



ENERJİSA
Türkiye'nin Enerjisi
Energy of Turkey

ENERJİSA ENERJİ ANONİM ŞİRKETİ

**ACTIVITY REPORT
FOR THE PERIOD OF
01.01.2018 – 30.09.2018**

1- GENERAL INFORMATION

a) Accounting period that the report relates to	: 01 January 2018 – 30 September 2018
b) Trade-name of the Company	: ENERJİSA ENERJİ ANONİM ŞİRKETİ
Trade registration number	: 800865
Head office contact details and website address	: Sabancı Center 4. Levent Beşiktaş- ISTANBUL Phone : 0212 385 88 66 Fax : 0212 385 88 55 e-mail : enerjisa-info@enerjisa.com website : www.enerjisa.com.tr

c) The organization, capital and shareholding structures of the Company and related changes in the fiscal period

Members of the Board of Directors:

The members of the Company's Board of Directors and independent board members are as follows:

- Kivanç ZAIMLER - Chairman
- Eric René C. DEPLUET - Vice Chairman
- Cenk ALPER - Member
- Manfred Michael PAASCH - Member
- Barış ORAN - Member
- Eva-Maria Verena VOLPERT - Member
- Fatma Dilek YARDIM - Independent Board Member
- Mehmet SAMİ - Independent Board Member

Above stated members of the board of directors excluding Kivanç ZAIMLER, Mr. Eric René C. DEPLUET and Manfred Michael PAASCH started their duties as of 29 March 2018 and they were elected for 3 years until the General Assembly meeting to be held in 2021.

Effective as of June 15, 2018, Mr. Keith PLOWMAN, Vice Chairman of the Board of Directors resigned his positions and Mr. Eric René C. DEPLUET was appointed as the new Vice Chairman of the Board of Directors for 3 years.

Effective as of July 1, 2018, Mr. Mehmet GÖÇMEN, Chairman of the Board of Directors resigned his positions and Mr. Kivanç ZAIMLER was appointed as the new Chairman of the Board of Directors for 3 years.

Effective as of August 27, 2018, Mr. Eduard Hans-Jochen KLEY, resigned his position and Mr. Manfred Michael PAASCH was appointed as the new Member of the Board of Directors for 3 years.

Shareholding Structure of the Company:

Shareholder Name	Share / Voting Right			
	31.12.2017		30.09.2018	
	(TL)	(%)	(TL)	(%)
Hacı Ömer Sabancı Holding A.Ş.	590,534,483.56	50.0	472,427,587.56	40.0
DD Turkey Holdings S.A.R.L.	590,534,483.56	50.0	472,427,587.56	40.0
Other (Public)	-	-	236,213,792.00	20.0
TOTAL	1,181,068,967.12	100.0	1,181,068,967.12	100.0

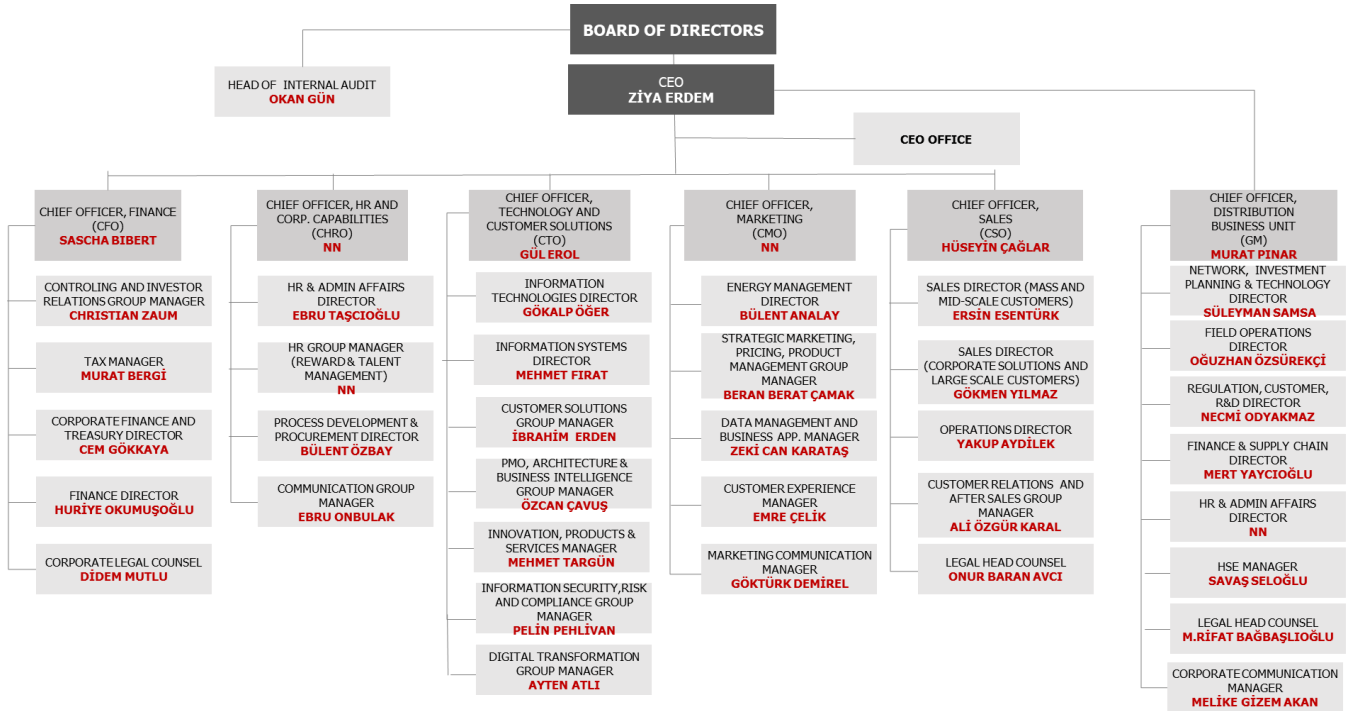
Changes that occurred in the Company Capital during the Period:

The shares representing the capital of the Company amounting to TL 1,181,068,967.12 were quoted in accordance with Article 8 of the Quotation Directive. The shares with a nominal value of TL 236,213,792 were offered to the public and started trading on 8 February 2018 in Borsa İstanbul A.Ş. Stars Market.

ç) Remarks on privileged shares and voting rights of such shares, if any: Not available.

d) Information on the management body, senior officers and number of employees:

As of 30 September 2018 the organization of Enerjisa management is as below:



Senior Management (Reflecting the developments after the reporting period):

- Hüseyin Yusuf Ziya Erdem, CEO and Chief Officer, Sales (CSO) (Acting)
- Sascha Bibert, Chief Financial Officer (CFO)
- Fezal Okur, Chief Officer, Strategy and Business Development (CSBDO)
- Gül Erol, Chief Officer, HR and Information (CHRIO)
- Murat Pınar, Chief Officer, Distribution Business Unit (GM)

Effective as of July 1, 2018, Mr. Kıvanç ZAIMLER, Chief Executive Officer (CEO) resigned his position and Mr. Hüseyin Yusuf Ziya ERDEM was appointed as the new Chief Executive Officer (CEO).

Effective as of October 1, 2018, Fezal Okur was appointed as Head of Strategy and Business Development reporting to the CEO.

Effective as of October 1, 2018, Gül Erol was appointed as Head of Human Resources and IT reporting to the CEO.

Hüseyin Çağlar, who is in the position of Chief Officer, Sales (CSO) reporting to the CEO of our company, had left his position effective as of September 30, 2018.

The group has 9,809 employees as of 30.09.2018.

e) Rights and benefits granted to employees:

Employees working under the structure of Enerjisa Enerji A.Ş. are paid 12 salaries plus 4 monthly bonus payments in a year.

f) Information on the transactions executed by the members of the management body with the company on their own behalf or on behalf of others within the framework of the permission granted by the general assembly of the company as well as their activities under the scope of prohibition of competition, if any:

The Chairman and the Members of the Board of Directors may not execute any transaction with the company on their own behalf or for or on account of others, personally or indirectly, without the prior permission of the General Assembly. During the period of 01.01.2018 – 30.09.2018, the members of our Board of Directors neither executed any transaction with the company, nor been involved in any attempts that can compete with the company in its fields of operation.

2- FINANCIAL RIGHTS GRANTED TO THE MEMBERS OF THE MANAGEMENT BODY AND THE SENIOR-LEVEL EXECUTIVE OFFICERS

Key management includes Chairman and members of the Board of Directors, General Manager, Heads of Units and Directors. The compensation paid or payable to key management for employee services is shown below in thousands of Turkish Lira:

	1 January - 30 September 2018	1 January - 30 September 2017
Short-term employee benefits	16,907	15,841
Long-term employee benefits	588	202
Termination benefits	-	107
	<u>17,495</u>	<u>16,150</u>

3- RESEARCH AND DEVELOPMENT ACTIVITIES

There are no research and development activities conducted by the company during the period of 01.01.2018 – 30.09.2018.

4- COMPANY'S OPERATIONS AND RELATED MAJOR DEVELOPMENTS

a) Information on the main developments during the related fiscal period:

The draft Prospectus regarding public offering of our company was submitted to the approval of the Capital Markets Board of Turkey ("Board") at the end of 2017; and the draft Prospectus was approved by the Board on 25 January 2018 in accordance with the Board decision 29833736-105.01.01.01-E.890. On the same date, approved Prospectus and Annexes were announced to the public on our website and on the Public Disclosure Platform ("PDP").

