

# Investor Presentation



# Disclaimer

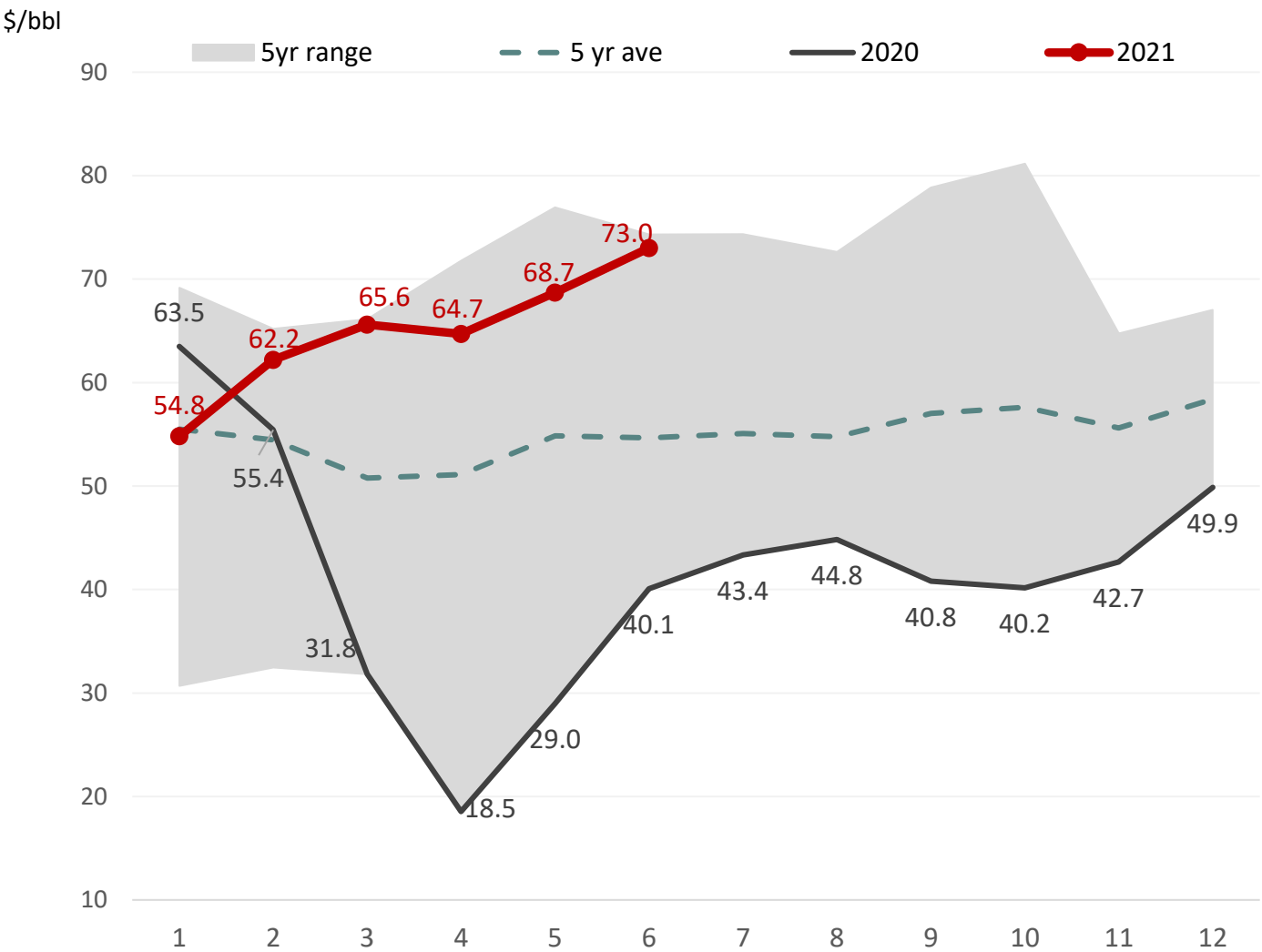
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# Refining Market

# Brent Crude Prices



- + OPEC ++ production cut
- + Impact of Iran & Venezuela sanctions
- + Escalating regional tension
- + Covid 19 vaccine discovery

- Concerns on global economic development
- Covid-19 related demand drop
- Storage capacity fill up

Year	Average Brent Prices (\$/bbl)
2016	43.7
2017	54.3
2018	71.0
2019	64.3
2020	41.7

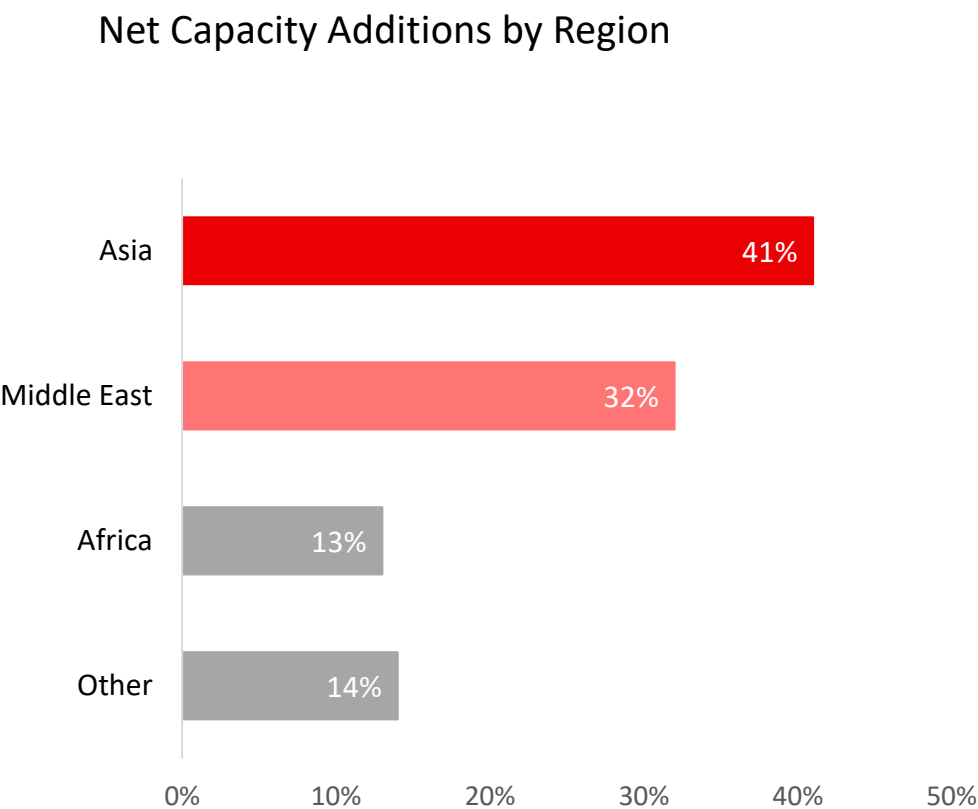
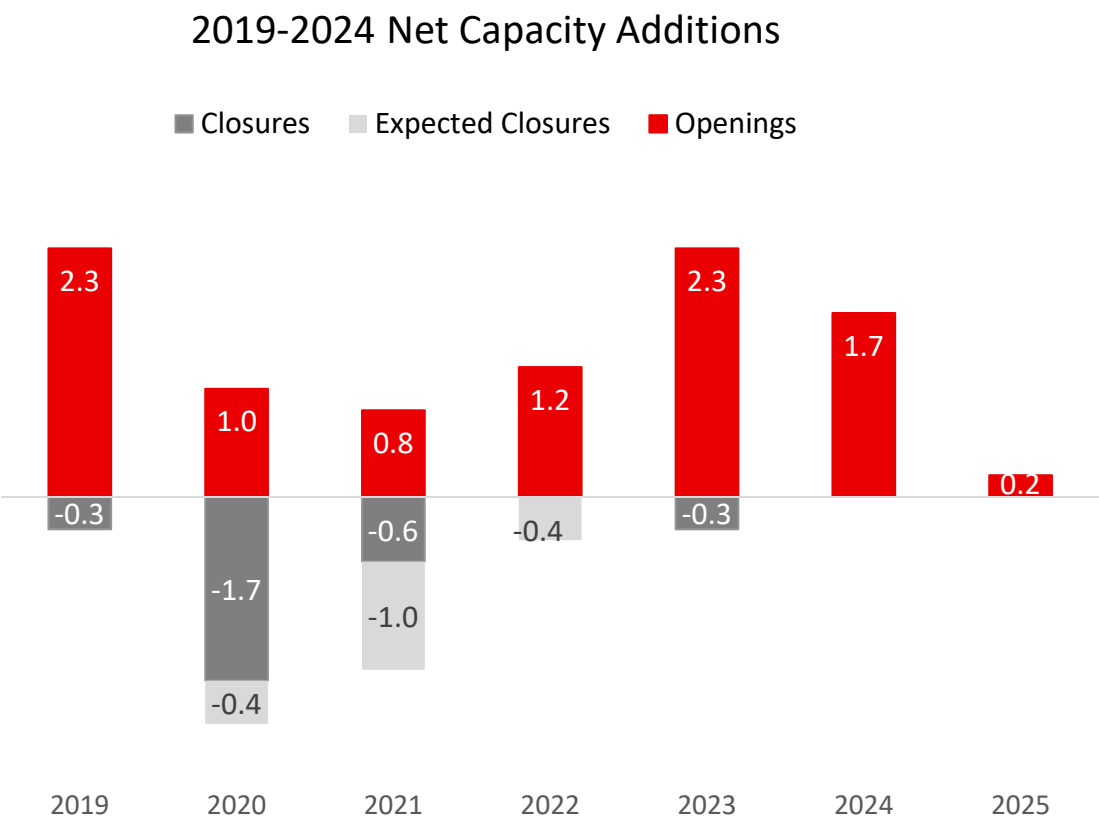
data as of 30 June 2021



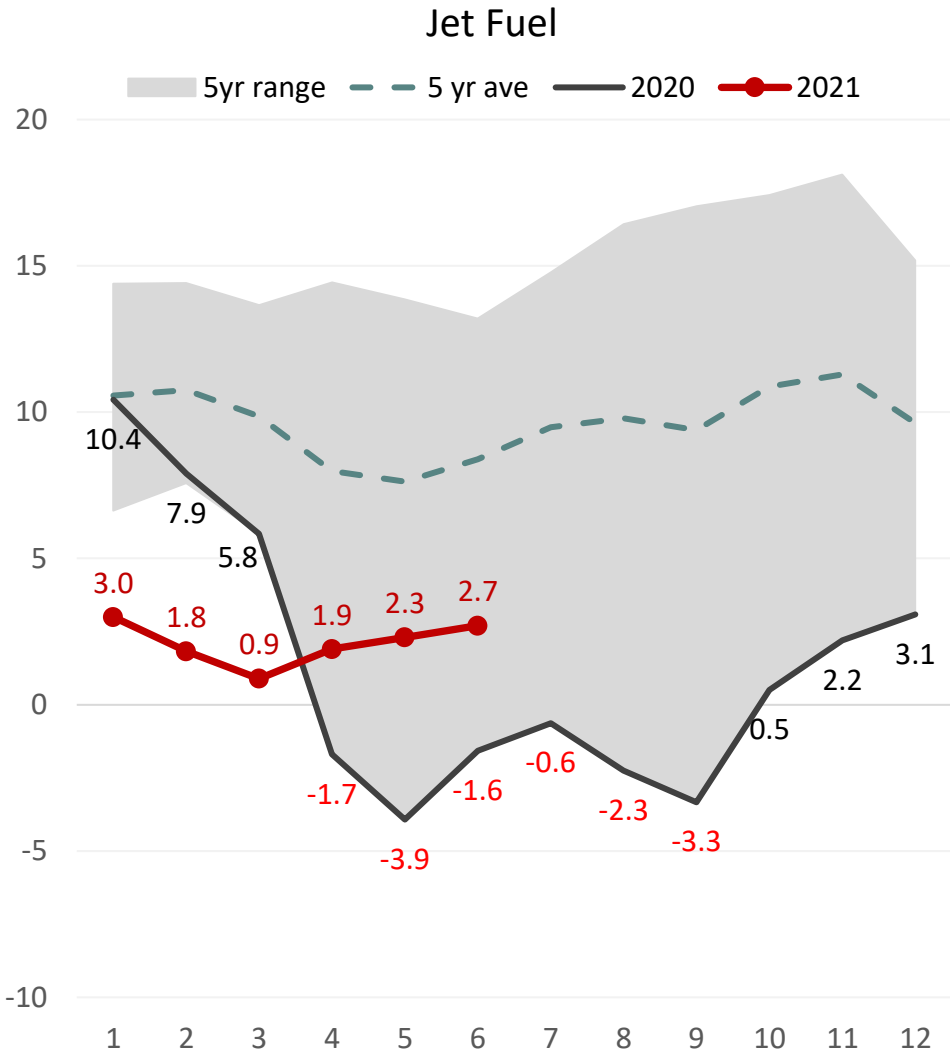
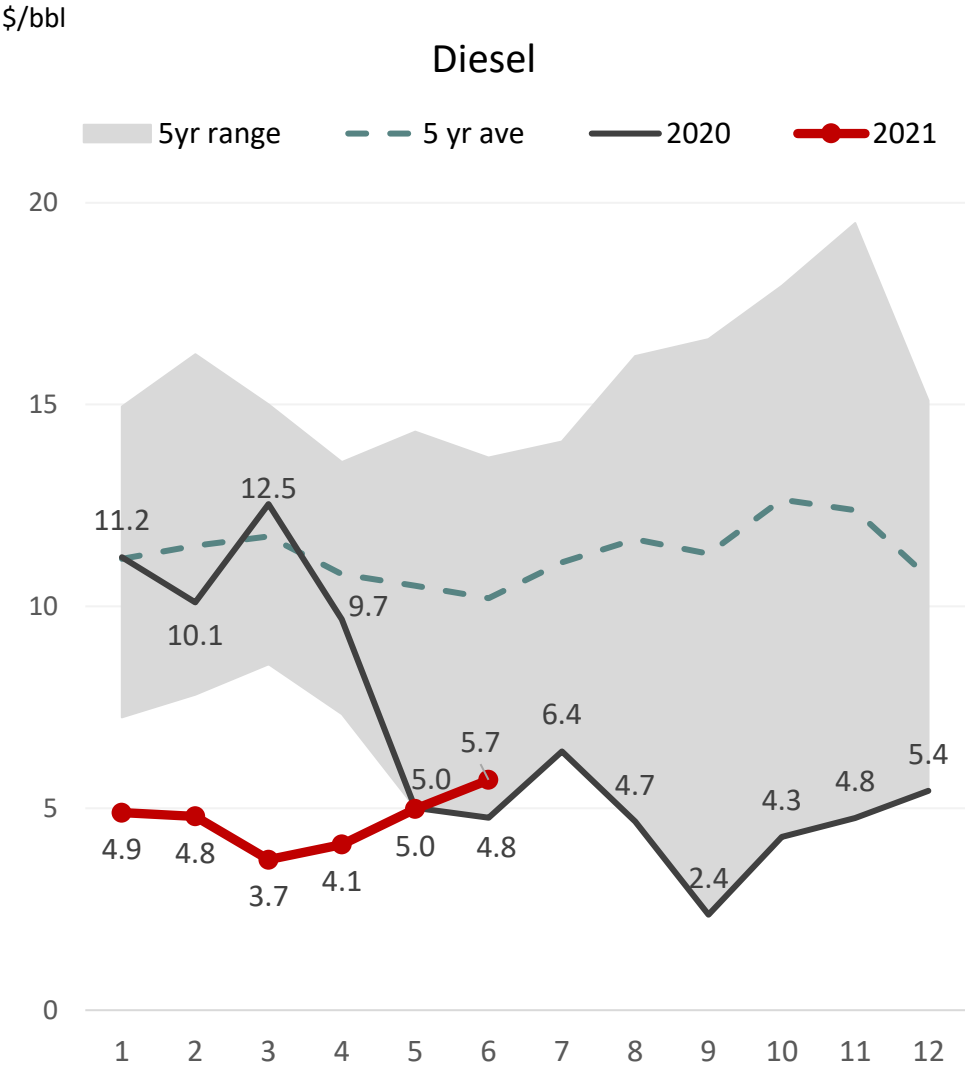
# Global Refinery Capacity Changes

**Expectations until 2024:**

- 73% of net capacity additions will come from Asia & Middle East
- Net capacity and demand in Europe will remain roughly unchanged

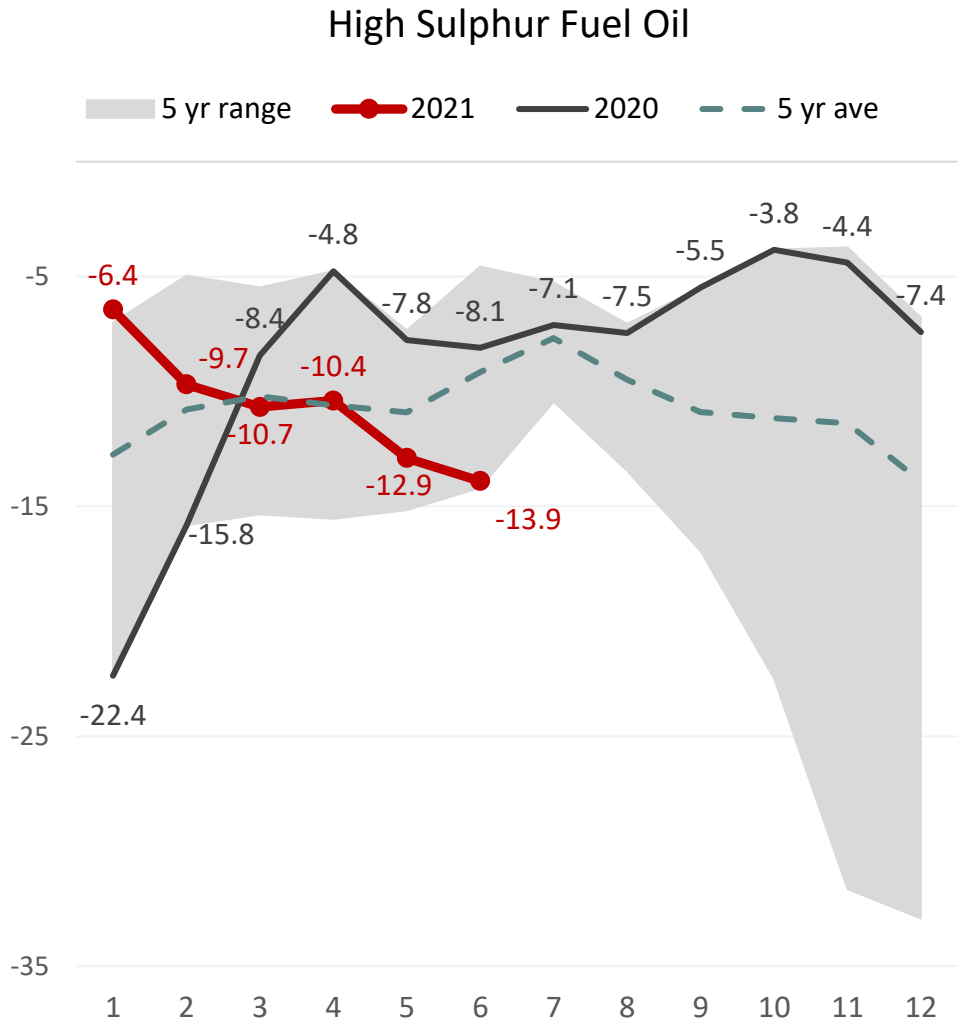
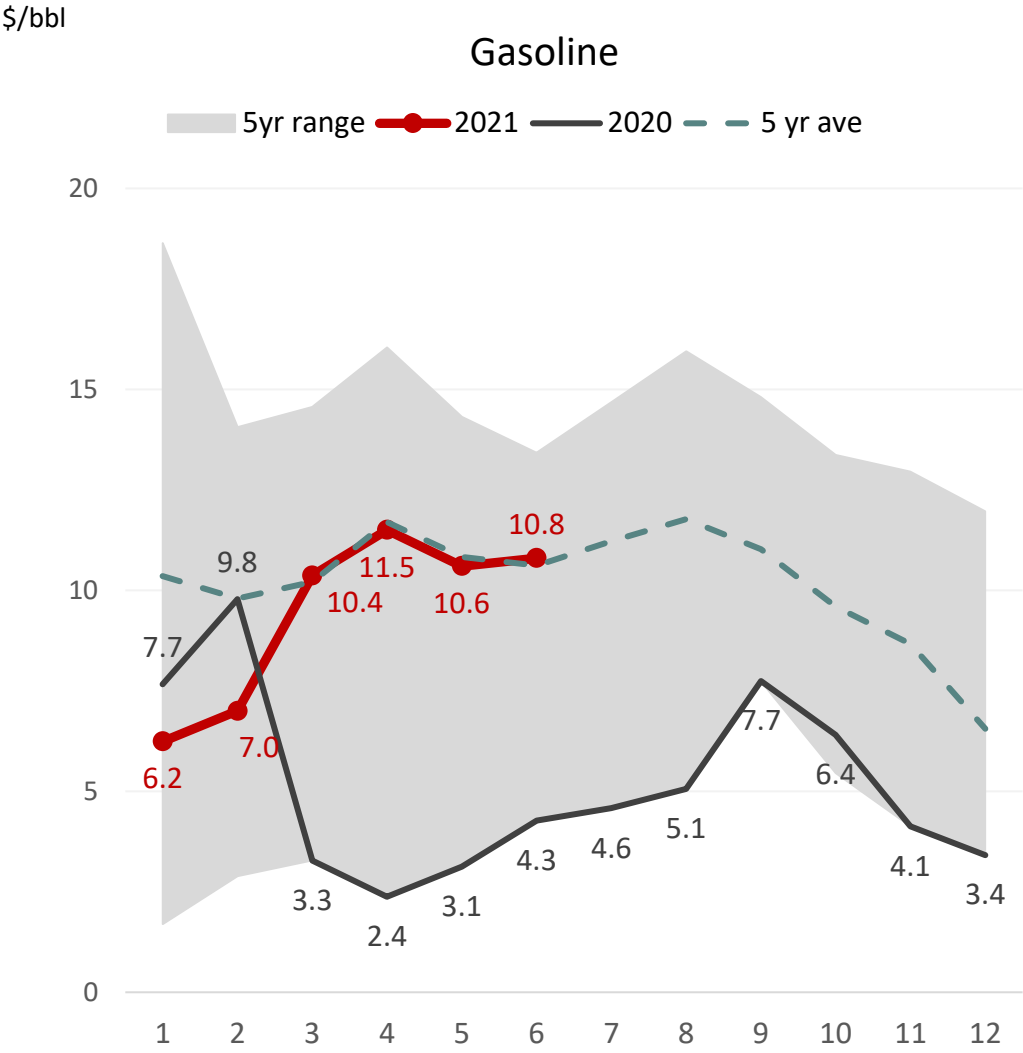


