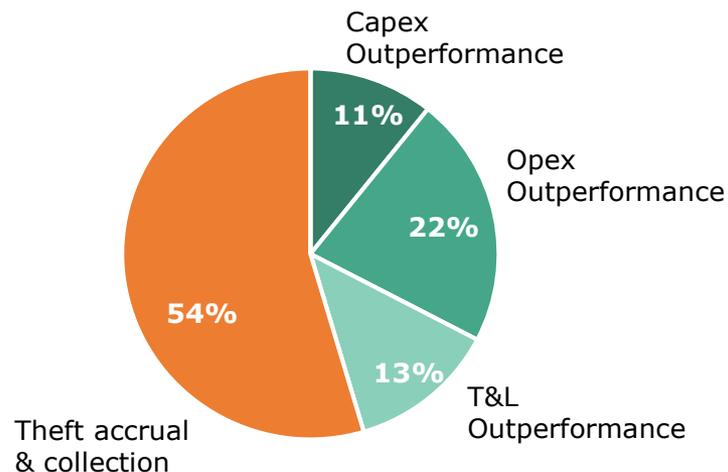
Distribution: Operational Earnings & Cash Development

Operational Earnings and Free Cash Flow Before Interest and Tax

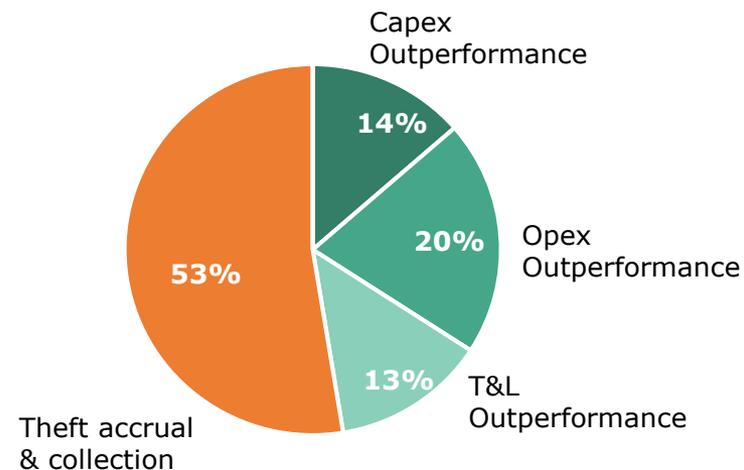
(TLm)

	9M 2019	9M 2020
Financial Income	1,497	1,687
Capex reimbursements	793	1,006
Efficiency & Quality	634	618
Tax correction	130	163
Other	-18	86
Operational Earnings	3,036	3,560
Financial income not yet cash-effective	-911	-1,003
Capex outperformance	-68	-84
Net VAT received/paid	400	470
Other (non-cash NWC)	-1,228	-607
Operating Cash Flow (before interest & tax)	1,229	2,336
Actual allowed Capex	-829	-1,296
Capex outperformance	68	84
VAT paid	-149	-233
Unpaid and previous year Capex	-368	-207
Cash-effective Capex	-1,278	-1,652
Free Cash Flow (before interest & tax)	-49	684

Efficiency & quality 9M 2019



Efficiency & quality 9M 2020





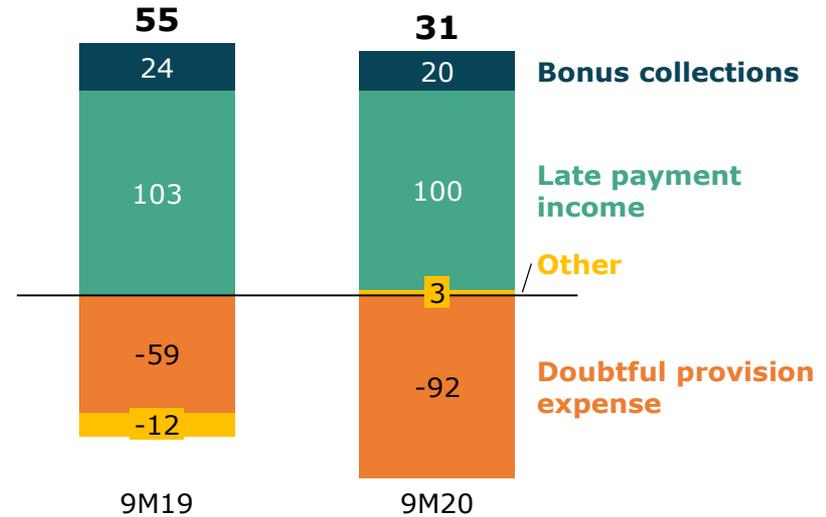
Retail: Operational Earnings & Cash Development