Upon approval of initial public offering (IPO) prospectus by the Board, the shares of Enerjisa Enerji A.Ş., which were offered to public on 1-2 February 2018, started trading on 8 February 2018 in BIST Stars Market, at TL 6.25 base price.

The Company held its Ordinary General Assembly for 2017 on May 29, 2018. The minutes of the meeting were announced to the public on our website and at PDP. According to the decision taken at the meeting:

Pursuant to review of Consolidated Financial Statements for the year 2017 prepared in accordance with the Turkish Financial Reporting Standards, it was resolved to distribute profit as follows from 988,009,000.00 TL Consolidated Net Profit incurred between 01.01.2017 - 31.12.2017 after deducting 54,262,771.98 TL general legal reserves;

- Payment of Gross 354,320,690.14 TL dividend in cash (Gross 30%, net 25,5%) to the shareholders who are representing the 1,181,068,967.12 TL capital,
- To reserve the remaining amount as extraordinary reserves,
- In the statutory financials recorded in accordance with the Tax Procedure Law, the loss for Previous Years in amount of TL 51,608,780.62 has been netted off with Share Premium,

and it was resolved to distribute the cash dividend, beginning from 3 April 2018.

Dividends derived from the Group's distributable earnings at 2017 have been distributed within April.

Enerjisa Müşteri Çözümleri A.Ş. acquired 80% of the shares of Eşarj Elektrikli Araçlar Şarj Sistemleri Anonim Şirketi ("Eşarj") with an amount of TL 4,000,000 on 26 April 2018. Group recognized TL 3,997,000 of this amount under other intangible assets. However, TL 200,000 portion of this price will be accounted as contingent liabilities for 13 months following the purchase transaction and on condition that there exists no receivable which the Group had notified the Sellers following the expiration of such period, TL 200,000 shall be paid to the Sellers. Eşarj is mainly involved in the operation of charging network for electric vehicles and supply of charging stations equipment.

The Competition Authority conducted an examination for electricity distribution and electricity retail sales companies in the market. Within this scope the Competition Authority rendered a decision to start an investigation against our electricity distribution and incumbent retail company in the İstanbul Anatolian Side distribution region and our incumbent retail companies in the Toroslar electricity

distribution region and Başkent electricity distribution region to determine whether the companies had violated Article 6 of the Law on the Protection of Competition in December 2016.

The Competition Board has announced its short decision on August 9, 2018 and has imposed İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş., Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş., Enerjisa Başkent Elektrik Perakende Satış A.Ş. ve Enerjisa Toroslar Elektrik Perakende Satış A.Ş. a total administrative fine in the amount of TL 143,061,738.12. The reasoned decision is expected to be rendered within the course of 2018.

As a consequence, Enerjisa reported a corresponding provision expense of 107,296,303.59 TL in the first 9 months accounts, as a discount of 25% can be applied to the fine in case the payment is made within 30 days as of the submission date of the reasoned decision. In our 9 months accounts the net profit impact was the aforementioned TL 107,296,303.59, while underlying net income was not affected.

The board has decided that there is no need to impose an administrative fine to Enerjisa Enerji A.Ş., Toroslar Elektrik Dağıtım A.Ş. and Başkent Elektrik Dağıtım A.Ş.

Our subsidiaries will use their legal rights with respect to the said monetary penalty, and the developments related to this matter will be shared with our investors in accordance with the public disclosure requirements.

b) Information on the operational developments during the related fiscal period:

Operational earnings (EBITDA + Capex reimbursements excluding exceptional items) of Enerjisa Enerji A.Ş. have increased by TL 991 million (+57%) from TL 1,744 million in 9M 2017 to TL 2,735 million in 9M 2018.

This increase in operational earnings was mainly driven by the Distribution segment, which as of the 9M 2018 contributed 88% of operational earnings for Enerjisa Enerji. First and foremost, the increase in earnings for the Distribution segment is a result of TL 366 million higher financial income driven by both higher Regulatory Asset Base, which grew from TL 5.0 billion as of 9M 2017 to TL 6.8 billion as of 9M 2018, as well as the announced increase in regulatory WACC from 11.91% to 13.61%.