# Middle Distillate Cracks



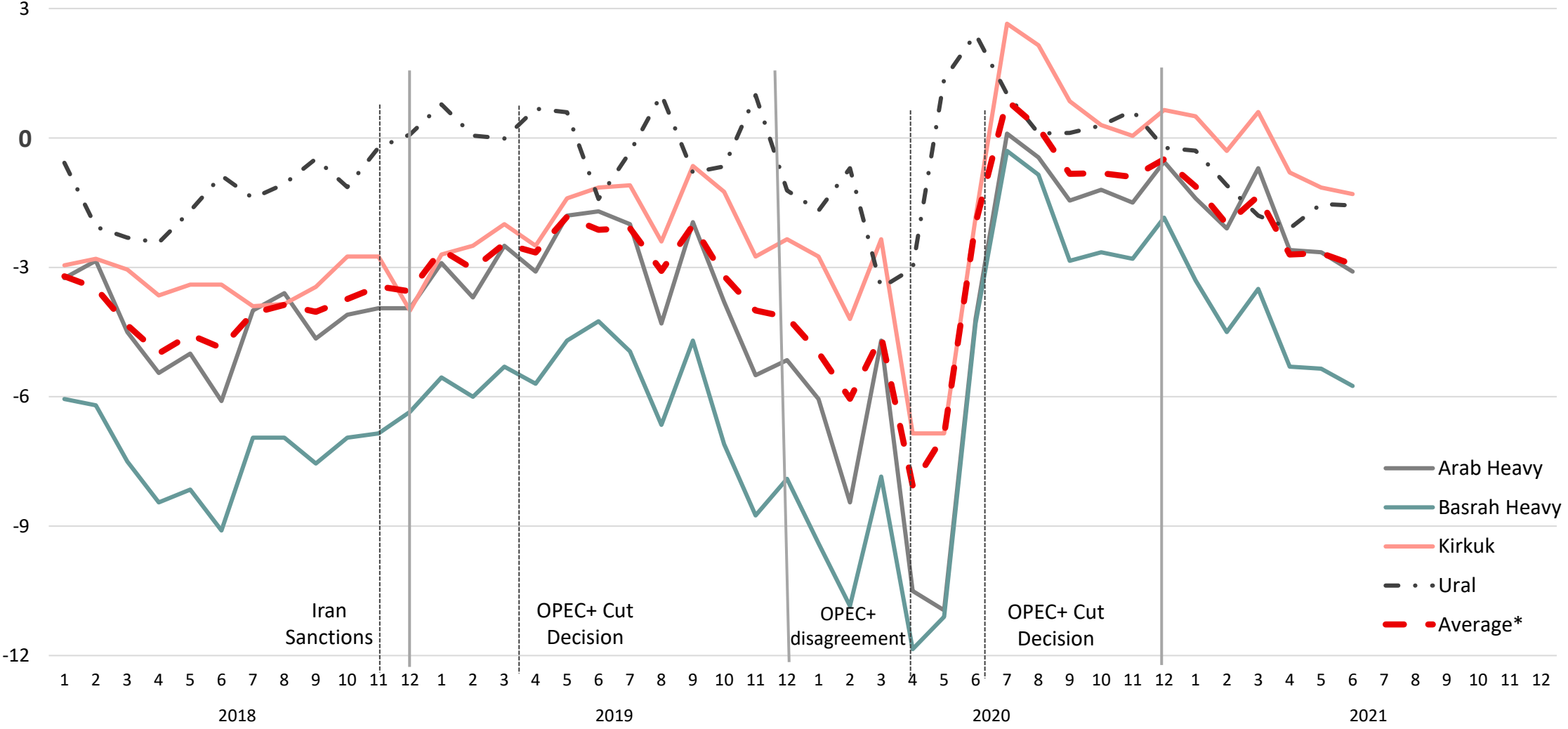
5 yr between 2016-2020, data as of 30 June 2021

# Gasoline and High Sulphur Fuel Oil Cracks



5 yr between 2016-2020, data as of 30 June 2021

# Heavy Crude Price Differentials to Brent (\$/bbl)



\*Simple average of listed differentials



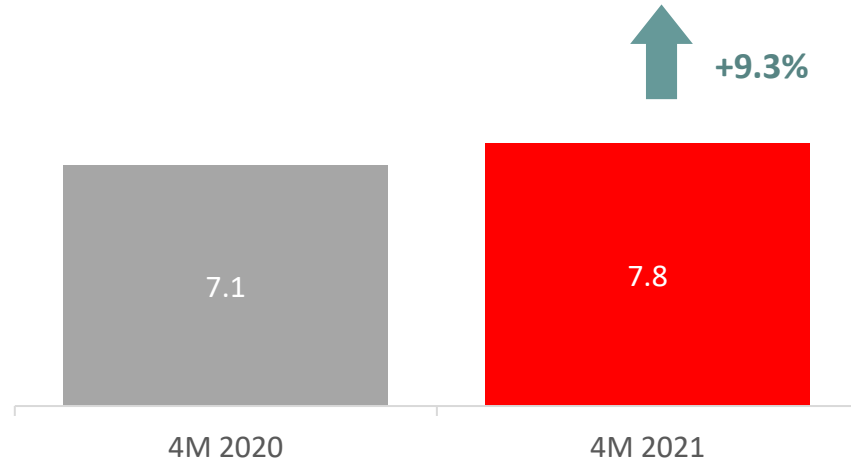


Turkish Market

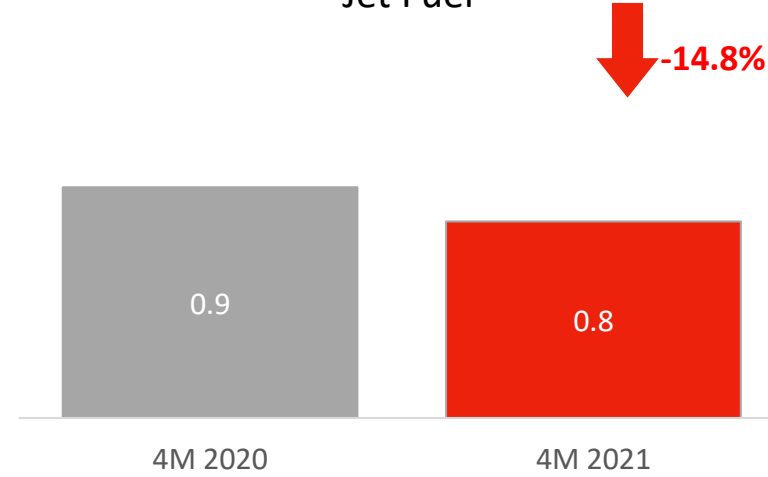
# Turkish Market, 4M 2021

Million  
Tons

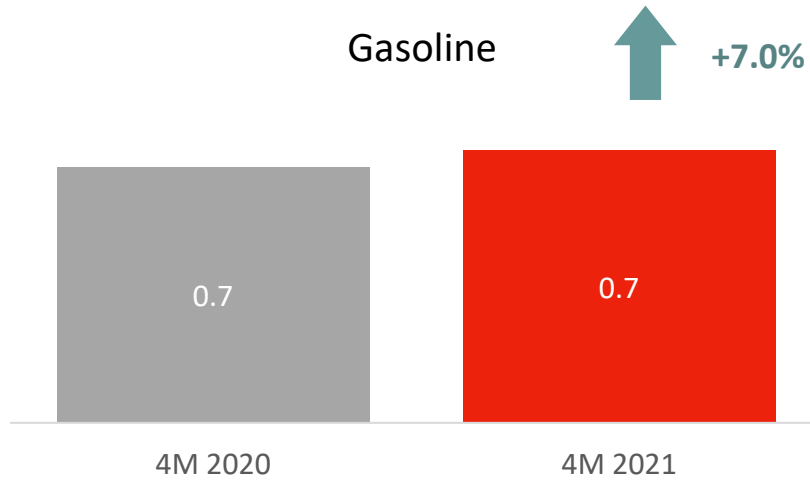
Diesel



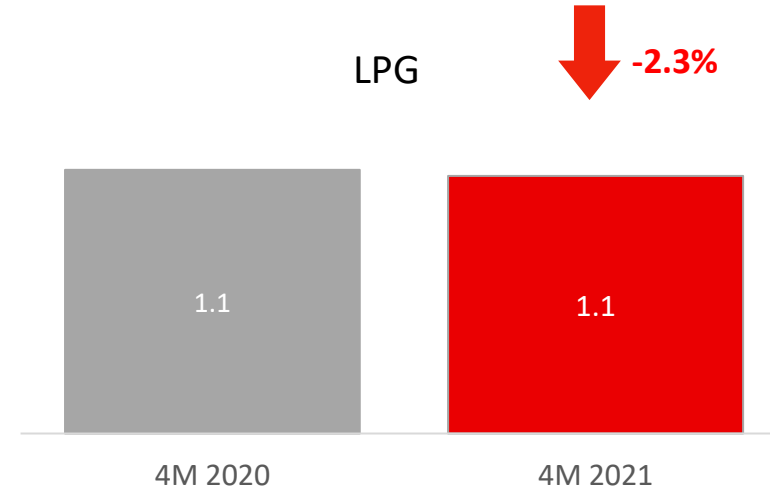
<sup>1</sup>Jet Fuel



Gasoline

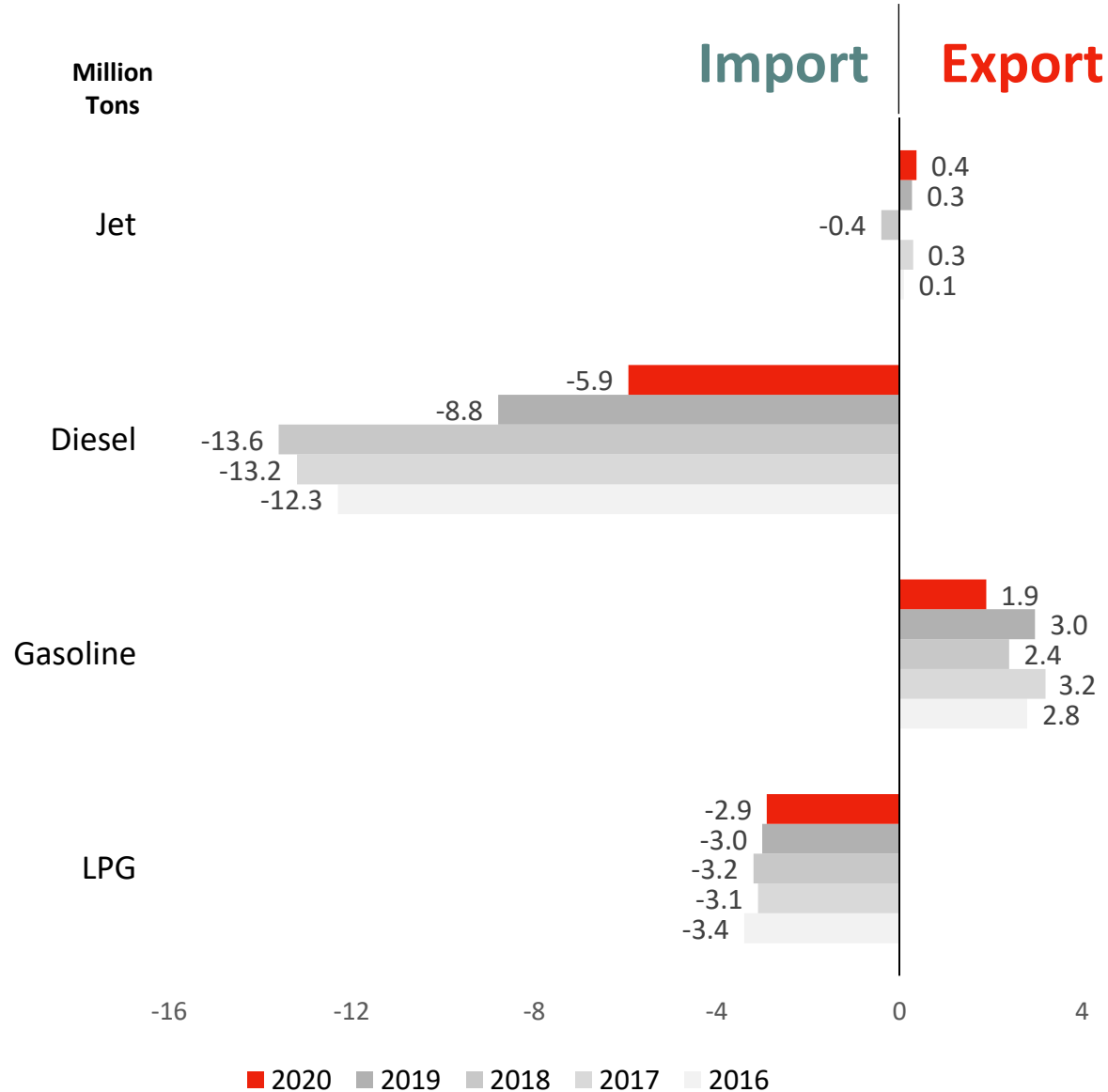


LPG

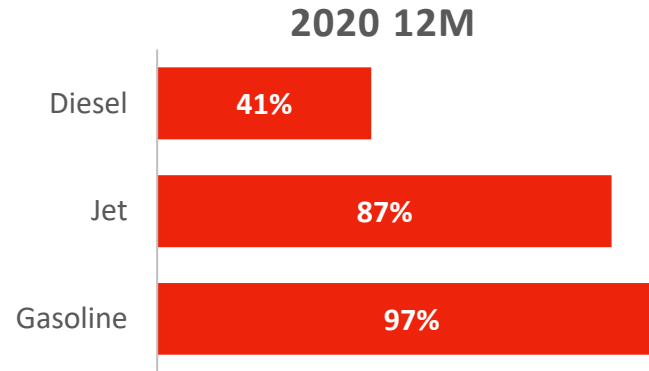


<sup>1</sup>Transit flight consumption included

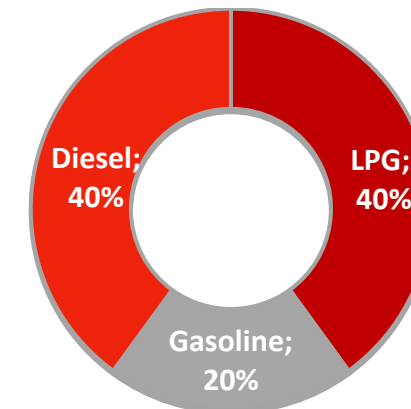
# Turkey's Net Import / Export Balance



## Tüpraş' Market Share



## Fuel Choice of Passenger Cars



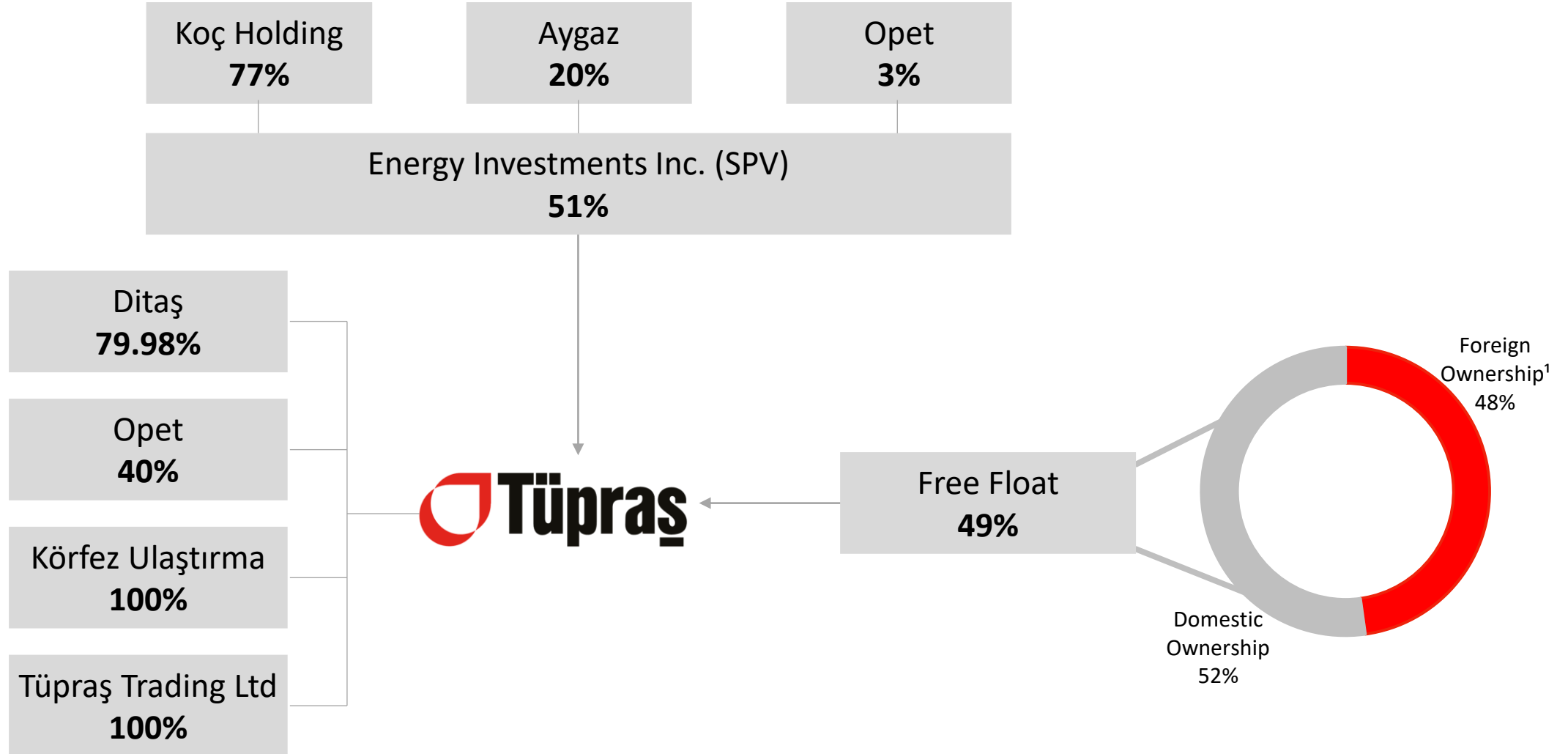




# Company Overview

# Tüpraş Shareholder Structure

Tüpraş is Turkey's biggest industrial company and leading refiner.