Operational Earnings and Free Cash Flow Before Interest and Tax

(TLm)

Retail	9M	9M
Financials	2019	2020
Regulated gross profit	575	554
Liberalised gross profit	37	306
Customer solutions gross profit	14	15
Opex	-222	-262
Bad debt related income and expense	55	31
Operational Earnings	457	644
Price equalization effects	579	-376
Net deposit additions	86	-40
Delta NWC	43	17
Operating Cash Flow (before interest & tax)	1,166	245
Capex	-34	-31
Free Cash Flow (before interest & tax)	1,132	214

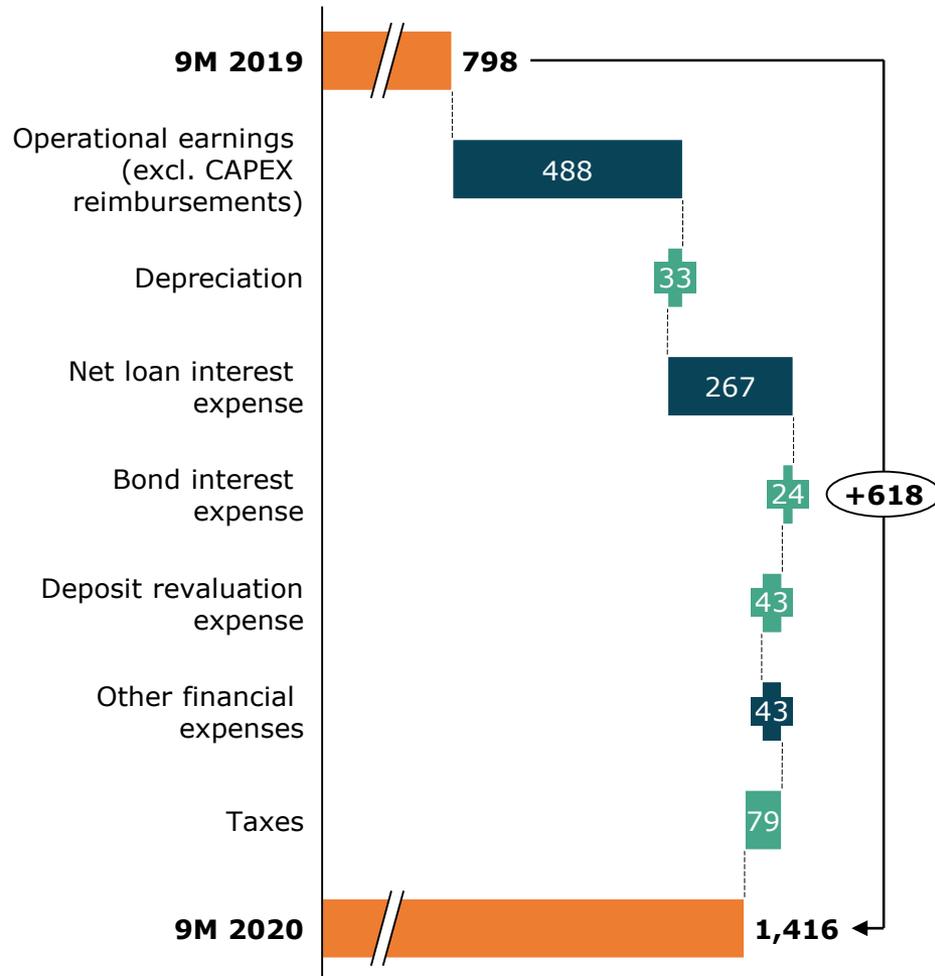
Bad debt related income and expense (TLm)