Furthermore, Capex reimbursements increased by TL 155 million from TL 444 million in 9M 2017 to TL 599 million in 9M 2018. Next to increased returns from our Regulatory Asset Base, earnings contributions from efficiency gains and regulatory outperformance items increased as well, especially driven by the newly implemented quality bonus mechanism as well as theft accrual collections. Compared to 9M 2017 efficiency & quality contributions increased by 209 million from TL mainly due to:

- 68 million from TL quality bonus due to retrospective bonus for Capex realizations in the years 2016 and 2017 and;
- 155 million from TL theft accrual collection upside related to update on base value calculation, 35% higher retention rate in theft accrual mechanism and improved theft detection performance.

The contribution of the Retail segment in operational earnings increased in 2018, mainly driven by significant increase in regulated gross profit by TL 227 million from TL 239 million in 9M 2017 to TL 466 million in 9M 2018 mainly due to:

- Increase in regulated volumes: Regulated volumes increased by 10.7TWh from 17.1TWh in 9M 2017 to 27.8TWh in 9M 2018. Higher regulated market volume effect mainly due to customers shifted from liberalized market and increase in corporate segment portfolio. This increase overcompensated the volume decrease in liberalized market from 8.4TWh in 9M 2017 to 3.4TWh in 9M 2018.
- Higher retail service revenue mainly driven by increase in regulated market customer base and index impact.
- Inclusion of FIT costs in regulated margin calculation: 2.38% margin started to be applied on other costs in the regulated segment including the feed-in-tariff cost.

Enerjisa Enerji A.Ş. Underlying Net Income increased by TL 340 million from TL 284 million in 9M 2017 to TL 624 million in 9M 2018. While operational earnings (excluding CAPEX reimbursements) increased by TL 836 million, this was partially compensated by TL 334 million higher financial expenses driven by higher average loan volume as well as higher average cost of financing. Average cost of financing has increased from 13% in 9M 2017 to 15.9% in 9M 2018. Furthermore, tax expenses increased by TL 175 million from TL 150 million in 9M 2017 to TL 325 million in 9M 2018 which is a result of higher pre-tax earnings and increase in income tax rate by 2% in 2018.

Net debt has increased from TL 7.3 billion at year-end 2017 to TL 8.9 billion at the end of 9M 2018 as a result of continued high investment levels and consequently negative Free Cash Flow after interest and tax.

c) Information on the investments made by the Company during the related fiscal period:

As of September 30, 2018, Enerjisa with approximately 11.1 million distribution connection points and with approximately 9.4 million customers is the leading downstream electricity company. The activities conducted by our Company, i.e. the umbrella company housing under its structure the operational companies such as İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. (Istanbul Anatolian Side Electricity Distribution Co.), Başkent Elektrik Dağıtım A.Ş. (Başkent Electricity Distribution Co.), Toroslar Elektrik Dağıtım A.Ş. (Toroslar Electricity Distribution Co.), Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. (Istanbul Anatolian Side Electricity Retail Sales Co.), Enerjisa Başkent Elektrik Perakende Satış A.Ş. (Enerjisa Başkent Electricity Retail Sales Co.), Enerjisa Toroslar Elektrik Perakende Satış A.Ş. (Enerjisa Toroslar Electricity Retail Sales Co.), Enerjisa Müşteri Çözümleri A.Ş. (Enerjisa Customer Solutions) and E-şarj Elektrikli Araçlar Şarj Sistemleri A.Ş. ("Electric Vehicles and Charging Stations Co.). Our Company does not make any direct investment, but participate in the operational companies under its structure.

d) Information on the internal control system and internal audit activities of the Company and the related opinion of the management body:

Internal audit activities related with the efficiency of the internal control system of the Company are planned and conducted by the Internal Audit Department. The audit results are shared with Enerjisa Enerji A.Ş. Audit Committee composed of independent BoD members only and the company management and the planned actions are monitored.

e) Information on the Company's direct or indirect participations/subsidiaries and the share ratios:

The direct participation shares held by the Company are as follows

	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group %		Principal activity
		30 September 2018	31 December 2017	
Başkent Elektrik Dağıtım A.Ş.	Ankara	100	100	Electricity distribution services
Enerjisa Elektrik Perakende Satış A.Ş.	Ankara	100	100	Electricity retail services
İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş.	İstanbul	100	100	Electricity distribution services
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	İstanbul	100	100	Electricity retail services
Toroslar Elektrik Dağıtım A.Ş.	Adana	100	100	Electricity distribution services
Enerjisa Toroslar Elektrik Perakende Satış A.Ş.	Adana	100	100	Electricity retail services
Enerjisa Müşteri Çözümleri A.Ş.	İstanbul	100	100	Customer solutions and distributed generation services
E-şarj Elektrikli Araçlar Şarj Sistemleri A.Ş.	İstanbul	80	-	Electric vehicles and charging stations equipment services

f) Information on the own shares of the company acquired:

The company does not own any shares in the related period.

g) Information on private audit and public audit conducted in the fiscal period:

The financial reports of our Company for the period of 01.01.2018 – 30.09.2018 prepared in accordance with IFRS was not independently audited.