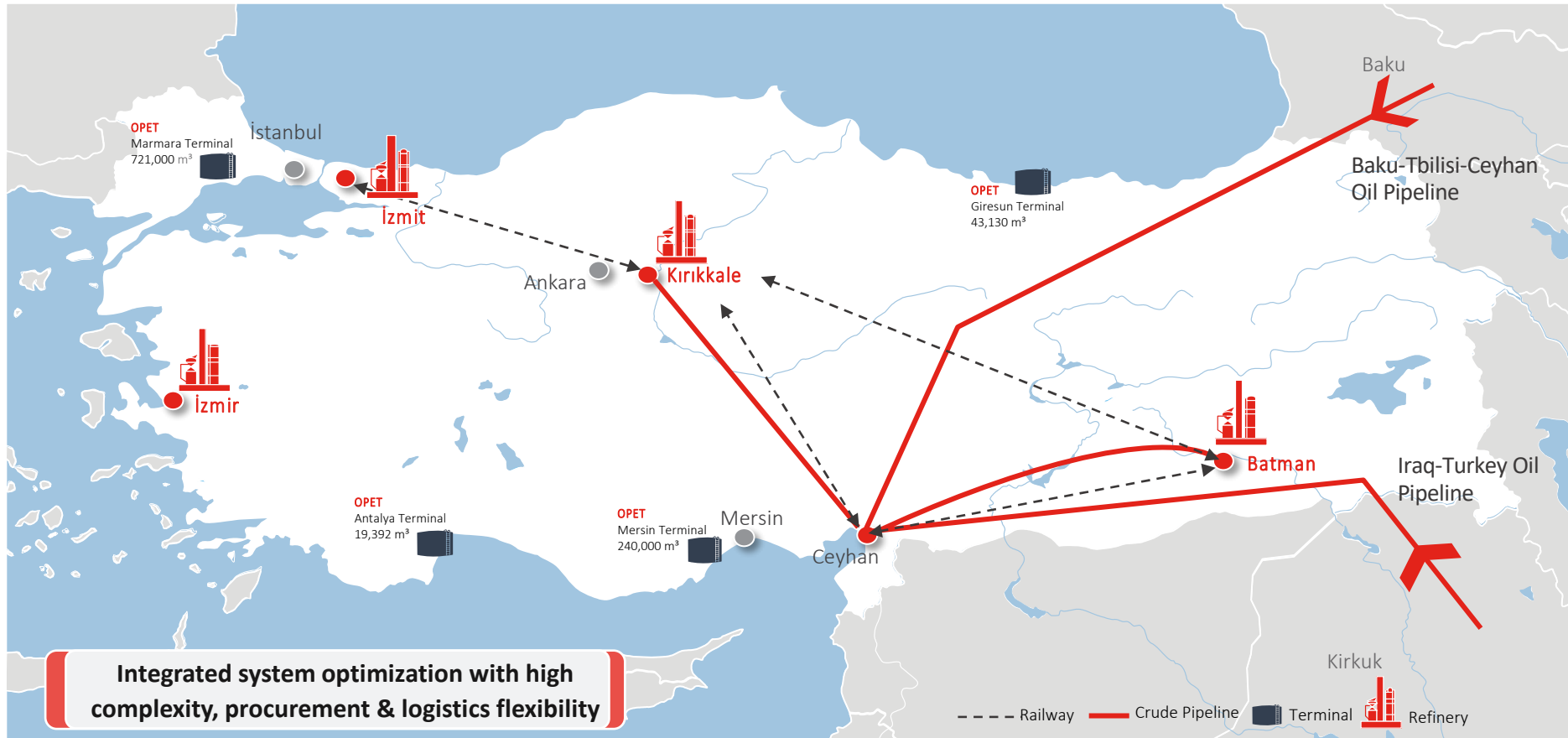


<sup>1</sup>As of December 31st, 2020

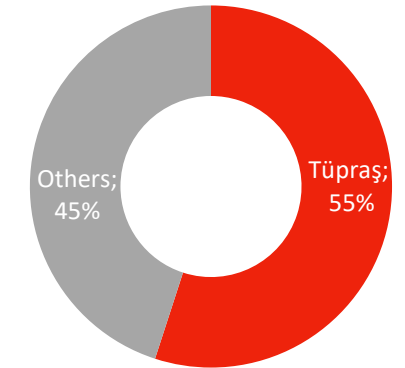


# Tüpraş' Refining Assets & Distribution Network

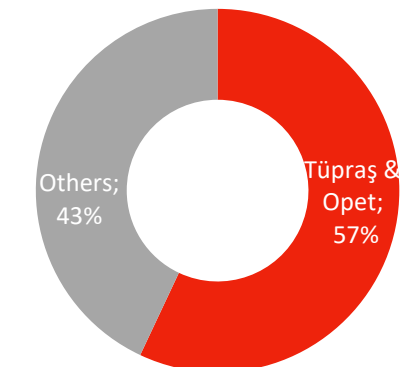
	İzmit	İzmir	Kırıkkale	Batman	Total
Capacity (mn tons)	11.3	11.9	5.4	1.4	30
Nelson Complexity	14.5	7.66	6.32	1.83	9.5
Storage Capacity (mn m <sup>3</sup> )	3.0	2.5	1.3	0.3	7.0



## Turkey's petroleum product needs

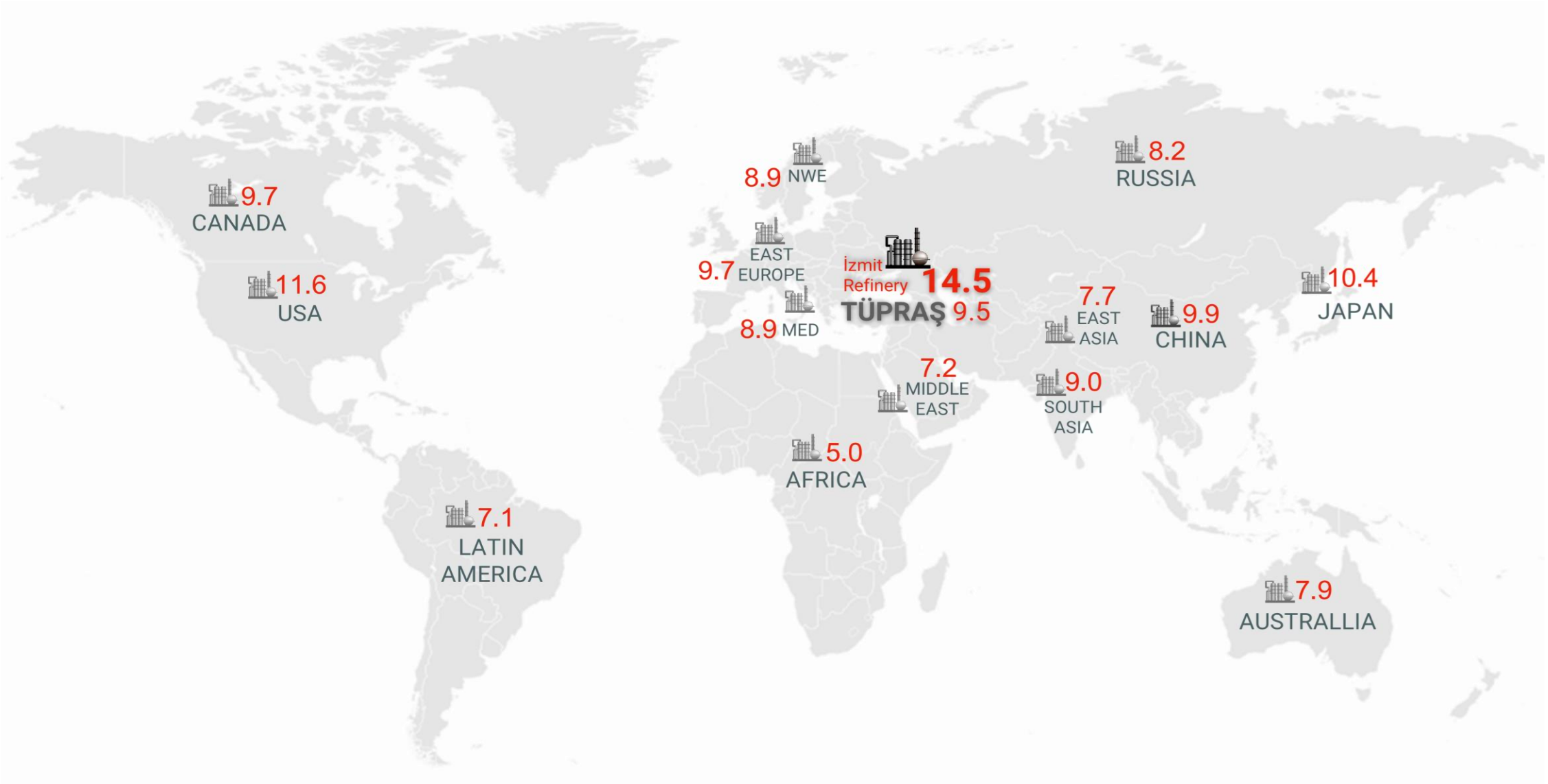


## Turkey's Storage Capacity





# Nelson Complexity of Refining Companies



# Tüpraş Subsidiaries

## OPET, Distribution, Tüpraş Share: 40%



- 1,770 stations as of 31 May 2021
- As of April 2021 Market share: 17.5% in white products; 9.9% in black products

## DİTAŞ, Marine Transport, Tüpraş Share: 79.98%



- 3 Crude Oil Tanker: 479,765 DWT
- 1 Crude Oil - Product Tanker: 51,532 DWT
- 10 Product Tanker: 171,453 DWT

## Körfez Ulaştırma, Railway Transport, Tüpraş Share: 100%



- ~7% share in Turkish rail freight market
- ~1.5 mn ton of product and semi-product carried in 2020.
- Operates with 10 diesel locomotives and over 600 cistern wagons

## Tüpraş Trading UK, Trading, Tüpraş Share: 100%



- Trading Office in London will be an important step into wider integration with the global energy landscape by allowing to:
  - Closely monitor international market opportunities
  - Support import and export operations
  - Create additional value from supply chain and sales activities





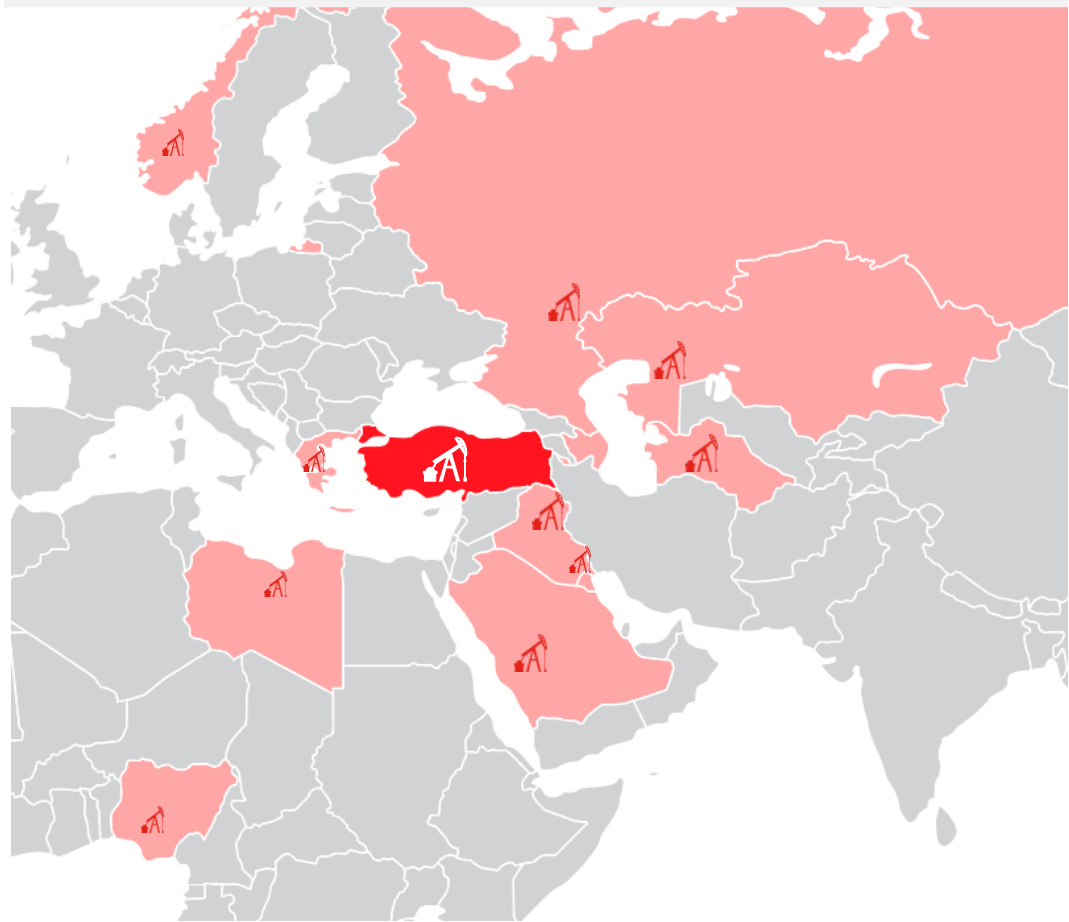
Operations



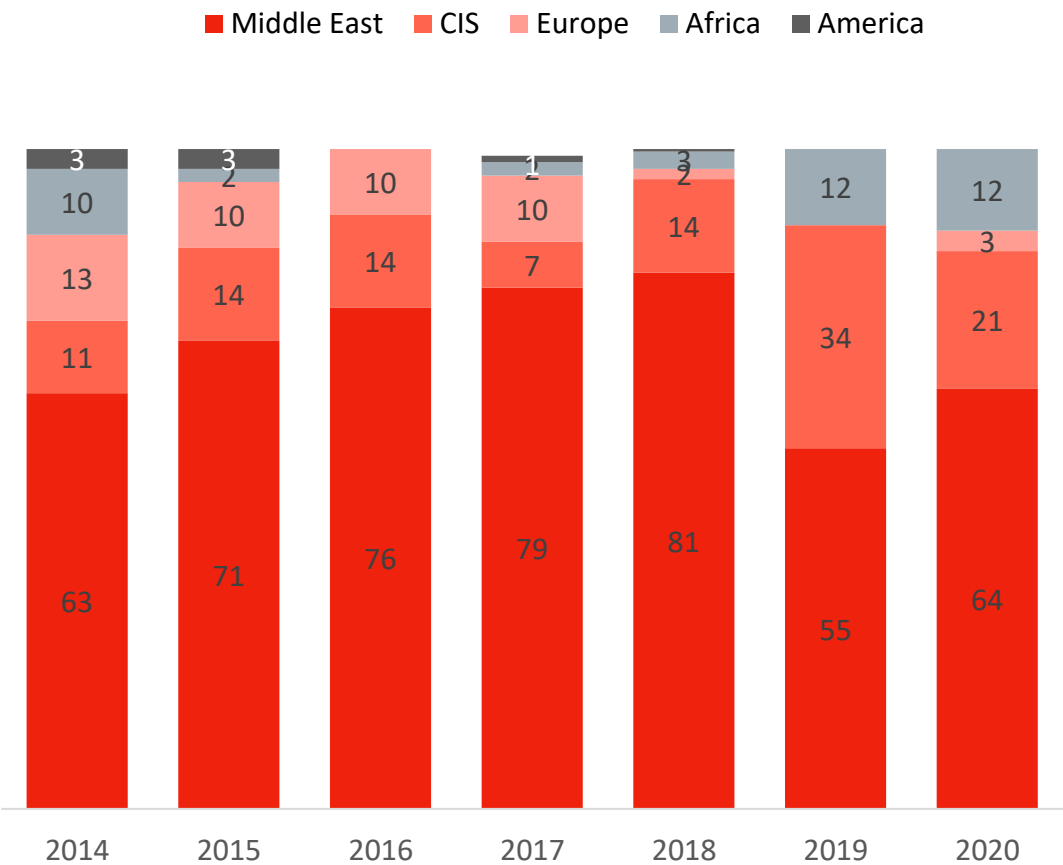
# Crude Suppliers of Tüpraş

In 2020, Tüpraş purchased 18 different types of crude from 11 countries with gravities ranging between 20-47 API.

Main Crude Suppliers in 2020

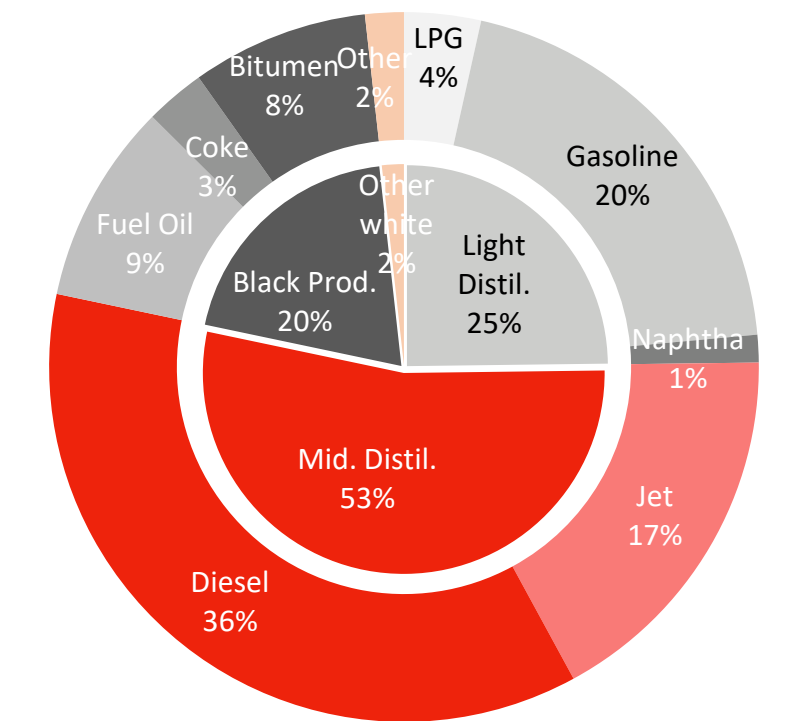


Crude Oil Imports by Region (%)