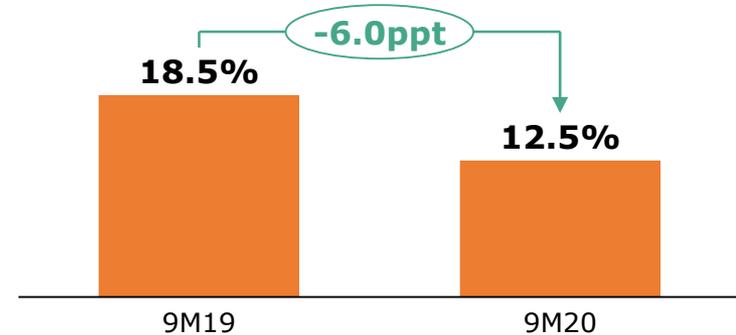


Consolidated Underlying Net Income Development

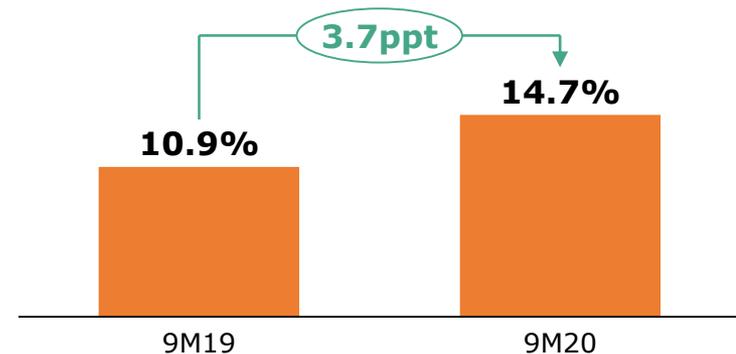
Underlying net income development (TLm)



Weighted average loan interest rates



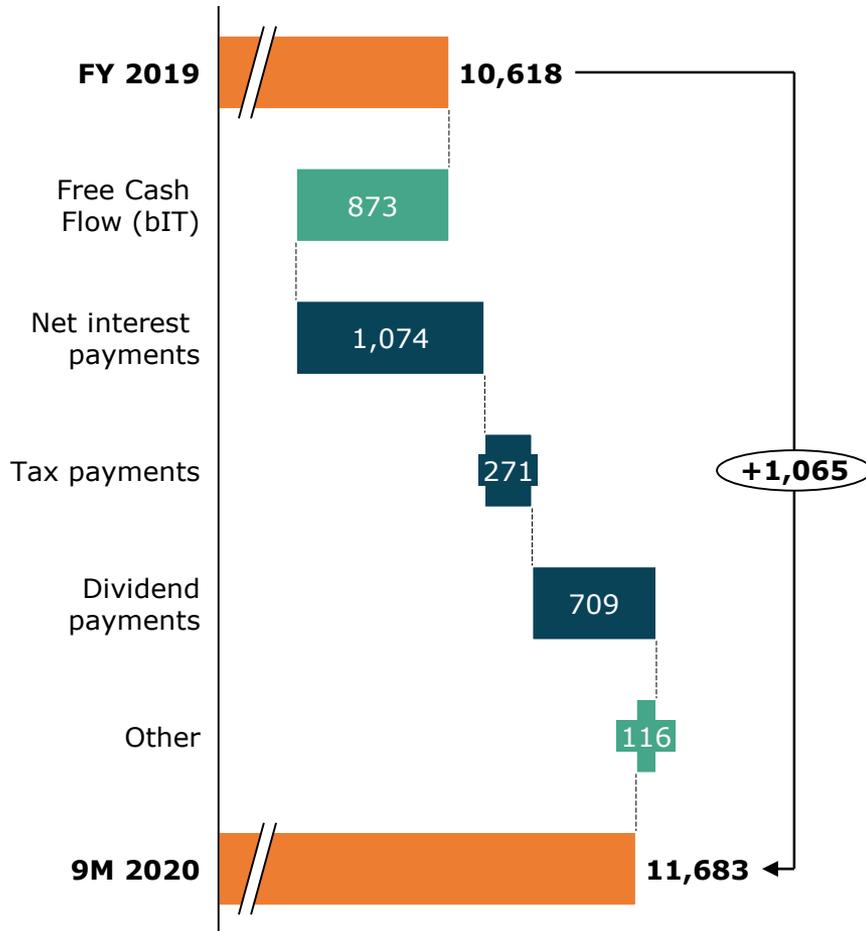
Weighted average bond interest rates (CPI-linked)