There is no public audit conducted in relation to our Company within the period that ended by 30.09.2018.

h) Information on legal actions filed against the Company which might adversely affect the financial situation and operations of the Company and their possible consequences:

There are no cases filed against the Company within the period of 01.01.2018 – 30.09.2018, which may adversely affect the financial situation and operations of the Company.

i) Information on the administrative or judicial sanctions imposed on the Company and the members of its management body for practices in breach of the provisions of applicable legislation:

There is no judicial or administrative sanction imposed on the Company and the members of the Board of Directors for practices contrary to applicable laws and regulations.

j) Information and evaluation on whether the goals set in the previous periods were achieved, and whether the decisions of the general assembly were implemented, and if not, the related reasons for failure to achieve such goals or to implement such decisions:

There has been no major deviation from our Company's budgetary targets for the period of 01.01.2018 – 30.09.2018.

k) If any extraordinary general assembly meeting has been held during the year, information on such extraordinary general assembly meeting including the date of the meeting, the decisions taken in such meeting and the related activities:

None.

l) Information on the Company's donations and aids and its expenditures made on social responsibility projects during the year:

Our Company has made donations and aids at the amount of TL 133,213 within the period of 01.01.2018 – 30.09.2018.

m) If a company operating under a group of companies; legal actions taken with the parent company, or any subsidiary of the parent company in favour of the parent company or any subsidiary thereof upon the instructions of the parent company and all the other measures taken or avoided in favour of the parent company or any subsidiary thereof in the previous fiscal year:

There are no legal actions that we have taken with Hacı Ömer Sabancı Holding A.Ş., DD Turkey Holdings S.A.R.L. or any subsidiary thereof or in favour of them or any of their subsidiaries upon their instructions; and there are no actions taken or avoided in favour of ve Hacı Ömer Sabancı Holding A.Ş., DD Turkey Holdings S.A.R.L. or any of their subsidiaries.

n) The company's sources of finance and the nature and value of the capital markets instruments issued, if any

Enerjisa Group mostly uses sources of finance via the loans received from the Turkish banks in Turkish Lira. The Group has a total of TL 1,352,000,000 bonds in circulation as of 30 September, 2018. There are no new bonds issued within the period.

As per the Issuance Certificate approved by the Capital Markets Board with decision numbered 28/961 on 21 July 2017; the Company issued a CPI Indexed bond on 5 April 2018 with 1,820 days maturity, nominal amount of TL 162,000,000, semiannual coupon payments and principal payment at the maturity.

o) Events that occurred after the Balance Sheet Date

Applicable starting from 1 October 2018, EMRA has announced that distribution tariff has been increased by 14,1% - 27% and the reactive energy fee has been decreased by 3% for the customer / tariff groups in national tariff.

p) Other issues not included in the financial statements, but useful to know for interested parties

None.

q) If a company operating under a group of companies; information about whether a counter action was provided appropriate for each legal action and whether the measure taken or avoided caused the company to suffer a loss; and if the company suffered a loss, whether it was compensated or not according to the situation and conditions known by them at the time when the legal action or the measure mentioned in the subparagraph (i) was performed or taken or avoided:

To the best of our knowledge of current conditions, the legal actions taken by our Company with the controlling companies or any of their subsidiaries or in favour of the controlling companies or any of their subsidiaries upon the instructions of the controlling companies and all the other measures taken or avoided in favour of the controlling companies or any of their subsidiaries in the fiscal period of 01.01.2018 – 30.09.2018 were evaluated in the form of a report under the scope of all transactions performed between our Company and the controlling company and its affiliated companies during the Fiscal Period of 01 January 2018 – 30 September 2018, which were conducted in full conformity with the honest and fair accounting principles according to the conditions well known to us. Our company did not suffer any loss resulting from any transaction executed under known conditions in connection with the Fiscal Period of 01.01.2018 – 30.09.2018.

5- FINANCIAL SITUATION

a) Management body's analysis and assessment of the financial position and operational results, the extent of realization of planned activities, and the company's position against defined strategic goals:

Our Company's financial results for the period of 01.01.2018 – 30.09.2018 are provided in the enclosed Balance Sheet and Income Statement.

b) Company's sales, productivity, income generation capacity, profitability and debt to equity ratio within the year in comparison with the previous years, and information on any other issues that might suggest the company's operational results and future expectations:

The Company's gross profit as of 30 September 2018 is TL 3,495,574,000.

The Company's net debt to equity ratio has been recorded as 58% in the period of 01.01.2018 – 30.09.2018.