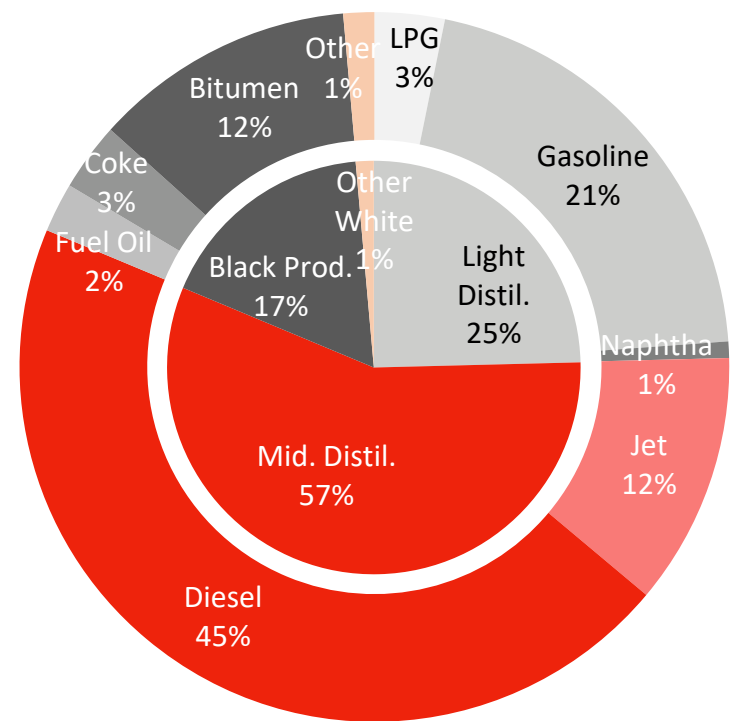
# Annual Product Yields

2019



White Product Yield (%)	79.0%
Production	28.1 mn tons
API	32.0

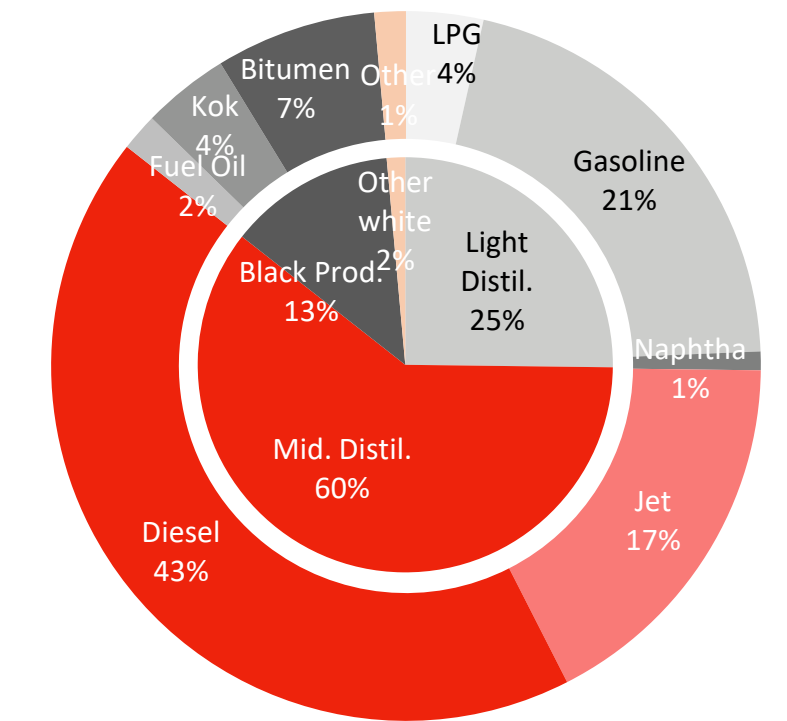
2020



White Product Yield (%)	81.5%
Production	23.4 mn tons
API	31.5

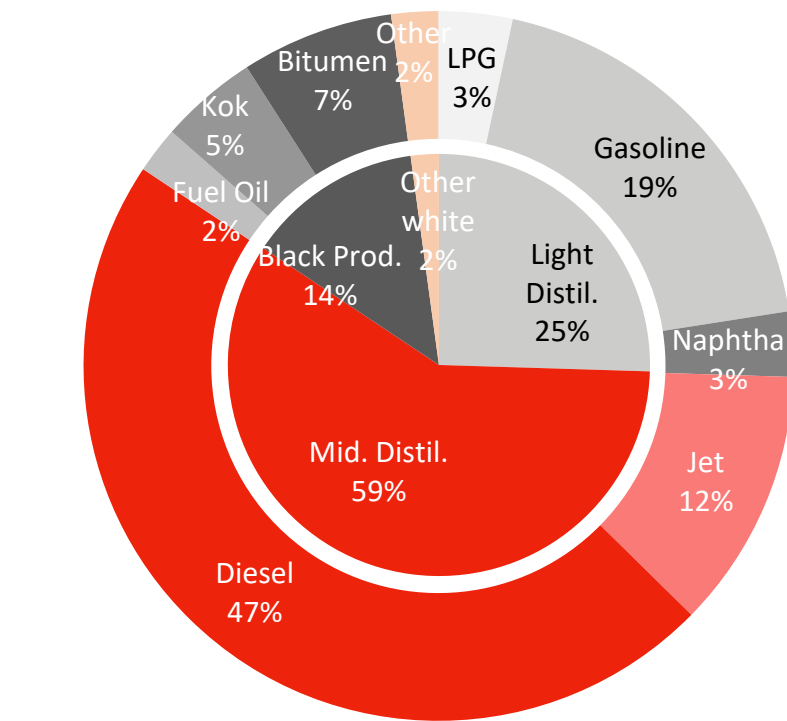
# Q1 Product Yields

Q1 2020



White Product Yield (%)	85.7%
Production	6.0 mn tons
API	32.1

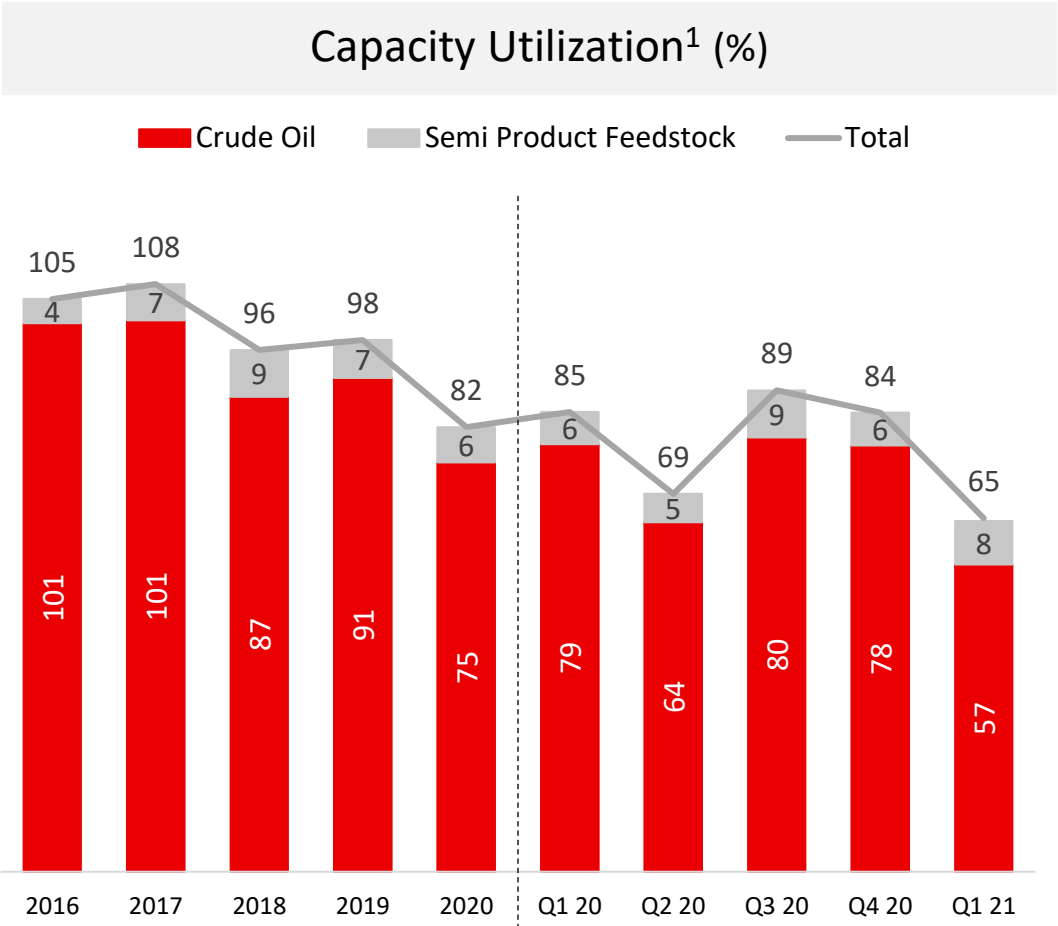
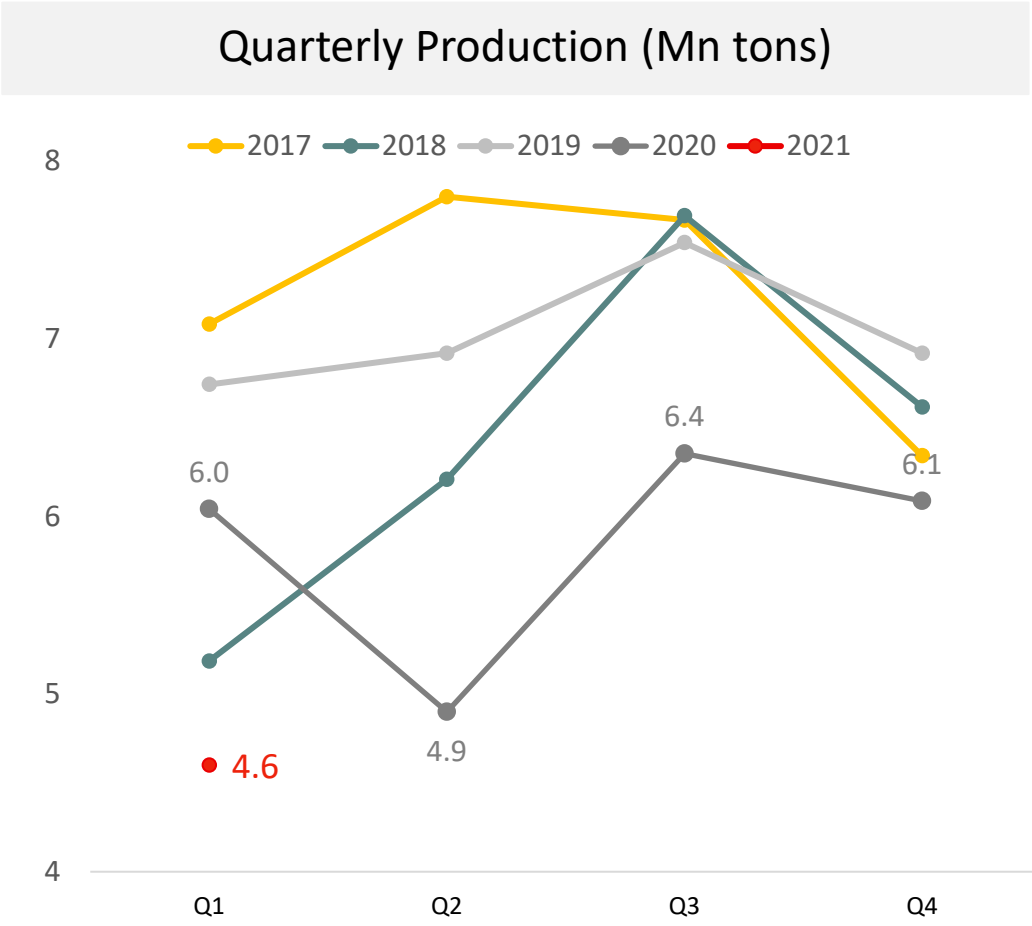
Q1 2021



White Product Yield (%)	85.2%
Production	4.6 mn tons
API	31.9



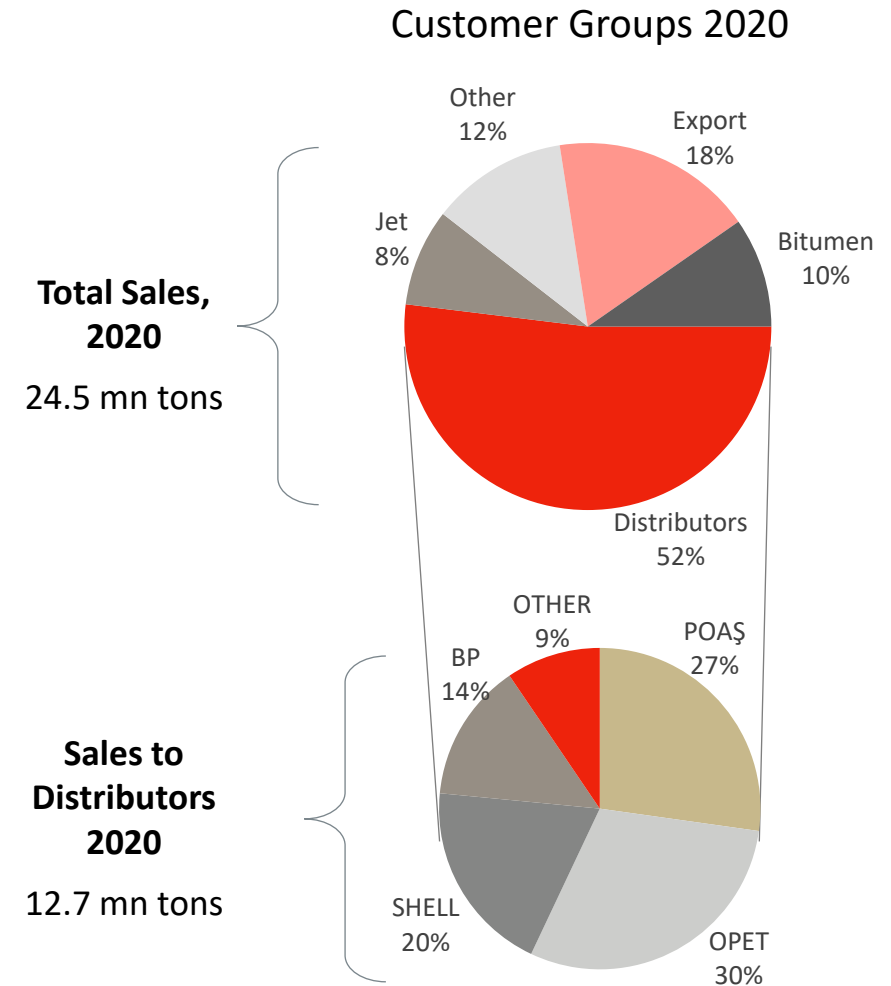
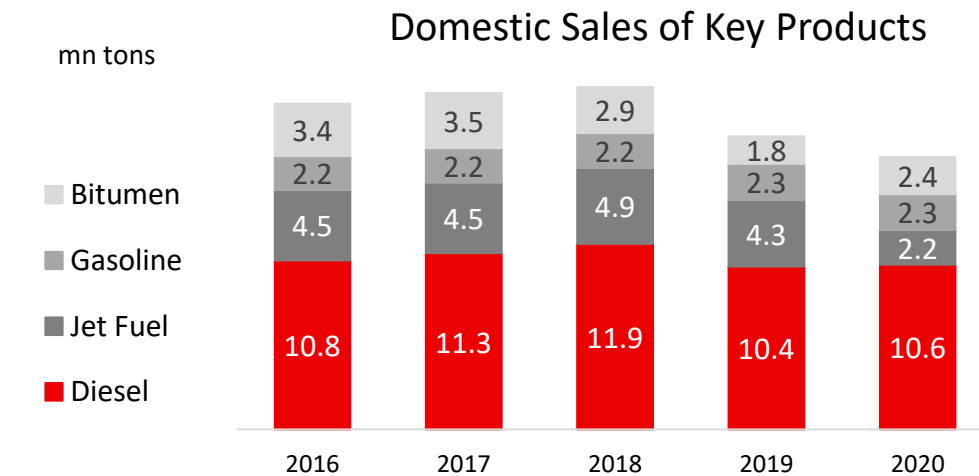
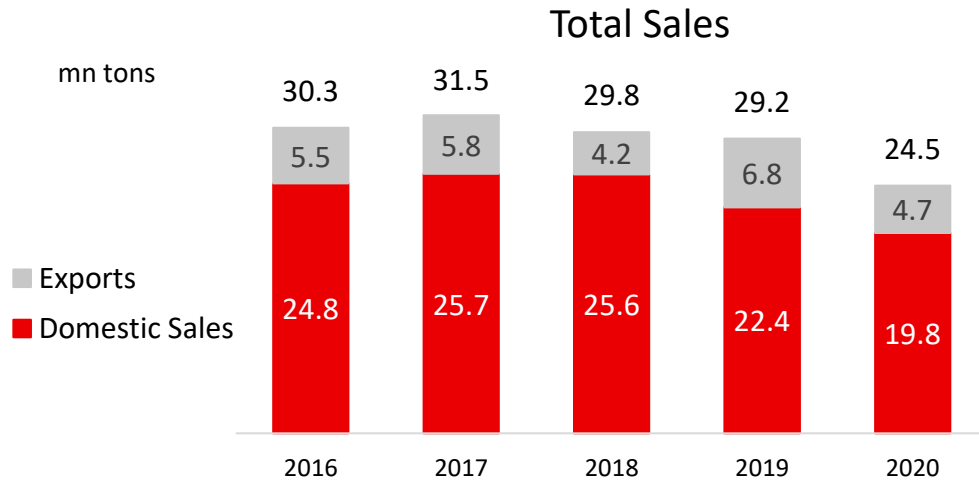
# Capacity Utilization and Quarterly Production Volume



<sup>1</sup>Capacity utilization calculation is based on 30 mn tons for Q1 2019 and onwards.

# Sales

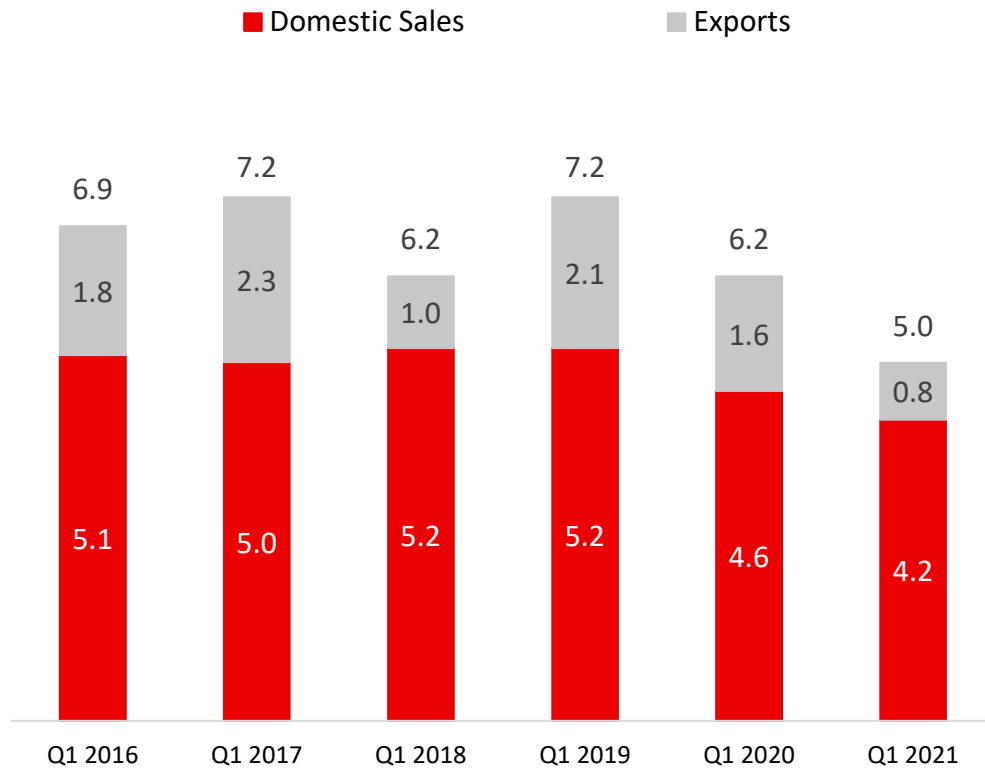
- Tüpraş generated 24.5 million tons of total sales in 2020.



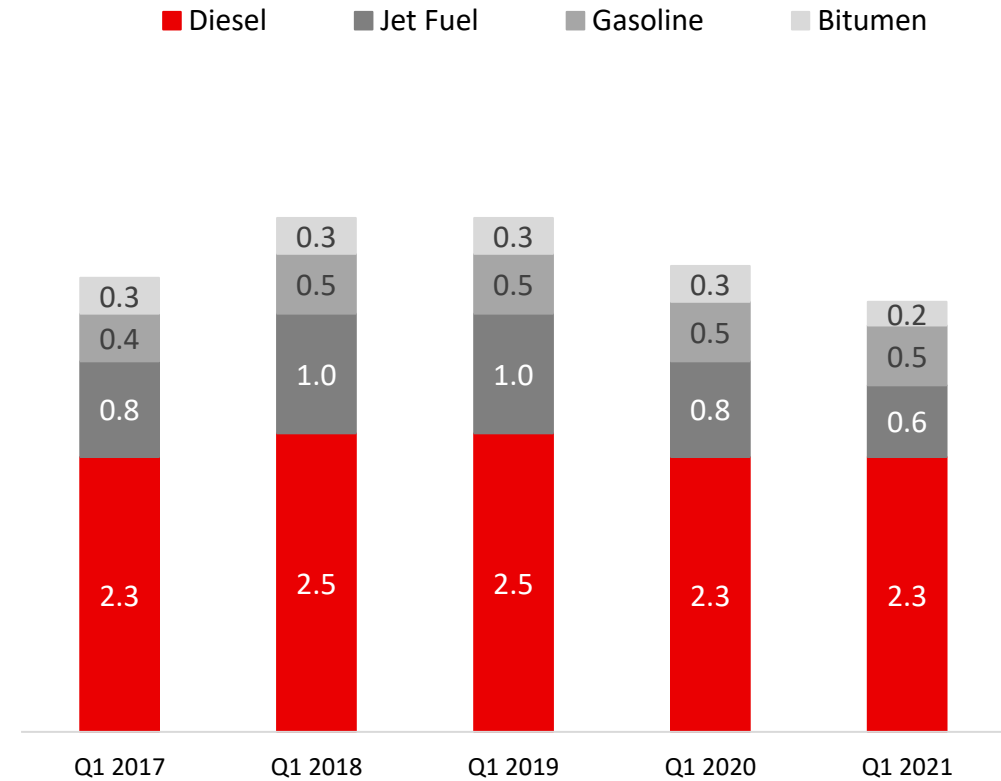
# Sales in Q1 (Million Tons)

Tüpraş generated 5 million tons of sales in Q1 2021. Despite resilient domestic demand, total sales decreased due to İzmir maintenance.

