



# Investor Presentation



# Disclaimer

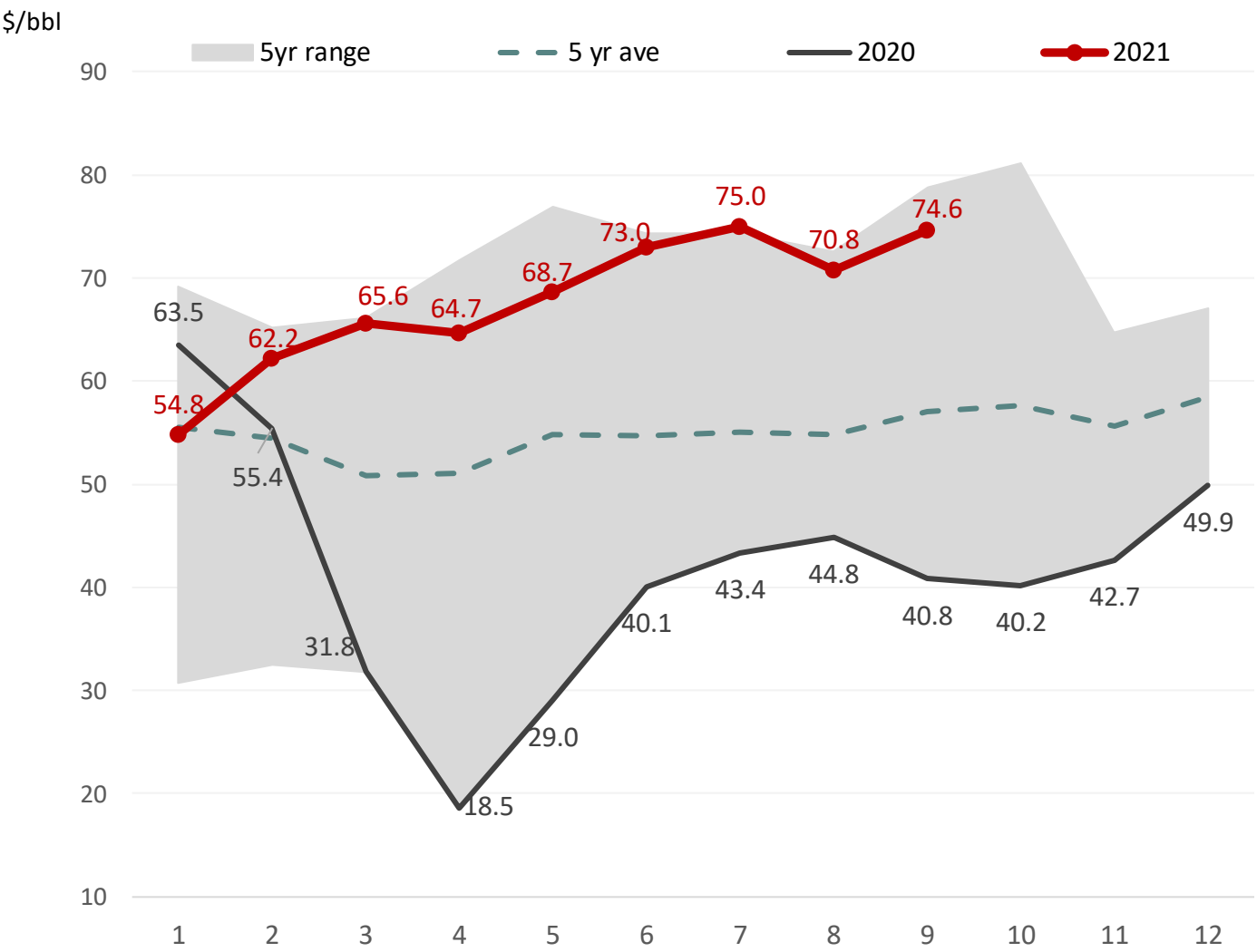
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# Refining Market