There is no revenue risk predicted for the Company.

c) Determination about whether the Company's capital has remained without reserve or whether it has run into debt and the management body's evaluations related thereof:

The Company is not in a deep-in-debt (technical bankruptcy) situation according to the evaluations made pursuant to Article 376 of the Turkish Commercial Code.

d) Measures planned to improve the financial structure of the Company, if any:

Since the Company's financial and capital structures are strong, there are no measures planned to be taken to improve the financial structure of the Company.

6- AMENDMENTS TO ARTICLES OF ASSOCIATION MADE IN THE PERIOD AND THE RELATED REASONS

The Article 4 ("Purpose and Field of Operation") of the articles of association of the Company was amended during the General Assembly Meeting held on 29 March 2018 in accordance with the required permits of the Capital Markets Board and Ministry of Customs and Trade.

7- RISKS AND THE EVALUATION OF THE MANAGEMENT BODY

Energisa's Risk Management Framework aims to define all risks and opportunities, which may cause a deviation from financial, operational and strategic plans and enables to assess, classify and mitigate these risks through various methodologies. Ultimate goal of the framework is to provide transparency to management functions and influence decision making processes via regular reporting.

All risks and opportunities are identified through a detailed assessment process. For each risk and opportunity, best, base and worst cases are simulated with their probability of occurrence. For the risks that are not easy to quantify, impact and occurrence levels are defined based on other approaches and prioritised accordingly. These assessments form the basis of the Enerjisa Risks and Opportunities reporting, which is presented to top management as well as to the Enerjisa Early Risk Detection Committee.

a) Risk Management Framework of Enerjisa

Enerjisa's Risk Management Framework aims to define all risks and opportunities, which may cause a deviation from financial, operational and strategic plans and enables to assess, classify and mitigate these risks through various methodologies. Ultimate goal of the framework is to provide transparency to management functions and influence decision making processes via regular reporting.

b) Key Risks and Opportunities

Due to the nature of the electricity distribution and retail business, Enerjisa is exposed to various risks and opportunities throughout the value chain. Based on their sources, risks and opportunities are classified in four categories and monitored accordingly.

i. Regulatory Risks and Opportunities

The electricity distribution and retail businesses are regulated businesses under the supervision of EMRA and are governed by the Electricity Market Law and relevant secondary regulations. For regulated customers Enerjisa applies the National Tariff which is determined by EMRA on a quarterly basis. Among other components, the National Tariff is composed of a regulated distribution tariff and a regulated retail sales tariff. EMRA determines the components of the National Tariff for each tariff implementation period, and the 3rd tariff implementation period covers the period between 2016 and 2020. However, the final values of the Distribution Tariff and Retail Energy Sales Tariff, which are reflected to end-users' invoices, are determined by EMRA on a quarterly basis, in order to reflect changes in market costs to tariffs.

As the majority of Enerjisa revenue is generated from our electricity distribution operations and retail sales to regulated customers, which are both subject to regulated tariffs set by EMRA, any change on these tariff components and/or calculation methodologies mean a significant deviation from Enerjisa plans.

Additionally, the regulations issued by EMRA, among other matters, impose organizational and operational restrictions on, and requirements with respect to our electricity distribution and retail sales operations. These requirements and restrictions are audited by regulatory authorities (mainly by EMRA) and any non-compliance detected upon these audits may have an adverse effect on Enerjisa financial and operational plans.

Enerjisa engages in regular and constructive consultations with sector participants to monitor regulatory related risks and opportunities. Additionally, through transparent reports and structured projects, Enerjisa, as the market leader, actively seeks a rational fact-based discussion with all sector participants.

ii. Market Risks and Opportunities

Enerjisa is subject to financial market risks relating to interest rate fluctuations due to our financial borrowings as well as foreign exchange rate fluctuations due to Feed-in-Tariff regulation.

Enerjisa is also subject to commodity market risks related to OTC price and volume fluctuations due to our sourcing strategy for retail sales business and other commodity price fluctuations due to our raw material procurements (transaction are in local currency, but highly correlated with related commodity prices) for the Distribution business.

Enerjisa uses systematic approaches to forecast market parameters such as price, rates, demand etc. Existing and expected exposures are monitored regularly and through hedging operations the risk exposure is kept at an optimum level. Hedging strategies, their effectiveness and further plans are discussed regularly in the Finance Committee and Commodity Risk Committee.

iii. Credit Risks and Opportunities

Enerjisa retail companies are exposed to counterparty credit risk with respect to the collection of invoices for regulated and liberalized customers.

Enerjisa distribution companies are also exposed to counter-party credit risk in respect of their distribution system users, municipalities and provincial special administrations that are in our distribution regions and use the general illumination. However, as Distribution companies receive reimbursements for overdue receivables from EMRA within two years, credit risk for our Distribution business only has a cash flow rather than a revenue impact.