## Total Sales



## Domestic Sales of Selected Products



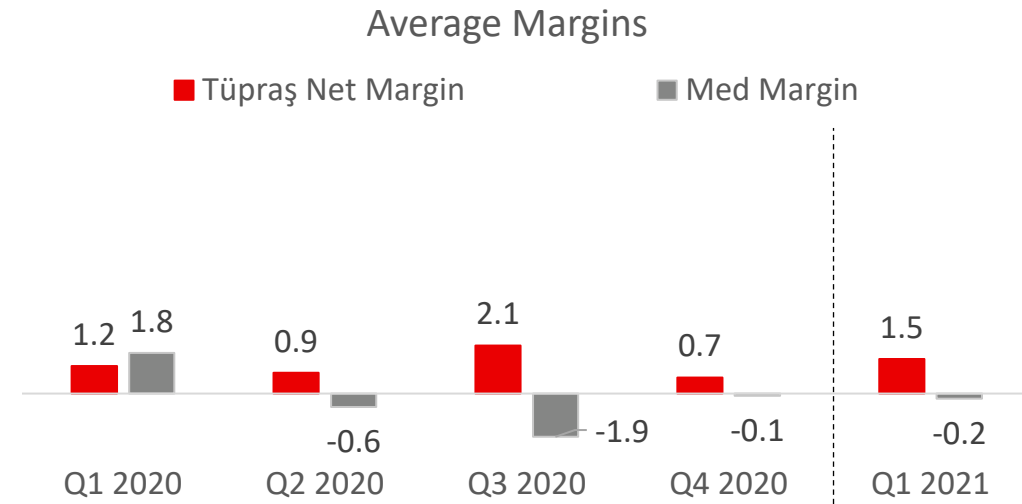
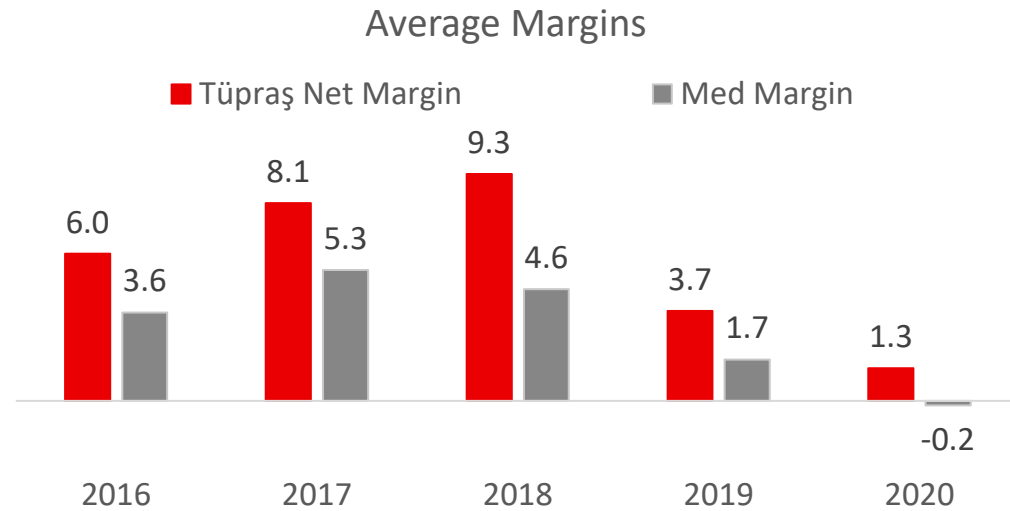




# Financials



# Tüpraş and Med Refining Margins



(\$/bbl)	Gross Margin	Inventory Effect	Clean Gross Margin	Clean NET Margin	Net Margin	Med Margin
Q1 2020	7.1	-2.7	9.8	3.9	1.2	1.8
2020	6.4	0.0	6.4	1.2	1.3	-0.2
Q1 2021	7.7	2.5	5.2	-1.0	1.5	-0.2

Premium to the benchmark Mediterranean peers' refining margin due to:

- Ability to use heavier and sour crudes with higher complexity
- Access to a wide range of cheaper sources of crude oil
- Close proximity to major suppliers reduces transport costs
- Lower cost basis and more efficient energy usage
- Ability to produce a broad range of refined products with higher value added
- Direct pipeline connections with domestic clients

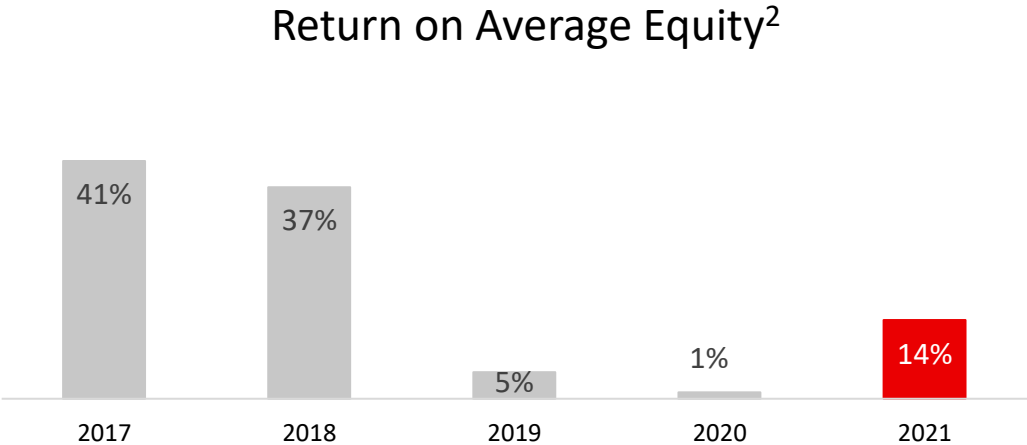
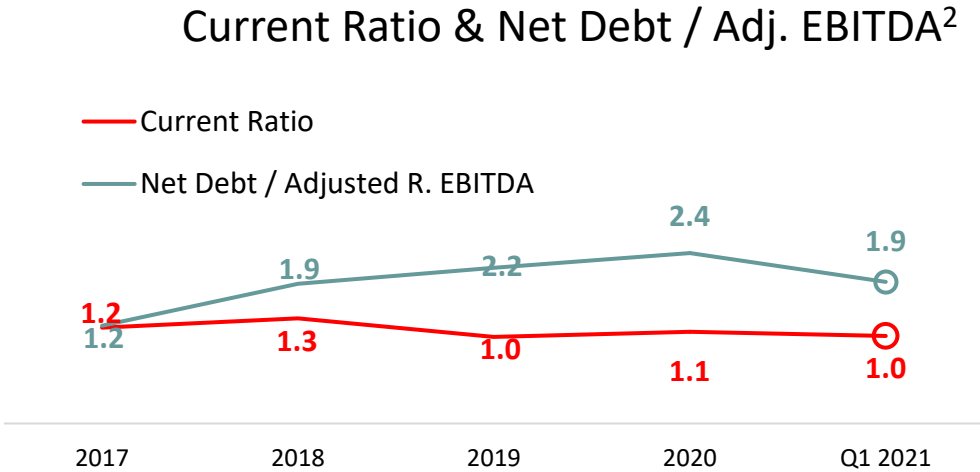
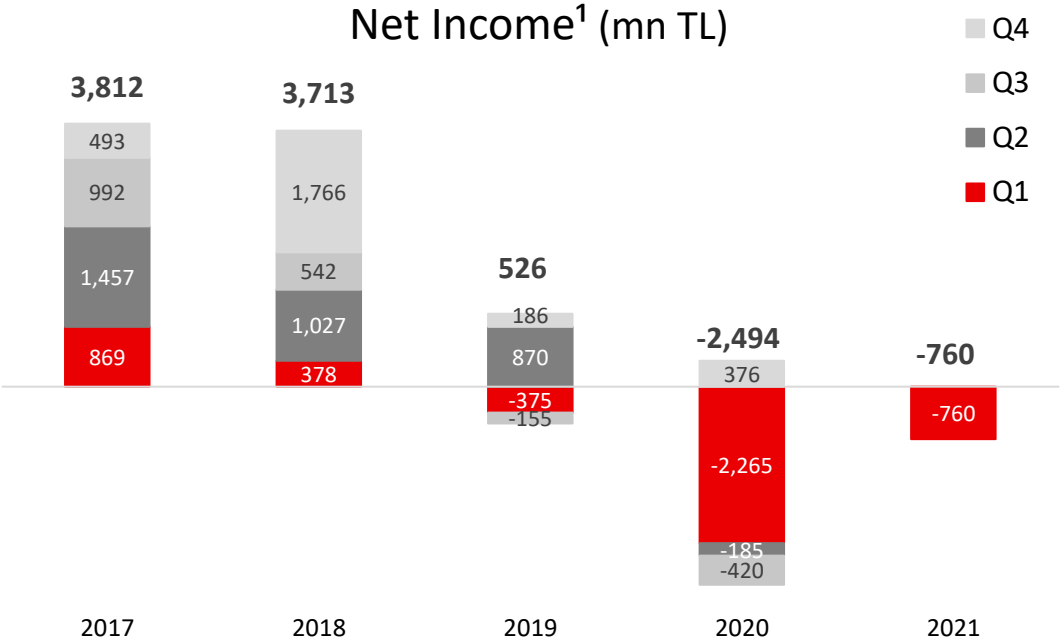
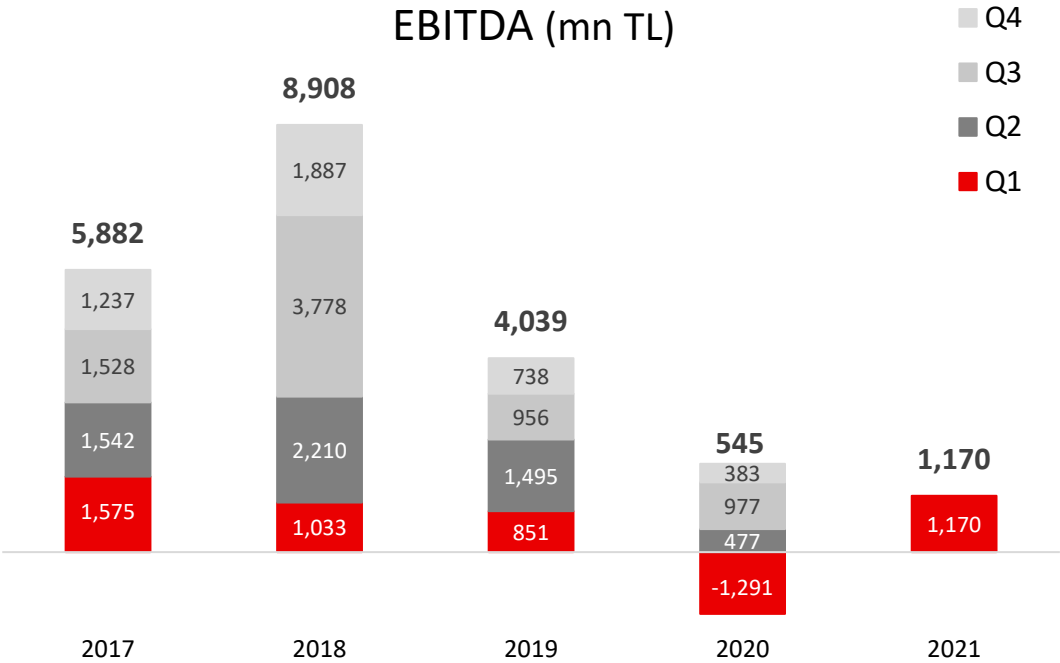
# Income Statement

EBITDA realized as 1.2 bn TL in Q1 2021.

Million TL	Q1 2021	Q1 2020	%	12M 2020	12M 2019	%
Net Sales	19,821	16,940	17%	63,244	89,601	-29%
COGS	-18,294	-17,849	-2%	-61,480	-84,716	27%
<b>Gross Profit</b>	<b>1,527</b>	<b>-909</b>	<b>-</b>	<b>1,764</b>	<b>4,884</b>	<b>-64%</b>
Operating Expenses	-557	-458	-22%	-2,012	-1,783	-13%
Income/Loss from other operations	-1,584	-349	-353%	-371	-871	57%
<b>Operating Profit</b>	<b>-614</b>	<b>-1,716</b>	<b>64%</b>	<b>-619</b>	<b>2,230</b>	<b>-</b>
Income/Loss from equity investment	10	-168	-	-28	197	-
<b>Operating Profit Before Fin. Income/Loss</b>	<b>-604</b>	<b>-1,885</b>	<b>68%</b>	<b>-647</b>	<b>2,427</b>	<b>-127%</b>
Financial Income/Expense	-356	-913	61%	-3,149	-2,739	-15%
<b>Profit Before Tax</b>	<b>-960</b>	<b>-2,798</b>	<b>66%</b>	<b>-3,795</b>	<b>-311</b>	<b>-1,119%</b>
<b>Net Profit (excluding minority interest)</b>	<b>-760</b>	<b>-2,265</b>	<b>66%</b>	<b>-2,494</b>	<b>526</b>	<b>-</b>
<b>EBITDA*</b>	<b>1,170</b>	<b>-1,291</b>	<b>-</b>	<b>545</b>	<b>4,039</b>	<b>-86%</b>
Inventory Gain/Loss	1,512	-2,016	-	-457	194	-
<b>EBITDA* CCS</b>	<b>-342</b>	<b>725</b>	<b>-</b>	<b>1.003</b>	<b>3,845</b>	<b>-74%</b>

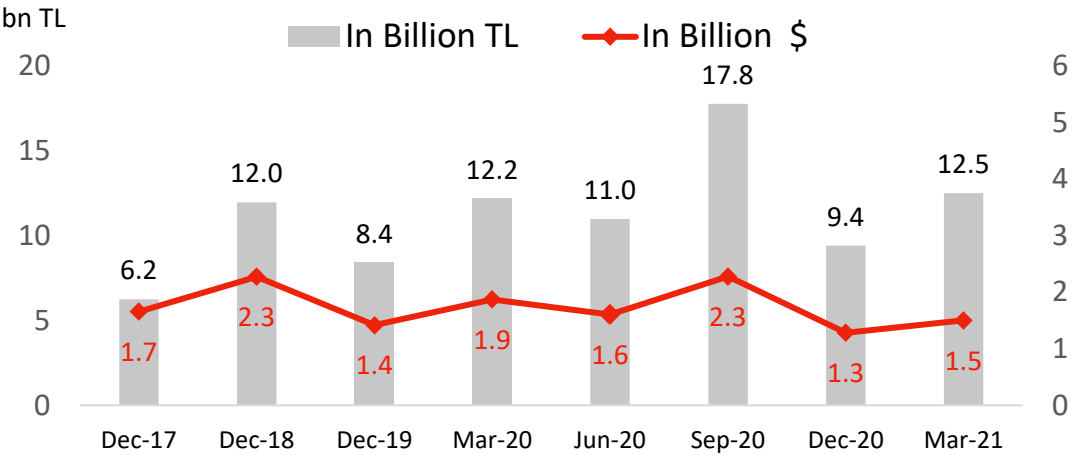
\*On CMB reports. EBIT includes extra items such as FX impacts of trade receivables and payables. In our EBITDA calculation, FX related items are excluded from EBIT as customary in international practices.

# Financial Highlights

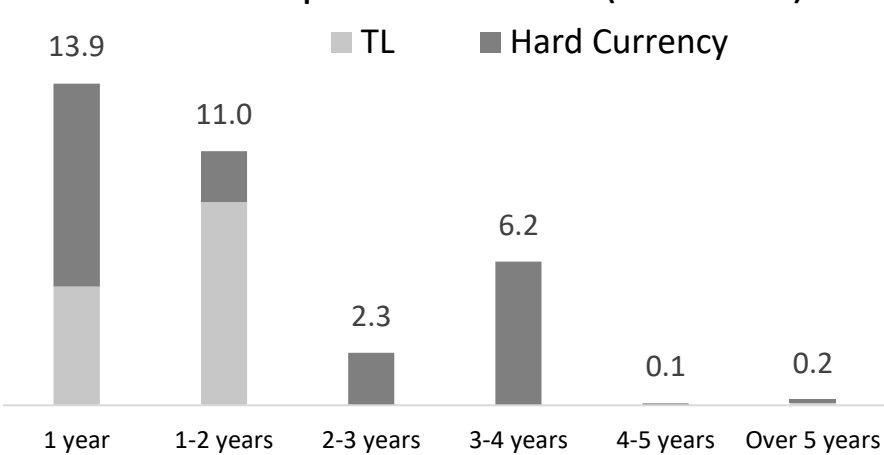


# Balance Sheet Analysis

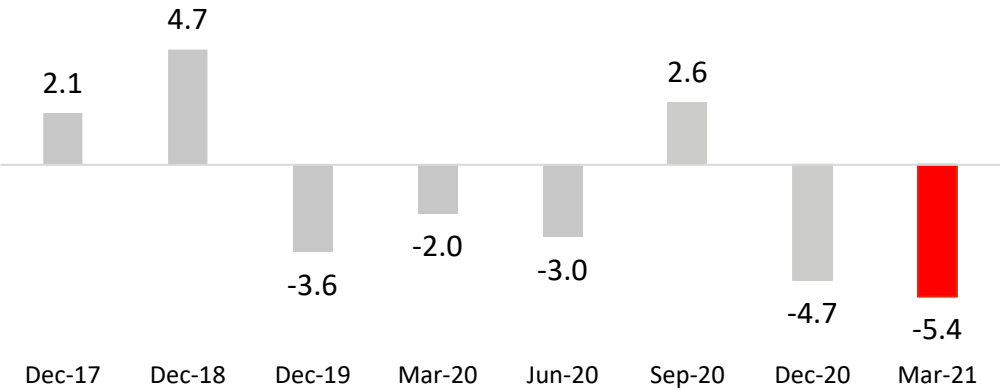
Net Debt



Redemption Schedule (Billion TL)



Working Capital Requirement (Billion TL)



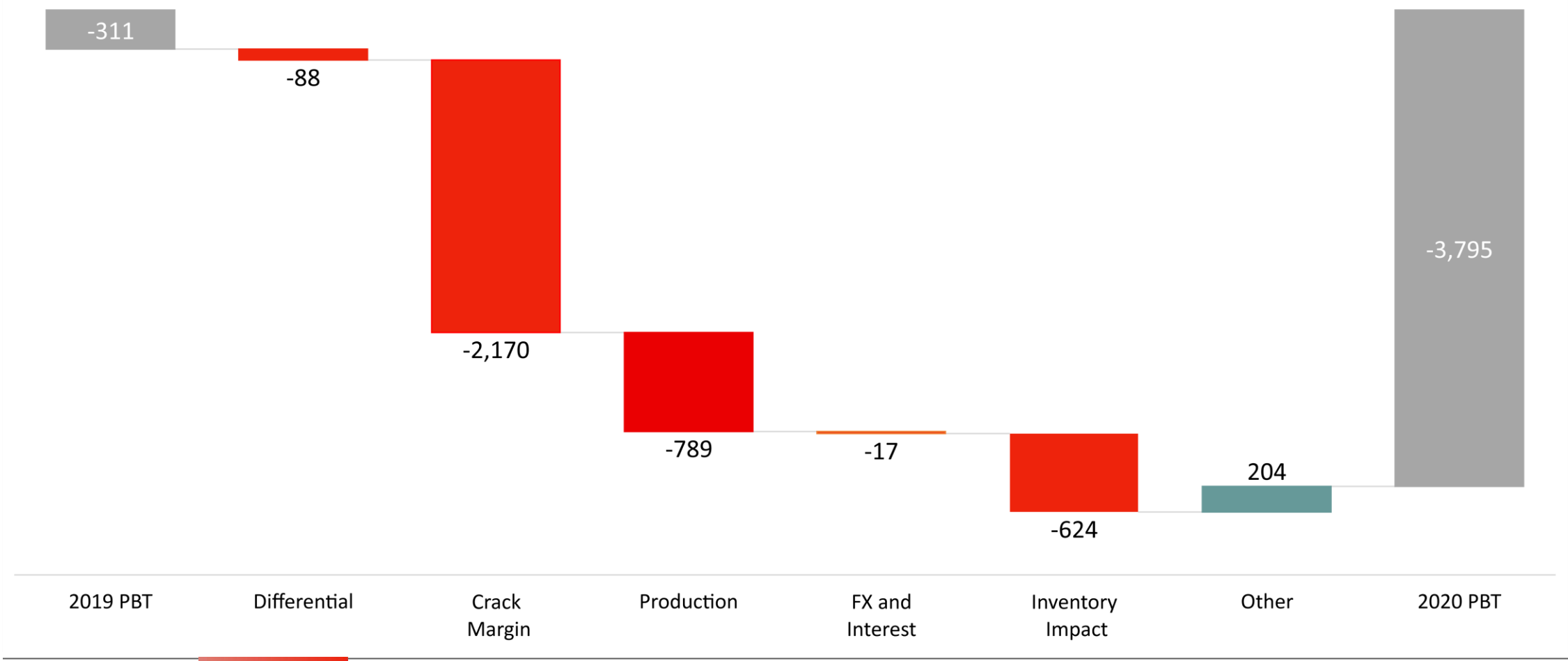
## Financial Management

- Effective receivable risk assessment and fully collateralized receivables resulting in better collection period.
- Extended payment terms to our suppliers, especially for spot cargoes improves payables.



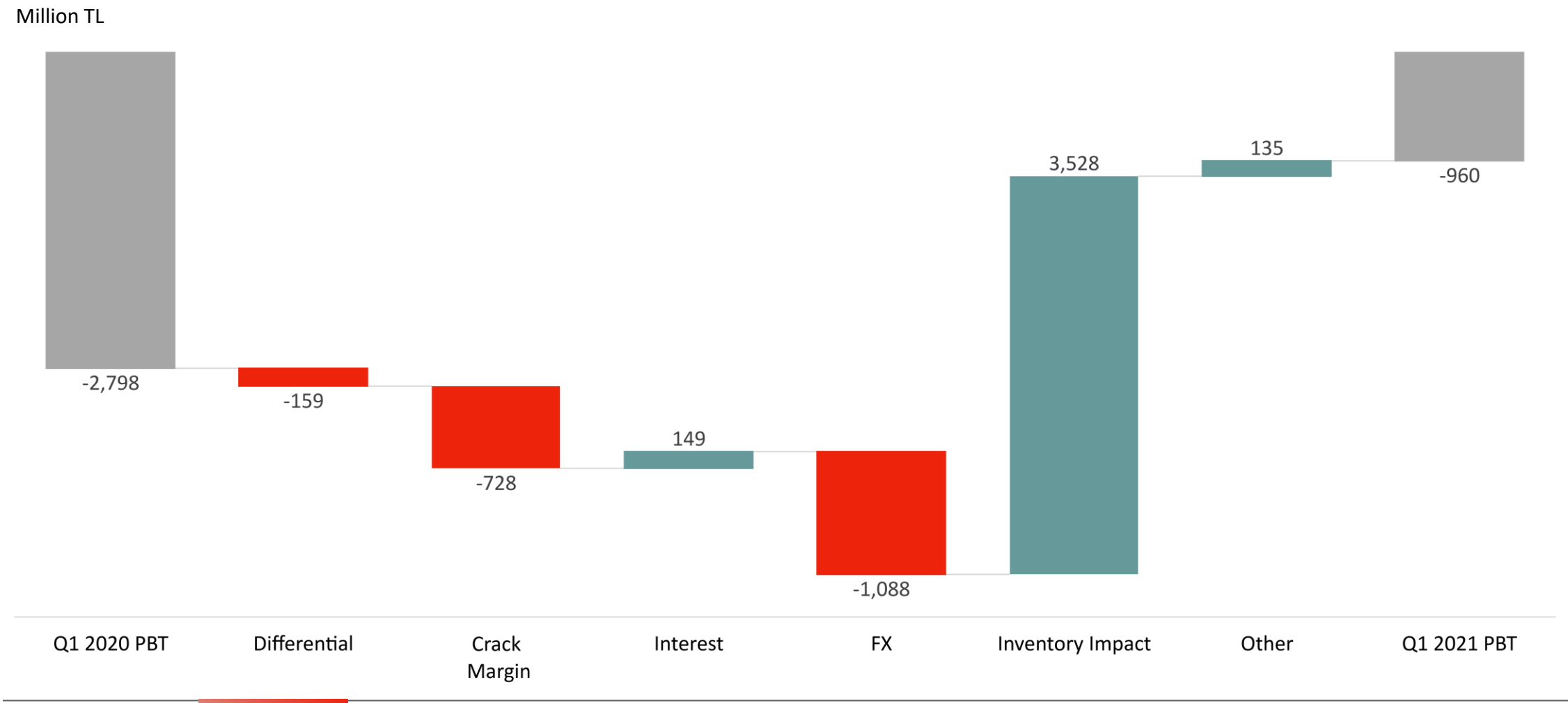
# Annual Profit Before Tax Bridge (2019-2020)

2020 PBT was adversely affected from historically low crack margins, lower production and inventory losses due to Covid19



# Q1 Profit Before Tax Bridge (2021-2020)

Despite the worsening crack margins compared to the previous year, Q1 2021 PBT has recovered with the positive impact of higher Brent Crude Oil prices.