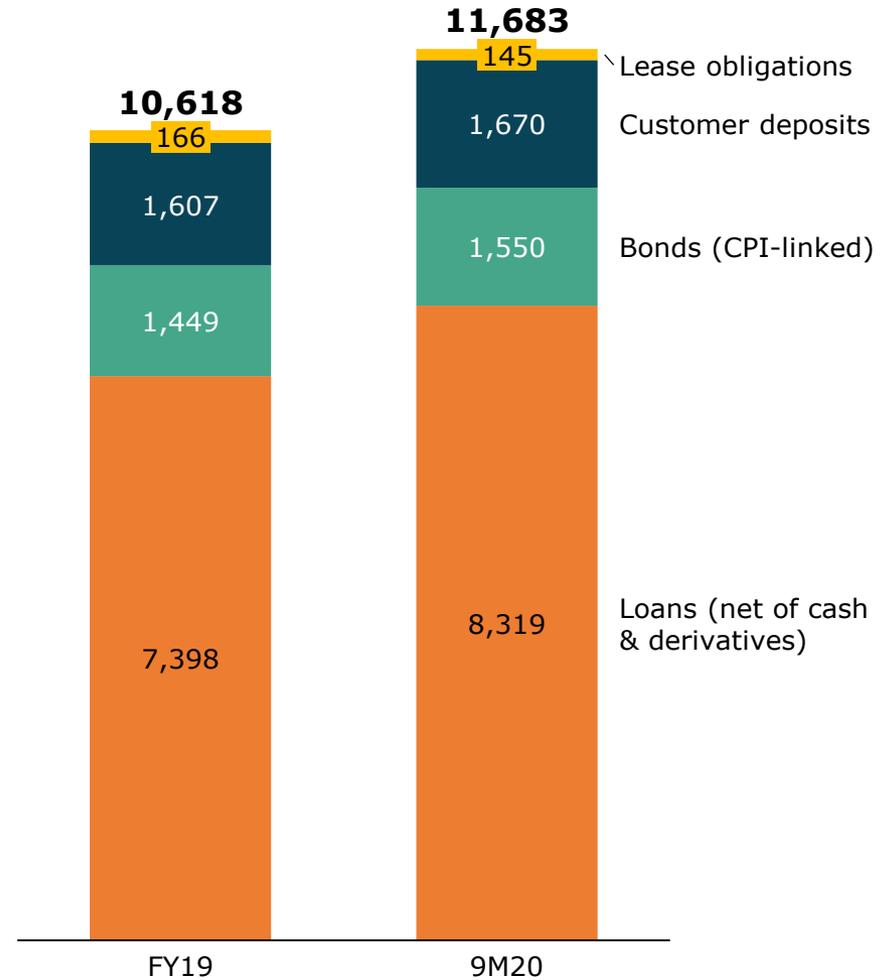


Economic Net Debt

Economic Net Debt development (TLm)



Economic Net Debt composition (TLm)





Outlook 2020

Positive trend continues

Operational Earnings

Outlook 2020 reiterated:
>inflation growth

Regulated Asset Base

Outlook 2020 revised:
~9.7bnTL

Underlying Net Income*

Outlook 2020 revised upwards:
~ 40% growth

Free Cash Flow (after interest and tax)

Outlook 2020 specified:
Free cash flow at least at low three
digit mn TL level

*Based on 4th tariff (2021-2025) period company estimations



Appendix



Summary Financial Statements

Consolidated Income Statement

	1 January 30 September	1 January 30 September
(TLm)	2019	2020
Sales Revenue	14,566	16,887
Cost of Sales	-10,349	-12,220
Gross Profit	4,217	4,667
OPEX	-1,511	-1,761
Other Income/(Expense)	-344	-127
Operating profit before finance income/(expense)	2,362	2,779
Financial Income/(Expense)	-1,255	-1,047
Profit before tax	1,107	1,732
Taxation	-317	-385
Net Income	790	1,347

	1 January 30 September	1 January 30 September
(TLm)	2019	2020
Operating profit before finance income/(expense)	2,362	2,779
Adjustment of depreciation and amortization	268	301
Adjustments related to operational fx gains and losses	3	34
Adjustments related to fair value difference arising from deposits	60	103
Interest income related to revenue cap regulation	-8	-31
EBITDA	2,684	3,186
CAPEX Reimbursements	793	1,006
EBITDA+CAPEX Reimbursements	3,477	4,192
Fair value changes of financial assets	10	0
Non-recurring fair value changes	0	-30
Non-recurring expenses	0	26
Operational earnings	3,487	4,188

Net Income	790	1,347
Fair value changes of financial assets	8	0
Non-recurring fair value changes	0	-23
Non-recurring expenses	0	26
Non-recurring refinancing transactions fees	0	66
Underlying Net Income	798	1,416