Enerjisa is exposed to credit risk with respect to it's transactions with financial counterparties (mainly loan providers).

Enerjisa manages credit risks by requiring security deposits from regulated customers and letters of guarantee or other form of securities from liberalised customers to secure present and future invoices. Timely invoicing, efficient receivable management and credit scoring of large customers enables Enerjisa to mitigate credit risk as much as possible.

For the mitigation of financial counterparty credit risks, among reporting and monitoring activities, diversification of banks as well as financial instruments in our loan portfolio is ensured.

iv. Operational Risks

All processes throughout the value chain in Enerjisa are exposed to operational risks such as Information, Technologies (availability, integrity, security of data), Health and Safety (mostly in Distribution business), Environment and Reputation risks are the main categories that are identified and managed accordingly.

For all types of operational risks, relevant procedures and policies are structured and published in Enerjisa's quality systems. Committees are assigned to review all event occurrences and to monitor existing mitigation actions.

c) Enerjisa Risk Monitoring Procedure

All risks and opportunities are identified through a detailed assessment process. For each risk and opportunity, best, base and worst cases are simulated with their probability of occurrences. For the risks that are not easy to quantify, impact and occurrence levels are defined based on other approaches and prioritized accordingly. These assessments form the basis of the Enerjisa Risks and

Opportunities reporting, which is presented to top management as well as to the Enerjisa Early Risk Detection Committee.

d) Enerjisa Early Risk Detection Committee

The Enerjisa Board delegates the monitoring of risks to the Early Risk Detection Committee. Members to the committee are selected board members (including two independent members) as well as the Enerjisa CFO. Aside from receiving regular Risks and Opportunities reports, each meeting agenda includes an in-depth review of a prioritized topic. The Early Risk Detection Committee reports directly to the Enerjisa Board.

Early Risk Detection Committee is responsible to advise Board regarding risk and opportunity definitions which threat company's existence and strategies, relevant mitigation actions, early detections and precautions. Following Board review, agreed actions are monitored by the Enerjisa CFO and Early Risk Detection Committee.

The meetings of the Committee are organized at least four times (once every three months around quarter closings) per year. In the first 9 months of 2018, the Early Risk Detection Committee has convened three times. Meeting date and in-depth review topic has been the following:

Meeting Date	In-Depth Review Topic
20 February 2018	Distribution Business Regulatory Highlights
02 May 2018	Introduction to Risk Management at Enerjisa
31 July 2018	Review and Approval of Group Risk Policy and Early Risk Detection Committee Charter

Best regards,

Report date: 05.11.2018

Hüseyin Yusuf Ziya Erdem, CEO

Sascha Bibert, CFO

ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018**

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

ASSETS	Notes	Unaudited / current period 30 September 2018	Audited / prior period 31 December 2017
Current Assets		6,373,703	4,077,430
Cash and Cash Equivalents	22	249,341	172,750
Financial Assets	8	800,149	691,860
Trade Receivables	6	3,688,758	2,382,440
<i>Due from related parties</i>	5	<i>133,810</i>	<i>40,859</i>
<i>Due from third parties</i>		<i>3,554,948</i>	<i>2,341,581</i>
Other Receivables	7	666,958	439,967
<i>Due from related parties</i>	5	-	598
<i>Due from third parties</i>		<i>666,958</i>	<i>439,369</i>
Derivative Financial Instruments	20	625,450	19,867
Inventory		150,867	101,754
Prepaid Expenses		162,445	199,638
Assets Related with Current Taxes	18	9,015	11,215
Other Current Assets		20,720	57,939
Non-Current Assets		15,774,154	14,508,548
Other Receivables	7	779,316	473,505
<i>Due from third parties</i>		<i>779,316</i>	<i>473,505</i>
Derivative Financial Instruments	20	22,907	24,187
Financial Assets	8	7,083,034	5,746,571
Property, Plant and Equipment	9	152,239	154,059
Intangible Assets	10	7,528,221	7,687,296
<i>Goodwill</i>		<i>2,730,031</i>	<i>2,730,031</i>
<i>Other intangible assets</i>		<i>4,798,190</i>	<i>4,957,265</i>
Prepaid Expenses		1,888	4,840
Deferred Tax Assets	18	41,660	209,957
Other Non-Current Assets		164,889	208,133
TOTAL ASSETS		22,147,857	18,585,978

ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018**

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

LIABILITIES	Notes	Unaudited / current period 30 September 2018	Audited / prior period 31 December 2017
Current Liabilities		7,446,219	4,832,034
Short-Term Financial Liabilities	19	1,917,527	795,658
Short-Term Portion of Long Term Financial Liabilities	19	2,340,147	1,143,282
Other Financial Liabilities	19	50,760	30,009
Trade Payables	6	1,847,121	1,512,499
<i>Due to related parties</i>	5	17,142	145,093
<i>Due to third parties</i>		1,829,979	1,367,406
Payables for Employee Benefits		52,254	49,983
Other Payables	7	244,789	185,990
<i>Due to third parties</i>		244,789	185,990
Derivative Financial Instruments	20	607	1,797
Deferred Income		414,202	605,658
Income Tax Liability	18	16,420	3,725
Short-Term Provisions		293,172	179,962
<i>Provisions for employment benefits</i>		3,885	22,724
<i>Other short-term provisions</i>		289,287	157,238
Other Short-Term Liabilities		269,220	323,471
Non-Current Liabilities		8,352,254	7,873,541
Long-Term Financial Liabilities	19	5,145,113	5,269,080
Other Financial Liabilities	19	379,954	279,657
Other Payables	7	1,482,152	1,140,458
<i>Due to third parties</i>		1,482,152	1,140,458
Deferred Income		1,771	1,161
Long-Term Provisions		109,857	92,732
<i>Provisions for employment benefits</i>		109,857	92,732
Deferred Tax Liabilities	18	1,233,407	1,090,453
TOTAL LIABILITIES		15,798,473	12,705,575

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018**

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

LIABILITIES	Notes	Unaudited / current period 30 September 2018	Audited / prior period 31 December 2017
Equity		6,349,384	5,880,403
Registered Share Capital	12	1,181,069	1,181,069
Adjustments to Share Capital	12	2,784,755	2,836,364
Total Share Capital		3,965,824	4,017,433
Other Funds		4,340	4,340
Accumulated other comprehensive expenses not to be reclassified to profit or loss in subsequent periods		(5,241)	(5,241)
<i>Accumulated loss on remeasurement of defined benefit plans</i>		(5,241)	(5,241)
Accumulated other comprehensive incomes to be reclassified to profit or loss in subsequent periods		59,036	-
<i>Hedge reserves</i>		59,036	-
Restricted Profit Reserves	12	216,612	185,265
Retained Earnings		1,344,547	690,597
Profit for the Period		764,266	988,009
TOTAL LIABILITIES AND EQUITY		22,147,857	18,585,978

ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2018

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

	Notes	Unaudited / current period 1 January - 30 September 2018	Audited / prior period 1 January - 30 September 2017	Unaudited / prior period 1 July - 30 September 2018	Audited / prior period 1 July - 30 September 2017
Revenue	13	12,498,599	8,591,508	4,671,571	3,083,171
Cost of Sales (-)	14	(9,003,025)	(6,137,141)	(3,449,632)	(2,265,780)
GROSS PROFIT		3,495,574	2,454,367	1,221,939	817,391
General Administrative Expenses (-)	15	(1,286,855)	(1,035,284)	(449,583)	(354,013)
Other Income from Operating Activities	16	308,069	116,269	176,966	31,606
Other Expenses from Operating Activities (-)	16	(492,044)	(250,587)	(199,105)	(43,152)
OPERATING PROFIT BEFORE FINANCE INCOME / (EXPENSE)		2,024,744	1,284,765	750,217	451,832
Finance Income	17	74,105	73,344	17,930	57,707
Finance Expense (-)	17	(1,010,005)	(754,006)	(388,552)	(259,604)
PROFIT BEFORE TAX		1,088,844	604,103	379,595	249,935
Tax Expense		(324,578)	(150,137)	(114,301)	(58,758)
Current Tax Expense	18	(29,984)	(56,533)	8,794	(32,379)
Deferred Tax Expense (-)	18	(294,594)	(93,604)	(123,095)	(26,379)
PROFIT FOR THE PERIOD		764,266	453,966	265,294	191,177
OTHER COMPREHENSIVE INCOME AND EXPENSE					
Other Comprehensive Income or Expenses not to be reclassified to Profit or Loss in subsequent periods		-	-	-	109
<i>Loss on Measurement of Defined Benefit Obligation</i>		-	-	-	136
<i>Income Tax Relating to Other Comprehensive Expense</i>		-	-	-	(27)
Other Comprehensive Income or Expenses to be reclassified to Profit or Loss in subsequent periods		59,036	-	33,885	-
<i>Gains on Hedges</i>	20	75,687	-	43,443	-
<i>Income Tax Relating to Other Comprehensive Income</i>	18	(16,651)	-	(9,558)	-
TOTAL COMPREHENSIVE INCOME		823,302	453,966	299,179	191,286
Earnings per share					
Earnings per share (kr)	12	0.65	0.38	0.22	0.16