# 2021 Expectations

Med Complex Refining Margin **0.0 - 0.5 \$/bbl**

Tüpraş Net Refining Margin **2.5 - 3.5 \$/bbl**

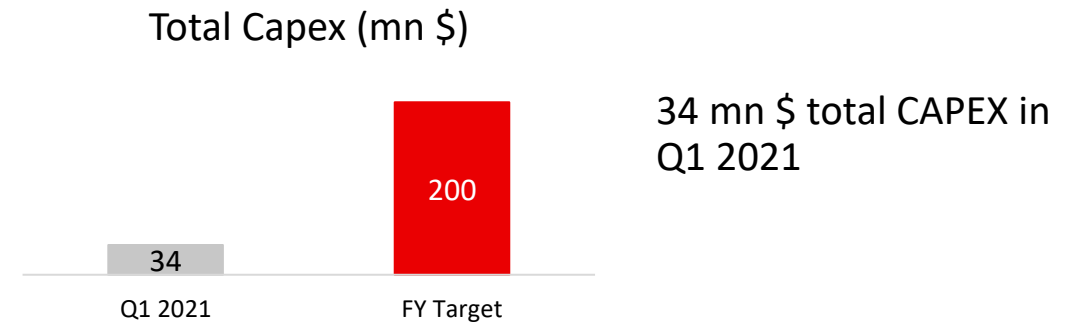
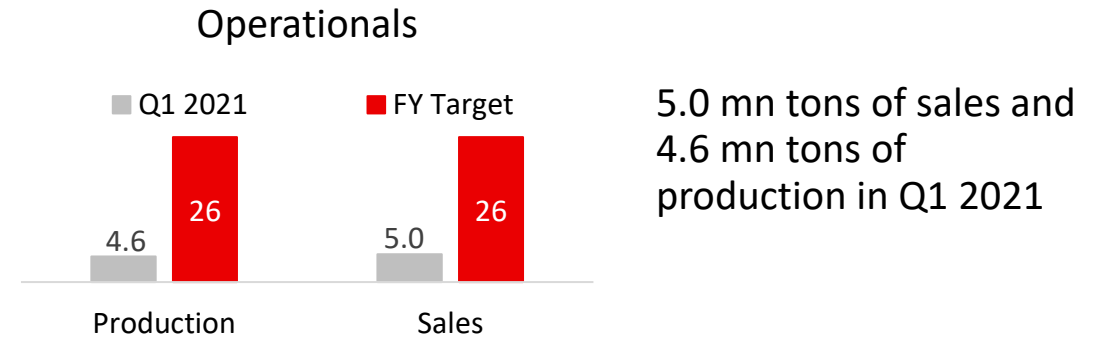
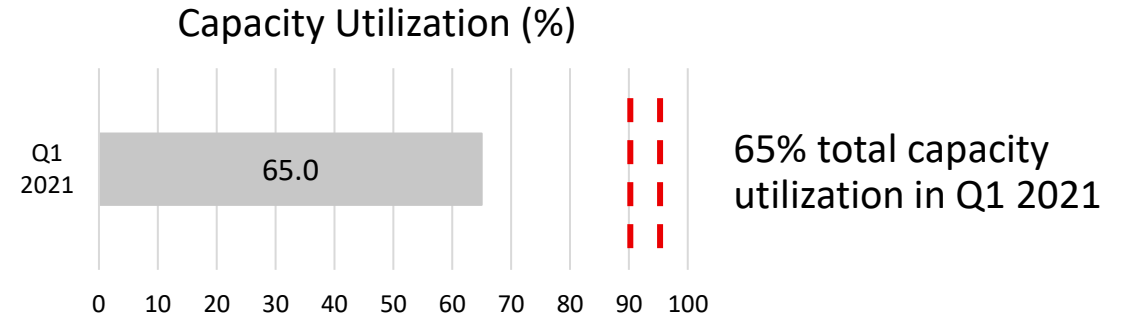
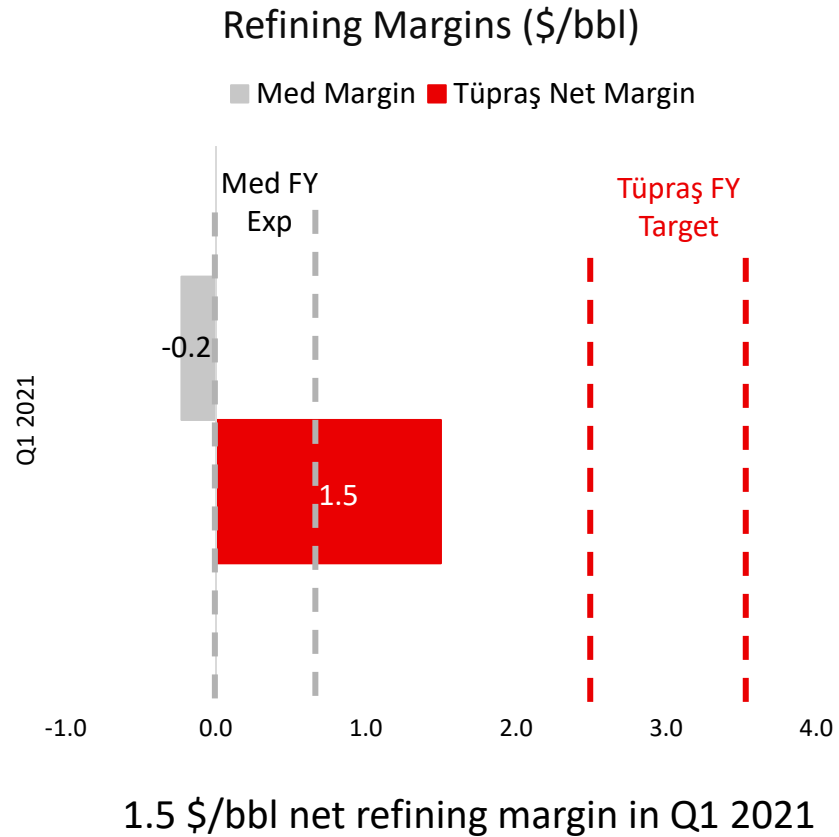
- 26-27 mt production, 26-27 mt sales and 90 - 95% capacity utilization

Consolidated Capex **~200 million \$**

- ~40% of capex for sustainability focused energy efficiency and environmental projects

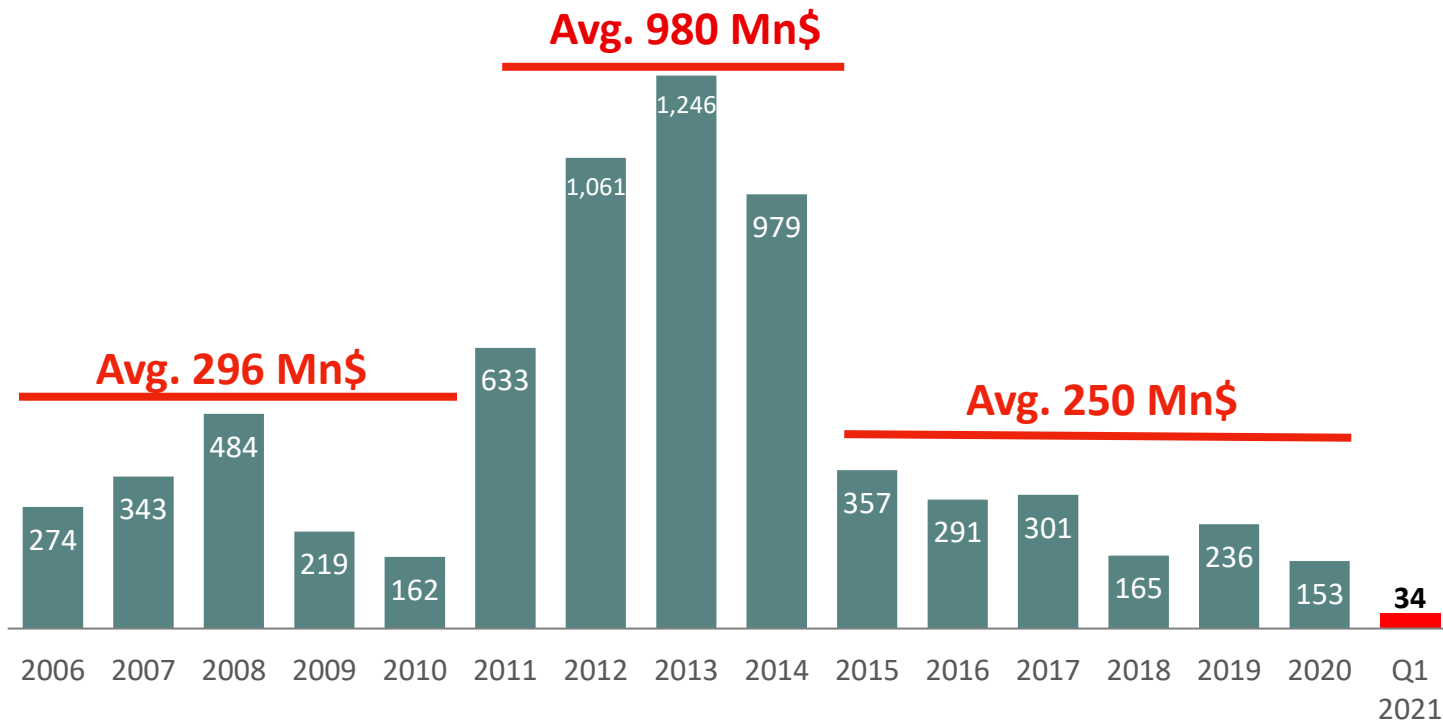


# Q1 2021 Results



# Investments (Million \$)

- c6.9 bn USD investments since privatization
- Reached 9.5 Nelson Complexity
- Capability to process heavier and more sour crude



## Ongoing Projects

- Revamp of Crude Units
- FCC Modernization
- New Sulphur Units
- Energy Saving Projects
- Optimization of conversion units

# Financial Policy

**Financial Discipline:** Risk management policies focusing on areas such as leverage, liquidity, counterparty risk, commodity, interest rate and currency exposure.

## Leverage & Liquidity

Proactive in liquidity risk management & targets/limits for financial ratios:

- Net financial debt/EBITDA
- Net financial debt/Equity
- Current ratio
- Share of long-term debt

## Counterparty Risk Policy

Deposit is kept within bank-based limits:

- Credit rating assessment and strong capital base.
- Cap on the maximum deposit allocated to a single bank.
- Threshold for deposits subject to banks shareholders' equity.

## Interest Rate & Fx

- The fixed/floating profile of financial debt.
- Proactive management of FX risk with derivative instruments
- Zero FX exposure target.

## Commodity Hedging Policy

Inventory Hedging Policy:

- Operational hedge: Optimum stock policy & forward pricing mechanism.
- Financial hedge: Expected inventory exposure for the year end is hedged by using derivatives.
- Hedging ratio increasing throughout the year.

Crack Margin Hedging Policy:

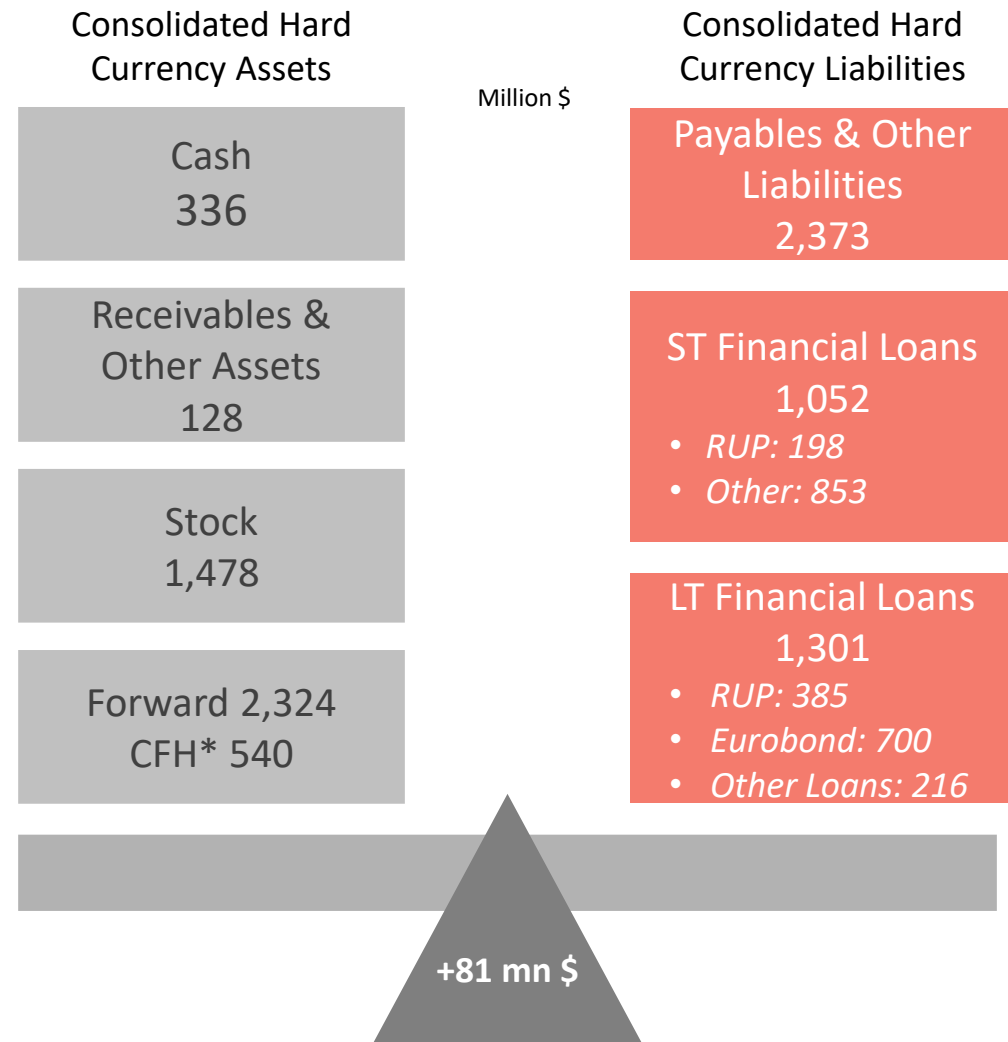
- Financial hedge: Crack margin (gasoline, diesel, jet fuel, fuel oil) risk mitigation by using derivatives.
- Hedge ratio between %0-%50 with up to 1 year hedge tenor



# FX Exposure Management (31 March 2021)

**Tüpraş continues to employ strict FX policies to mitigate currency risks stemming from volatility.**

- A significant portion of the Group's crude oil and refined product purchases are denominated in US Dollars. In addition, the Group finances its capital expenditures mostly through borrowings denominated in US Dollars.
- Natural Hedge: The Group is able to mitigate some of the impact of volatility in exchange rates through natural hedges: crude oil and refined product inventories are US Dollar denominated assets.
- Cash flow Hedge: RUP Facility financing loans designated as hedging instruments of highly probable export revenues.
- As a general Koç Holding financial policy, Group companies are allowed to keep foreign exchange positions within certain limits.



\*Cash Flow Hedge



Appendix



# Tüpraş Balance Sheet (Million TL)

	31.03.2021	31.12.2020	Diff.	Diff. (%)
<b>Current Assets</b>	<b>39,091</b>	<b>30,663</b>	<b>8,428</b>	<b>27</b>
Cash & C. Equivalents	21,145	19,825	1,319	7
Trade Receivables	3,758	1,736	2,022	117
Derivatives	1,617	380	1,237	325
Inventories	11,385	7,701	3,684	48
Pre-paid expenses	124	234	-109	-47
Other Current Assets	1,062	788	274	35
<b>Long Term Assets</b>	<b>30,696</b>	<b>30,505</b>	<b>191</b>	<b>1</b>
Financial Assets & Subsidiaries	1,261	1,330	-69	-5
Fixed Assets	22,234	22,137	97	0
Derivatives	113	88	25	28
Pre-paid expenses	108	135	-27	20
Deferred Tax	5,272	5,002	269	5
Other Longterm Assets	1,708	1,813	-105	-6
<b>Total Assets</b>	<b>69,787</b>	<b>61,169</b>	<b>8,619</b>	<b>14</b>
<b>Short Term Liabilities</b>	<b>38,870</b>	<b>28,341</b>	<b>10,529</b>	<b>37</b>
Financial Loans	13,884	8,502	5,383	63
Trade Payables	20,522	14,137	6,385	45
Derivatives	159	763	-604	-79
Provisions	194	142	52	37
Other ST Liabilities	4,110	4,796	-687	-14
<b>Long Term Liabilities</b>	<b>20,190</b>	<b>21,155</b>	<b>-966</b>	<b>-5</b>
Financial Loans	19,774	20,743	-969	-5
Payables & Provisions	342	356	-14	-4
Derivatives	62	45	-17	37
Other LT Liabilities	12	10	1	14
<b>Total equity attributable to equity holders of the parent</b>	<b>10,513</b>	<b>11,446</b>	<b>-934</b>	<b>-8</b>
<b>Minority Interests</b>	<b>215</b>	<b>226</b>	<b>-11</b>	<b>-5</b>
<b>Total Liabilities &amp; Equity</b>	<b>69,787</b>	<b>61,169</b>	<b>8,619</b>	<b>14</b>

# 2021 Refinery Maintenance Schedule

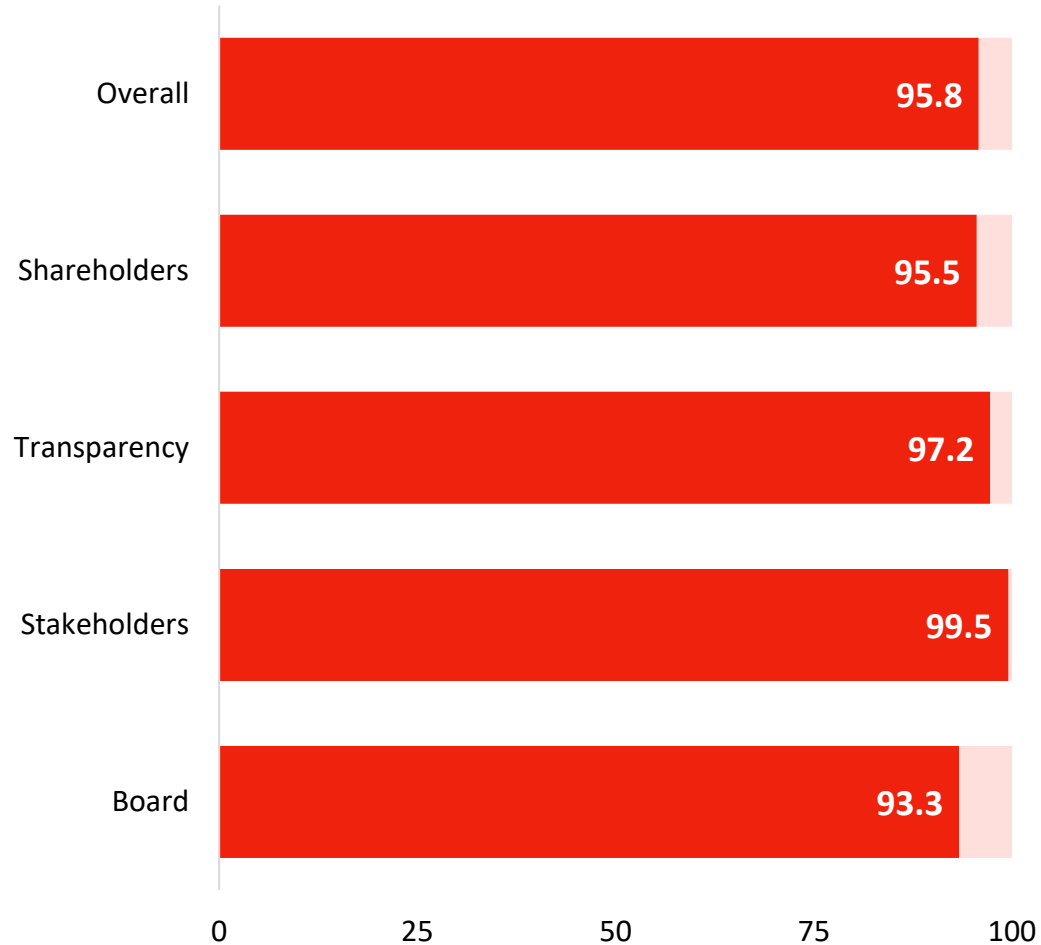
Refinery	Unit	Starting Quarter	Duration (weeks)	Purpose	Status
Batman	Crude Oil & Vacuum	Q1	7*	Seasonal	Done
İzmir	Crude Unit	Q1	9	Revamp / Opportunity Maintenance	Done
	CCR	Q1	10		Done
	FCC	Q1	9		Done
	Isomerization	Q1	10		Done
	Desulphurizer	Q1	11		Done
	Vacuum	Q4	6	Periodic Maintenance	Planned
	Lube Complex	Q4	6	Periodic Maintenance	Planned
İzmit	Desulphurizer	Q1	4	Periodic Maintenance	Done
	FCC	Q1	30	Revamp	Ongoing
Kırıkkale					