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 2019	30 September 2020
Cash and Cash Equivalents	470	621
Financial Investments	0	128
Financial Assets	1,099	2,018
Trade Receivables	3,009	3,582
Derivative financial instruments	8	294
Other Current Assets	1,196	1,071
Current Assets	5,782	7,714
Financial Assets	9,445	9,818
Tangible and Intangible Assets	7,177	7,035
Derivative financial instruments	1	6
Other Non-Current Assets	990	875
Non-Current Assets	17,613	17,734
TOTAL ASSETS	23,395	25,448
Short-Term Financial Liabilities	3,692	3,365
Other Financial Liabilities	51	70
Trade Payables	2,612	1,683
Derivative financial instruments	67	0
Other Current Liabilities	909	1,127
Current Liabilities	7,331	6,245
Long-Term Financial Liabilities	5,378	7,271
Other Financial Liabilities	303	357
Derivative financial instruments	0	0
Other Non-current Liabilities	3,548	3,974
Long-Term Liabilities	9,229	11,602
Share Capital	1,181	1,181
Adjustment to share capital	2,627	2,416
Other Equity Items	250	613
Retained Earnings	2,777	3,391
Equity	6,835	7,601
TOTAL LIABILITIES AND EQUITY	23,395	25,448

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 September 2019	1 January 30 September 2020
(TLm)	2019	2020
Profit for the period	790	1,347
Adjustments to reconcile net profit for the period	1,078	763
Changes in operating assets and liabilities	-872	-1,319
Other inflows (incl. Capex reimbursements)	1,418	1,768
Cash Flows from Operating Activities (before interest and tax)	2,414	2,559
Tax payments	-309	-271
Cash Flows from Operating Activities (before interest, after tax)	2,105	2,288
CAPEX	-1,323	-1,686
Interest received	135	18
Purchase of debt instruments	0	-128
Cash Flows from Investing Activities	-1,188	-1,796
Cash in-flows and out-flows from borrowings	836	1,540
Interest paid	-1,520	-1,092
Dividend paid	-472	-709
Payments of finance lease liabilities	0	-79
Cash Flows from Financing Activities	-1,156	-340
Increase in cash and cash equivalents	-238	152
Cash and cash equivalents at the beginning of the period	562	470
Cash and cash equivalents at the end of the period	324	622

	1 January 30 September 2019	1 January 30 September 2020
(TLm)	2019	2020
Cash Flows from Operating Activities (before interest and tax)	2,414	2,559
CAPEX	-1,323	-1,686
Free cash flow (before interest and tax)	1,091	873
Tax payments	-309	-271
Interest received	135	18
Interest paid	-1,520	-1,092
Free cash flow (after interest and tax)	-603	-472

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



Retail: Income statement

	1 January 30 September	1 January 30 September
(TLm)	2019	2020
Sales Revenue (net)	9,452	10,960
<i>Regulated</i>	8,504	8,314
<i>Liberalised</i>	933	2,629
<i>Customer solutions</i>	15	17
Cost of Sales (-)	-8,828	-10,237
<i>Regulated</i>	-7,930	-7,760
<i>Liberalised</i>	-893	-2,472
<i>Customer solutions</i>	-5	-5
Gross Profit	624	723
OPEX	-252	-298
Other Income/(Expense)	-7	63
Operating profit before finance income/(expense)	365	488
Adjustment of depreciation and amortization	32	40
Adjustments related to fair value difference arising from deposits	60	103
EBITDA	457	631
Non-recurring fair value changes	0	-9
Non-recurring expenses	0	22
Operational earnings	457	644



Distribution: Income statement

	1 January 30 September	1 January 30 September
(TLm)	2019	2020
Sales Revenue	5,113	5,925
<i>Financial income</i>	1,497	1,687
<i>Distribution revenue</i>	2,644	2,994
<i>Pass-through transmission revenue</i>	777	1,016
<i>Lighting sales revenue</i>	195	228
Cost of Sales	-1,522	-1,983
<i>Energy purchases (Lighting, T&L)</i>	-738	-967
<i>Pass-through transmission cost</i>	-777	-1,016
<i>Other</i>	-7	0
Gross Profit	3,591	3,942
OPEX	-1,089	-1,291
Other Income/(Expense)	-341	-181
Operating profit before finance income/(expense)	2,162	2,470
Adjustment of depreciation and amortization	76	102
Adjustments related to operational fx gains and losses	3	34
Interest income related to revenue cap regulation	-8	-31
EBITDA	2,233	2,575
CAPEX Reimbursements	793	1,006
EBITDA+CAPEX Reimbursements	3,026	3,581
Fair value changes of financial assets	10	0
Non-recurring fair value changes	0	-21
Operational earnings	3,036	3,560



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Financial calendar 2020

Earnings Call

4.11. — 3Q/9M 2020
↓



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