(\*) This activity started in Q4 2020. Duration figure indicates the portion carried out in 2021



# Tüpraş - Ratings

## Tüpraş BIST Corporate Governance Rating Score



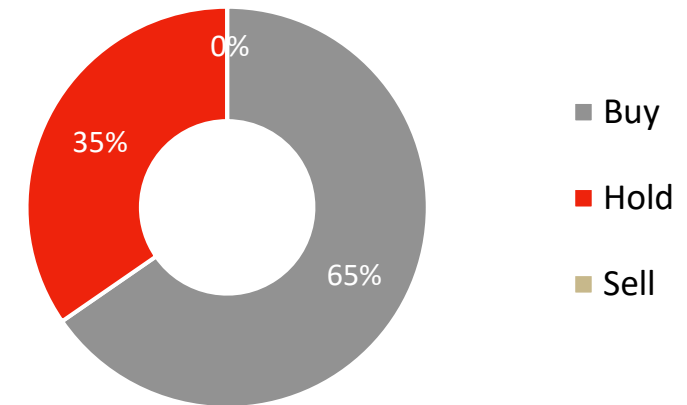
\*data as of 30 June 2021

Source: SAHA Corporate Governance and Rating Services Inc. (October 2020)

## Credit Rating Scores

Foreign Currency Long Term	FitchRatings	MOODY'S	S&P Global Ratings
Tüpraş	B+ (Negative)	B2 (Negative)	
Turkey	BB- (Negative)	B2 (Negative)	B+ (Stable)
Koç Holding		B2 (Negative)	BB- (Stable)

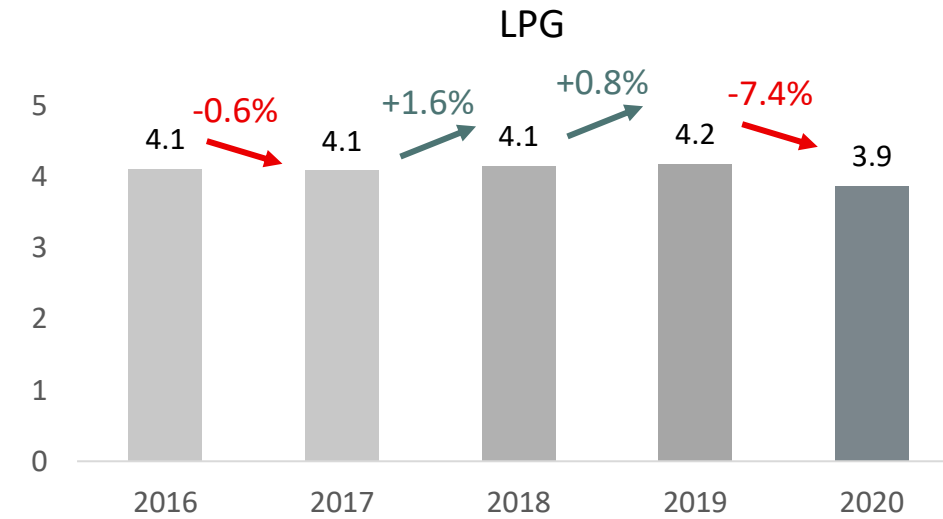
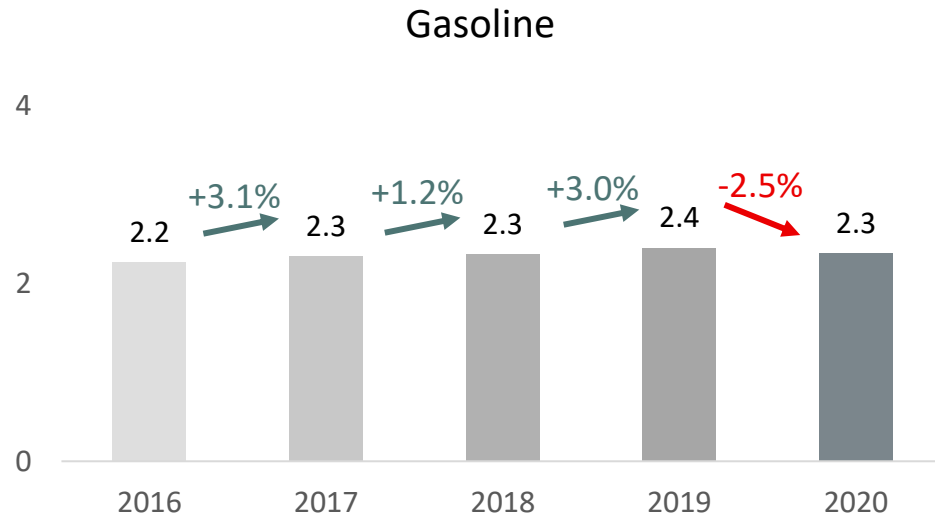
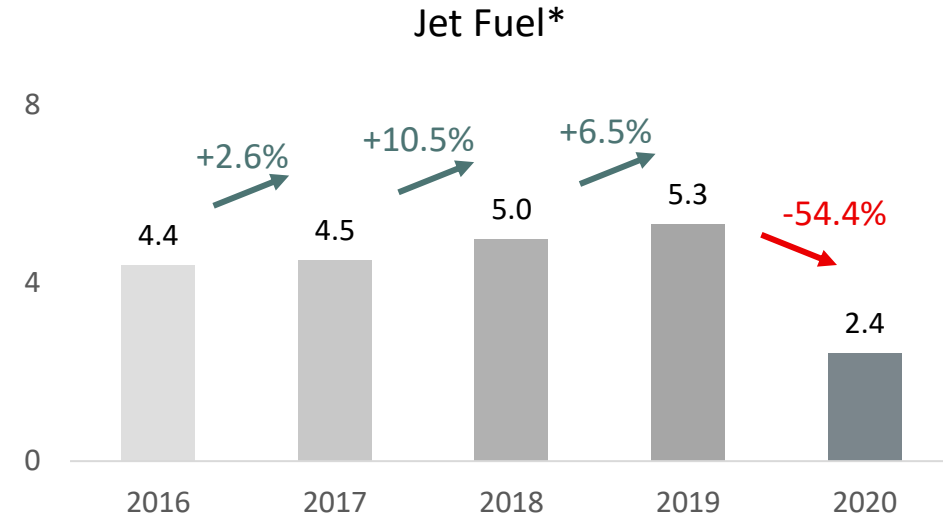
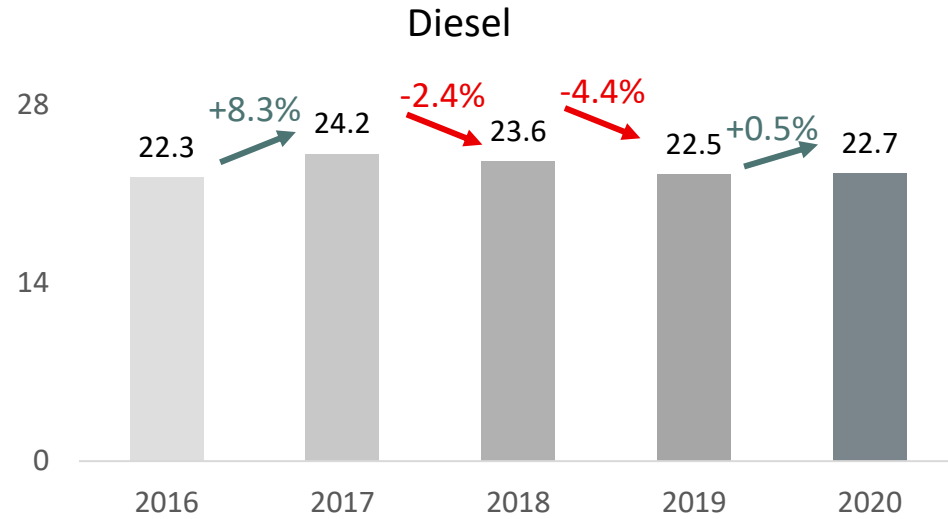
## Analyst Recommendations



Source: Bloomberg\*

# Turkish Consumption 2016-2020

Million  
Tons



Source: Tüpraş and EMRA

\* Transit flight consumption included

# Competition - STAR Refinery

## Timeline



- Feasibility studies began in 2010 and construction kicked off in 2011
- Goldman Sachs has acquired a 13% stake in SOCAR Turkey for \$1.3 billion.
- Total investment size 6.3 bn USD, with 3.3 bn USD credit agreement.
- Following the completion of construction late 2018, reached full capacity utilization in August 2019

Source: EMRA

## Turkish Market Structure (mn tons)

Turkey Demand	Tüpraş	STAR	Total	Turkish Market Demand*	Balance
LPG	1.1	0.3	1.4	4.2	-2.8
Petchem F.	0.2	2.6	2.8		
Gasoline	6.1		6.1	2.4	3.7
Jet Fuel	5.2	1.6	6.8	5.3	1.5
Diesel	10.7	4.8	15.2	22.5	-7.3
Fuel Oil	1.8		1.8	0.3	1.5
Bitumen	3.1		3.1		
Pet coke	0.8	0.7	1.5		
<b>Total</b>	<b>~30</b>	<b>~10</b>	<b>~40</b>		

# Competition - Regional Competition

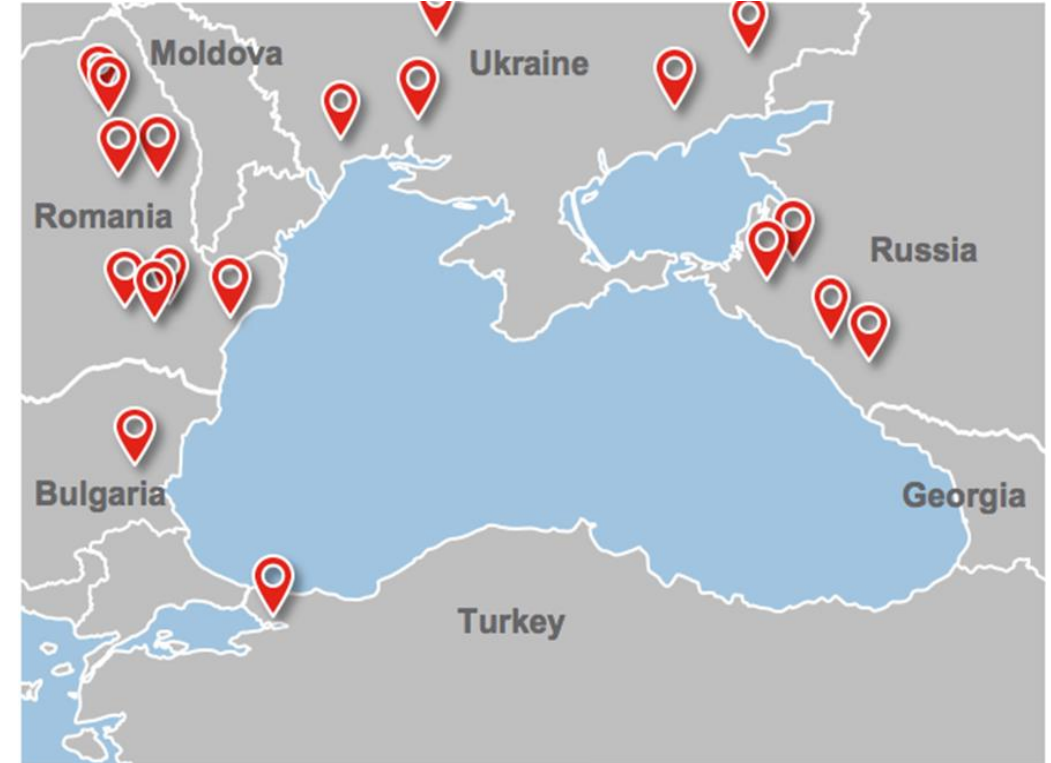
- Tüpraş competes with 71 refineries in the Mediterranean and Black Sea markets.
- Mediterranean regional product balance is also affected from Middle East, North West Europe and Asia flows

Mediterranean



**54 Refineries ~7.8mbd**

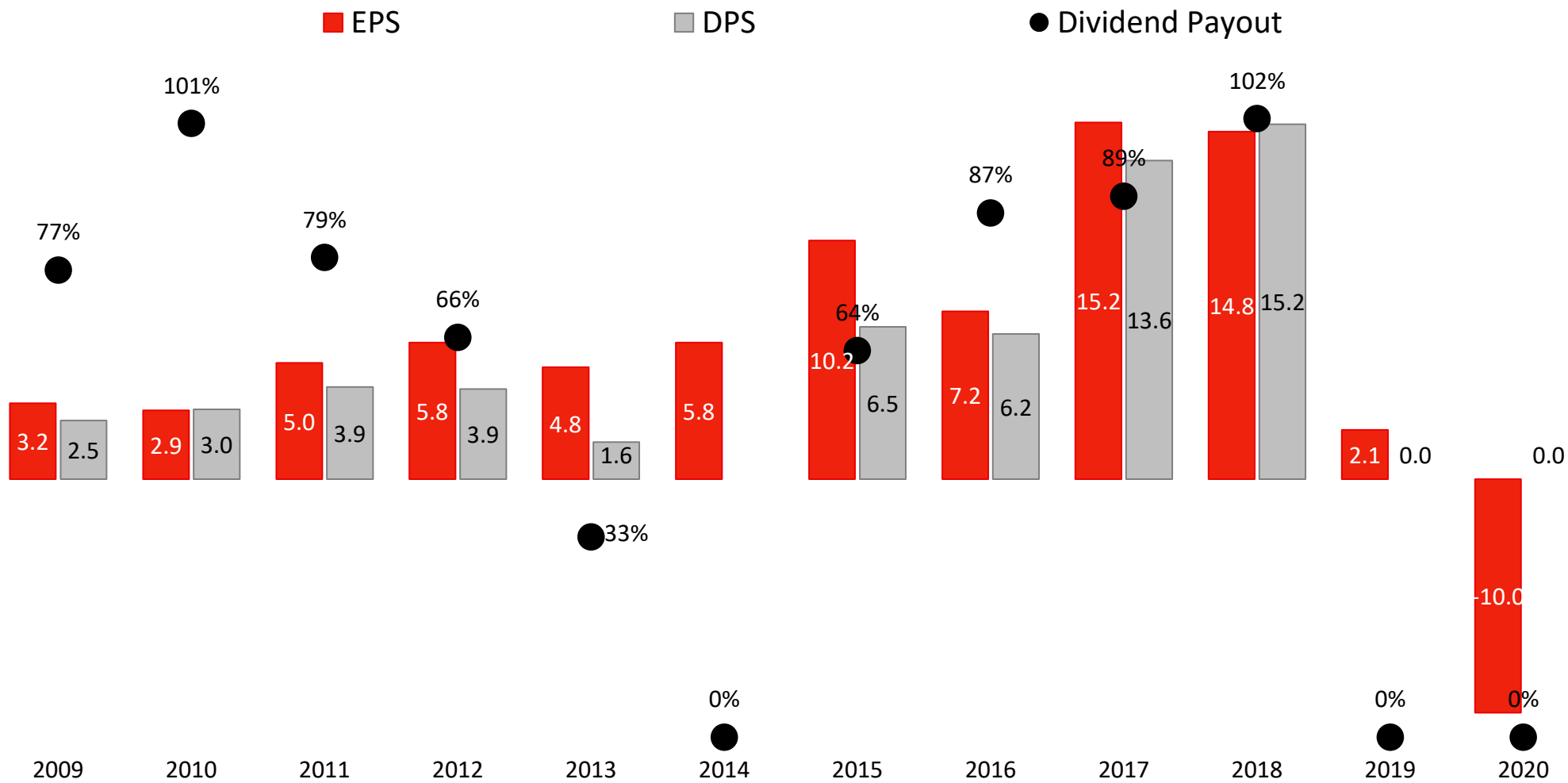
Black Sea



**17 Refineries ~1.8mbd**



# Dividend (TL)

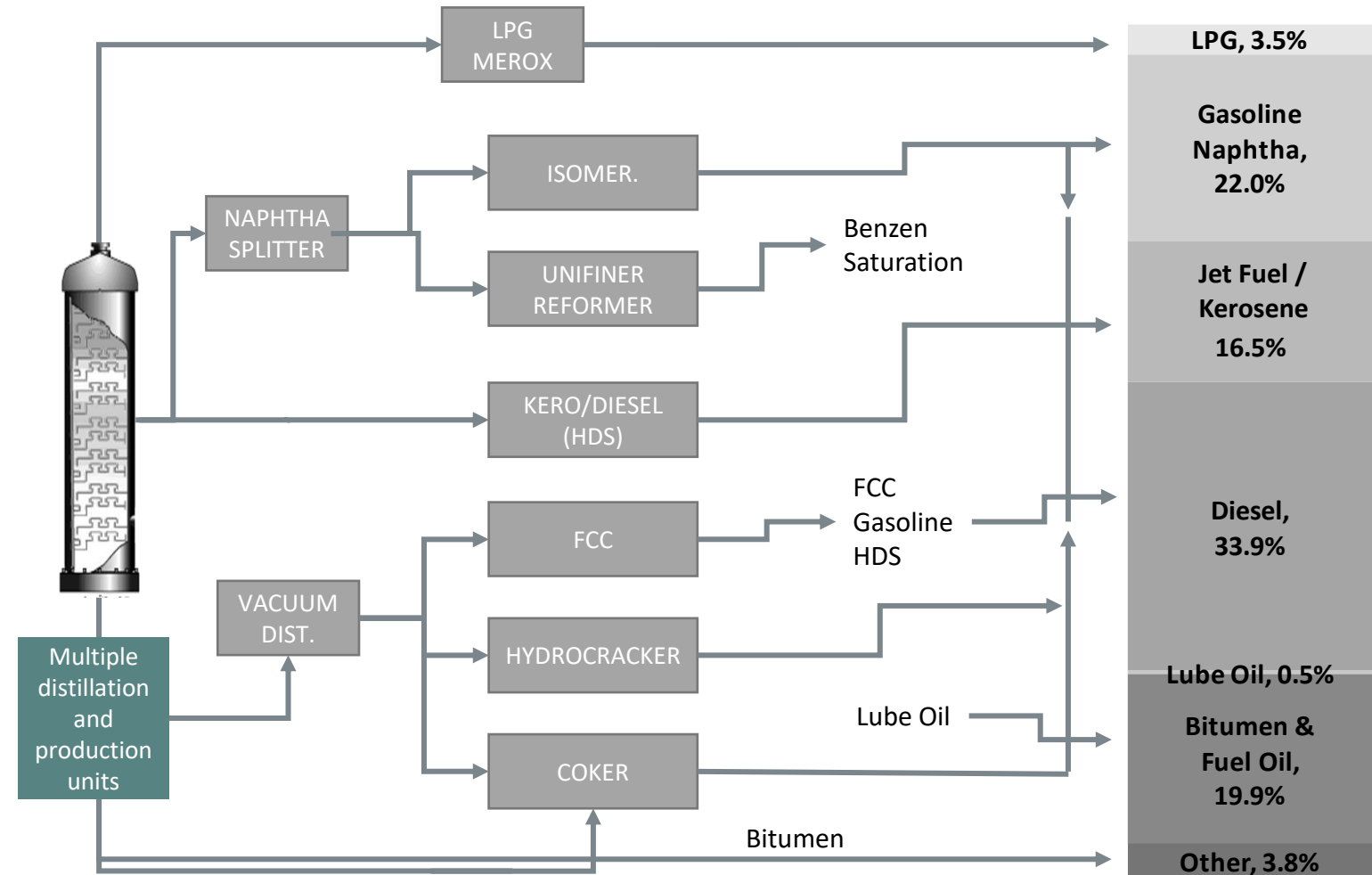


# Tüpraş Production Flow and Yield Breakdown

- Tüpraş has 30 million tons of production capacity
- Tüpraş operates 4 refineries with an integrated system optimization program

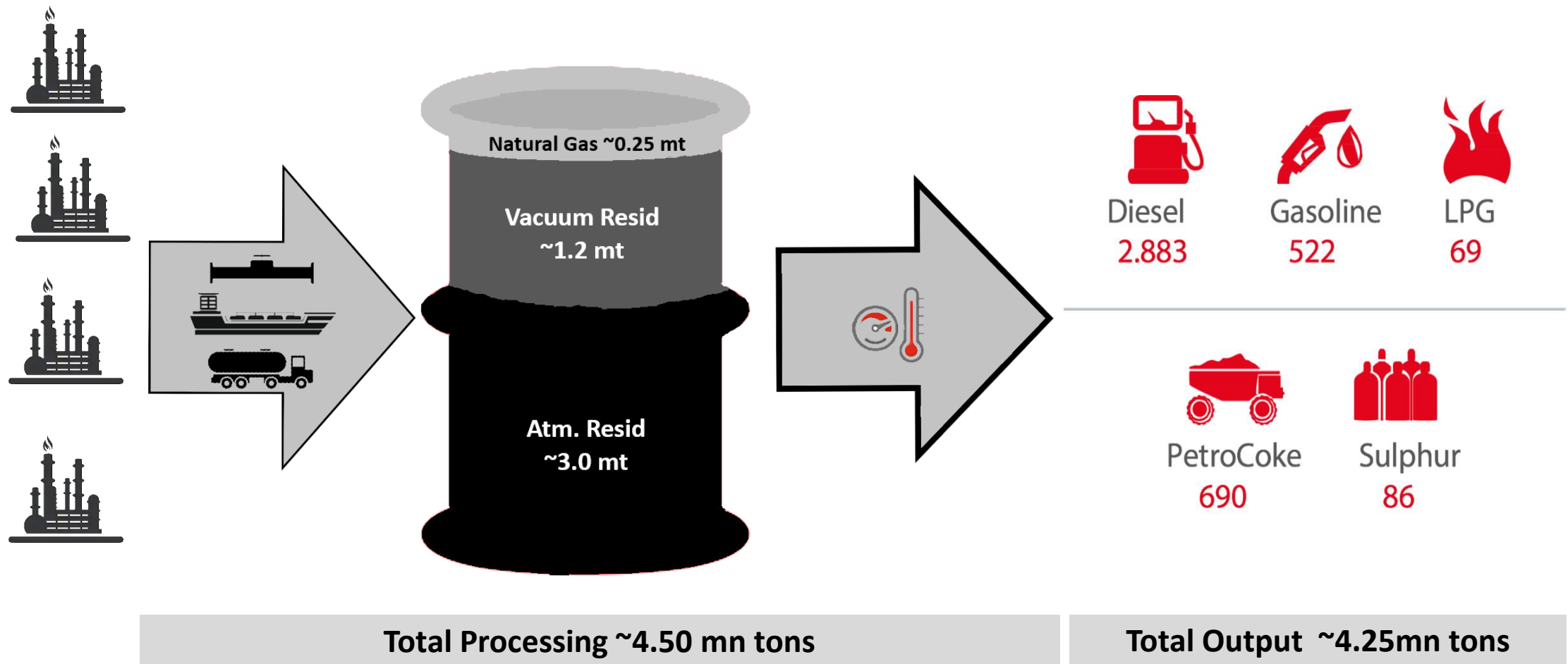
Key Units	# of Units	Capacity (m <sup>3</sup> /d)
CRUDE OIL	8	99,420
VACUUM DIST.	8	42,752
HYDROCRACKER	4	18,032
ISOMERATION	3	7,804
UNIFINER REFORMER	5	16,225
KERO/DIESEL (HDS)	9	37,265
FCC	2	4,650
COKER	1	9000
NAPHTA SPLITTER	8	
LPG MEROX	6	

**Flow Diagram**



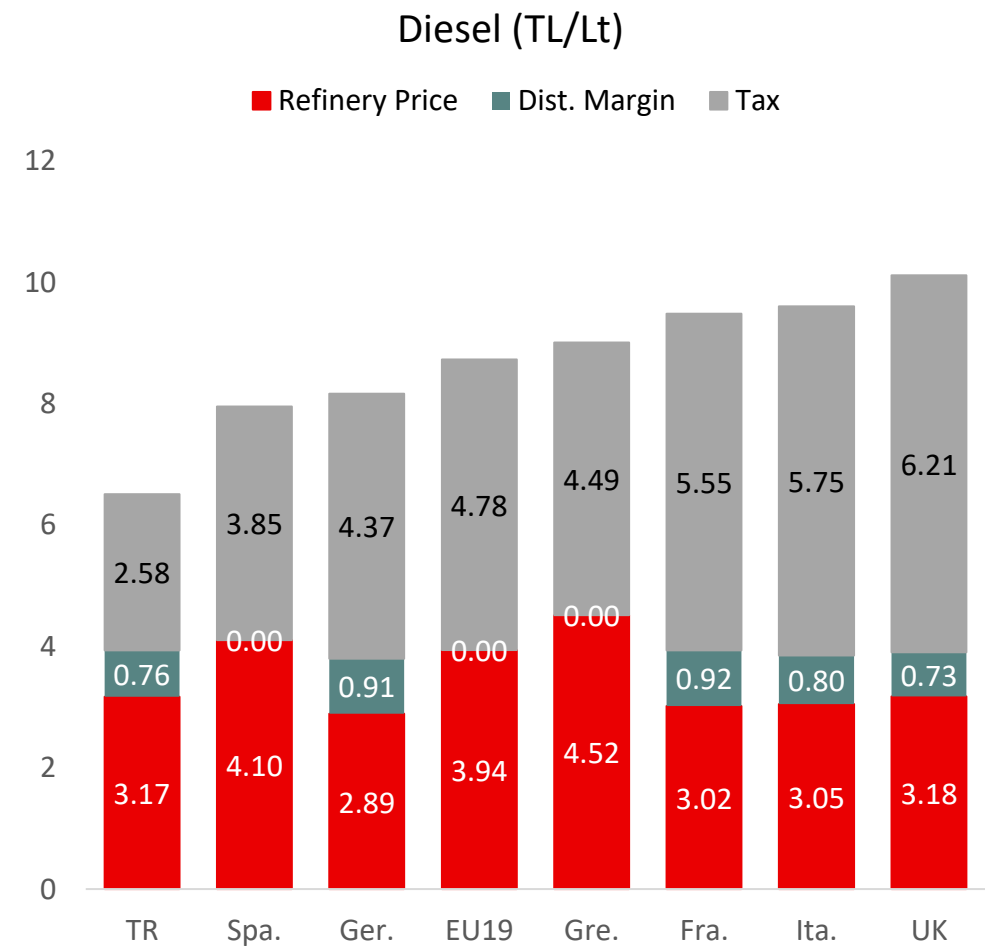
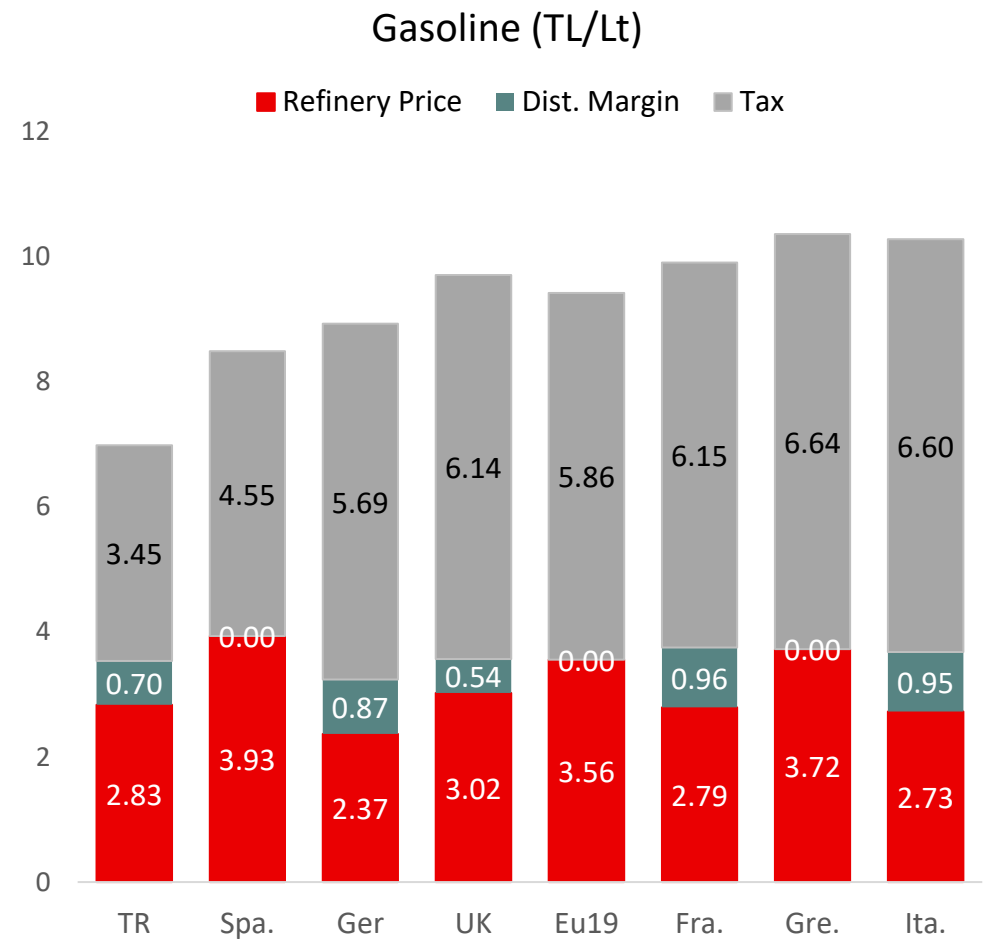
# RUP Feedstock and Production

- Residuum Upgrade Plant (RUP) was completed in 2015 and it is the main conversion unit of Tüpraş.
- First periodic maintenance was completed in Q2 2019.



# European Pump Price Comparison

Turkish fuel prices are highly competitive with other European countries.



European and Turkey prices as of February 8th, 2021



# Tüpraş's Sustainability Efforts Over a Decade of Dedication

Tüpraş kicked off its sustainability program back in 2008 and achieved many milestones in a decade

*From our investment decisions to our working methodology, we placed sustainability at the forefront of our operations, as a core management aspect. Accordingly, we adopted the UN Sustainable Development Goals (SDGs) as a significant guidance mechanism seeking creative solutions to global challenges.*

**~500**

energy efficiency projects leading to  
**~35,000 TJ** saving  
and  
**2.4 mt CO2** reduction

**11.5%**

increase in solid waste recovery

**45.5%**

decrease in fresh water usage

**20.7 points**

drop in Energy Intensity

**~209 MTL**

donations and sponsorships

**76.5%**

increase in female employee numbers

**~1.2 mn**

workhours dedicated to OHS training

**+1.3 points**

increase in Corporate Governance rating

**17%**

female representation in senior and mid-level management



See our Sustainability Report for details

# 2020 Achievements

## Environmental Responsibility



- In the Industrial Energy Efficiency (SENER) Project Competition, Kırıkkale Refinery won the 2nd place with its "Energy Optimization Studies" project, and İzmit Refinery received the Special Jury Award with its "Hydroprocess Units Operational Energy Optimization" project.
- İzmit Refinery won the Waste Management Award at the "Sustainable Business Awards".
- Achieved **63.6%** water recycle ratio
- Achieved **58.8%** solid waste recovery

## Social Support



- In the first days of the pandemic, we quickly coordinated with 60 volunteer teachers, using 3D printers in robotic coding classes, 10 thousand visor masks were produced for healthcare workers and delivered to Provincial Health Directorates. This project was deemed worthy of the "Possible Together" award at the TİSK Common Tomorrows Possible Together Competition in December 2020.

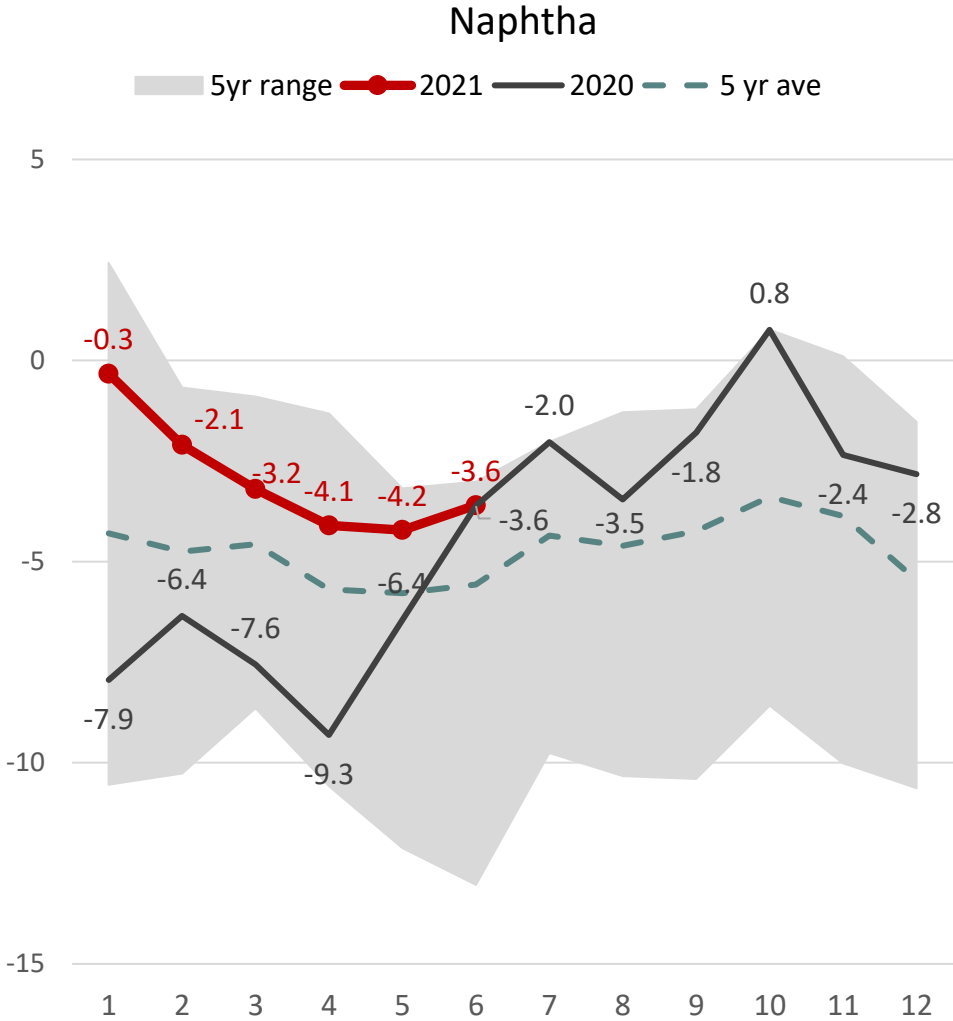
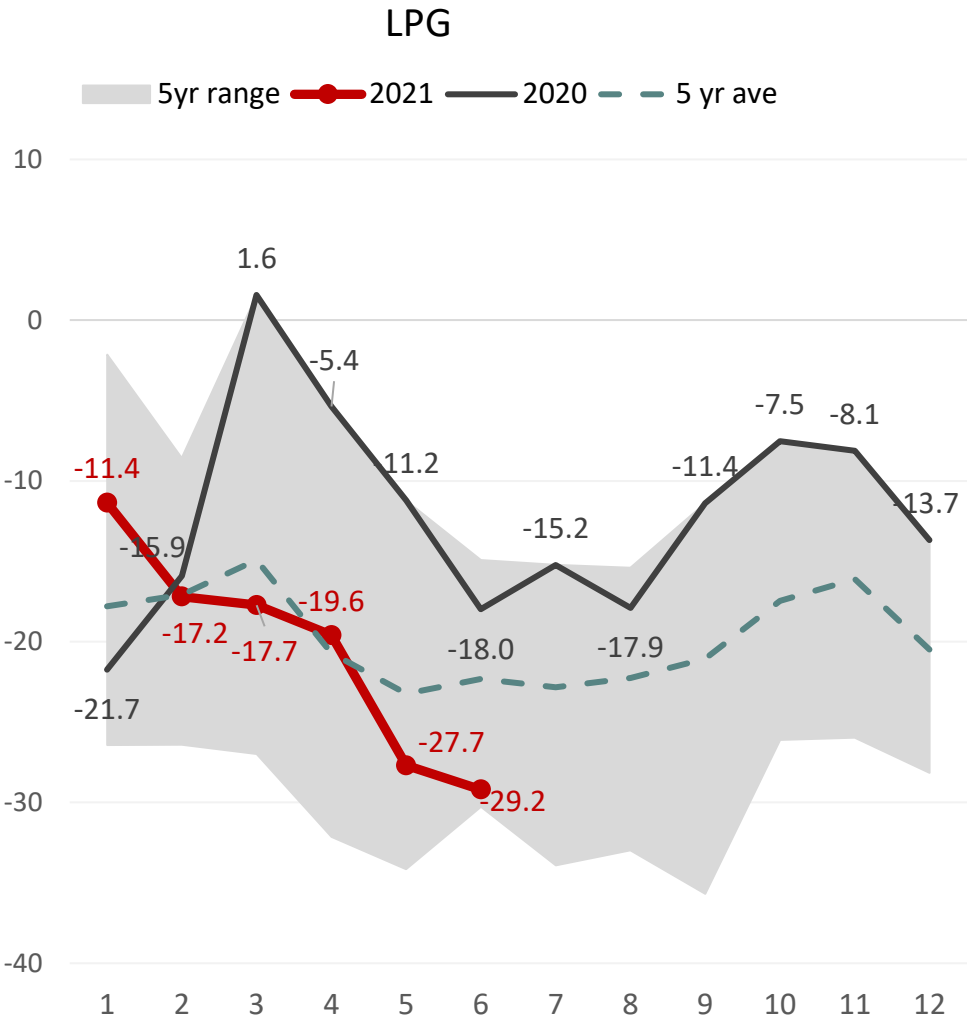
## Governance Excellence



- **9.58** Corporate Governance Rating
- **18%** Female Representation at the Board, **25%** representation is targeted in the next five years
- **20%** Female Representation in Upper and Mid-Level Management.

# LPG and Naphtha Cracks

\$/bbl



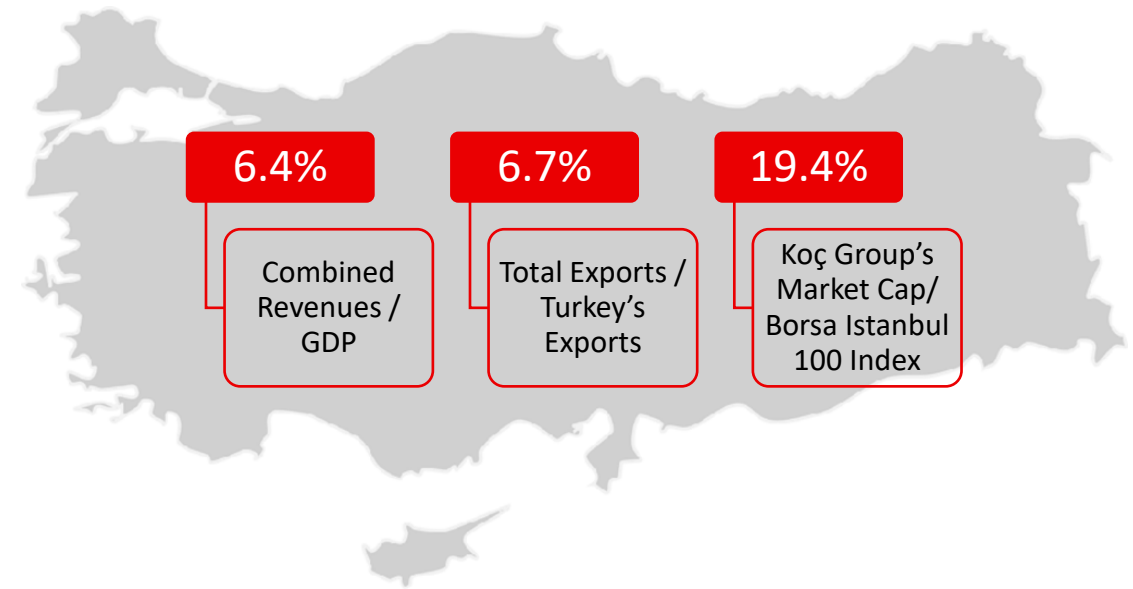
5 yr between 2016-2020, data as of 30 June 2021

## Turkey's Leading Investment Holding Company

- Koç Holding is Turkey's largest industrial and services group
- The only Turkish company in Fortune Global 500<sup>1</sup>.

## Pioneer in its Sectors

- Leading positions with clear competitive advantages in sectors with long-term growth potential such as energy, automotive, consumer durables and finance.



Notes : Data as of YE20

(1) 2020 Report (based on consolidated revenues)





Investor  
Presentation

Latest  
Webcast



Sustainability  
Report

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