# 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

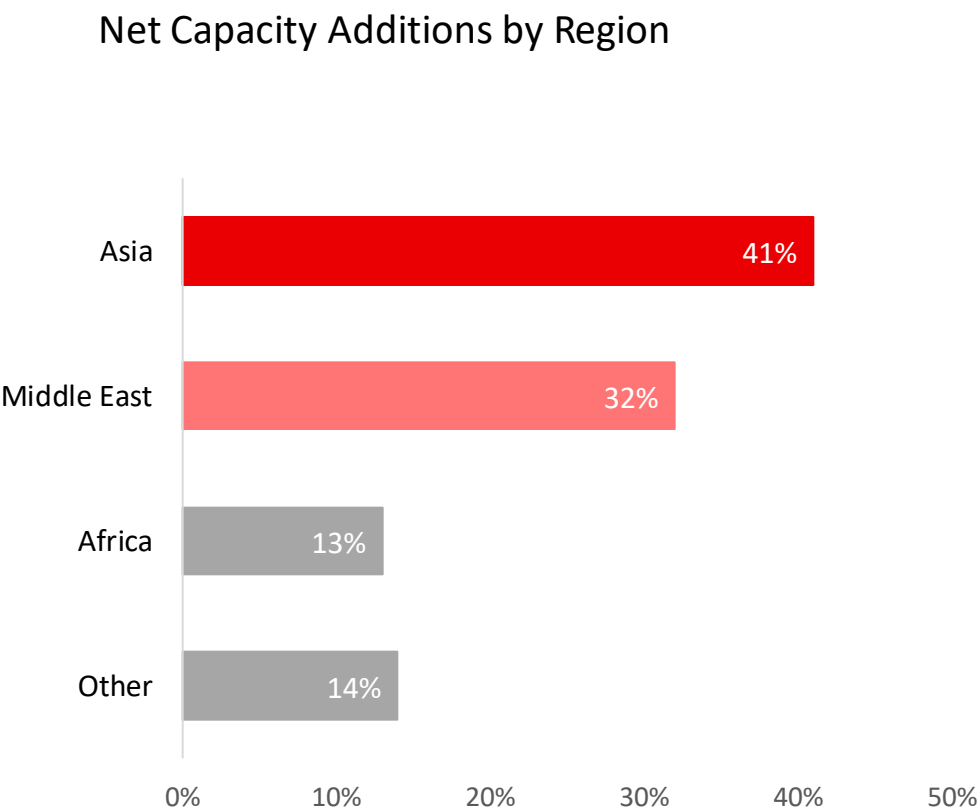
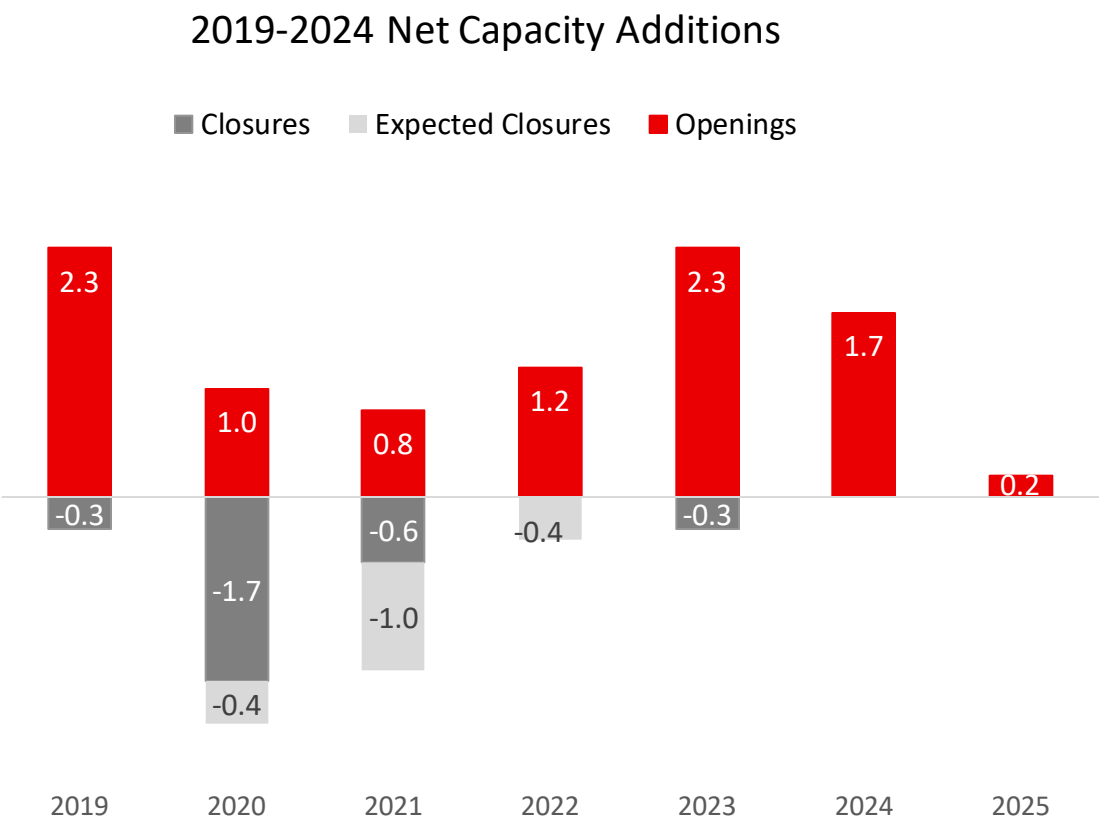
data as of 30 September 2021



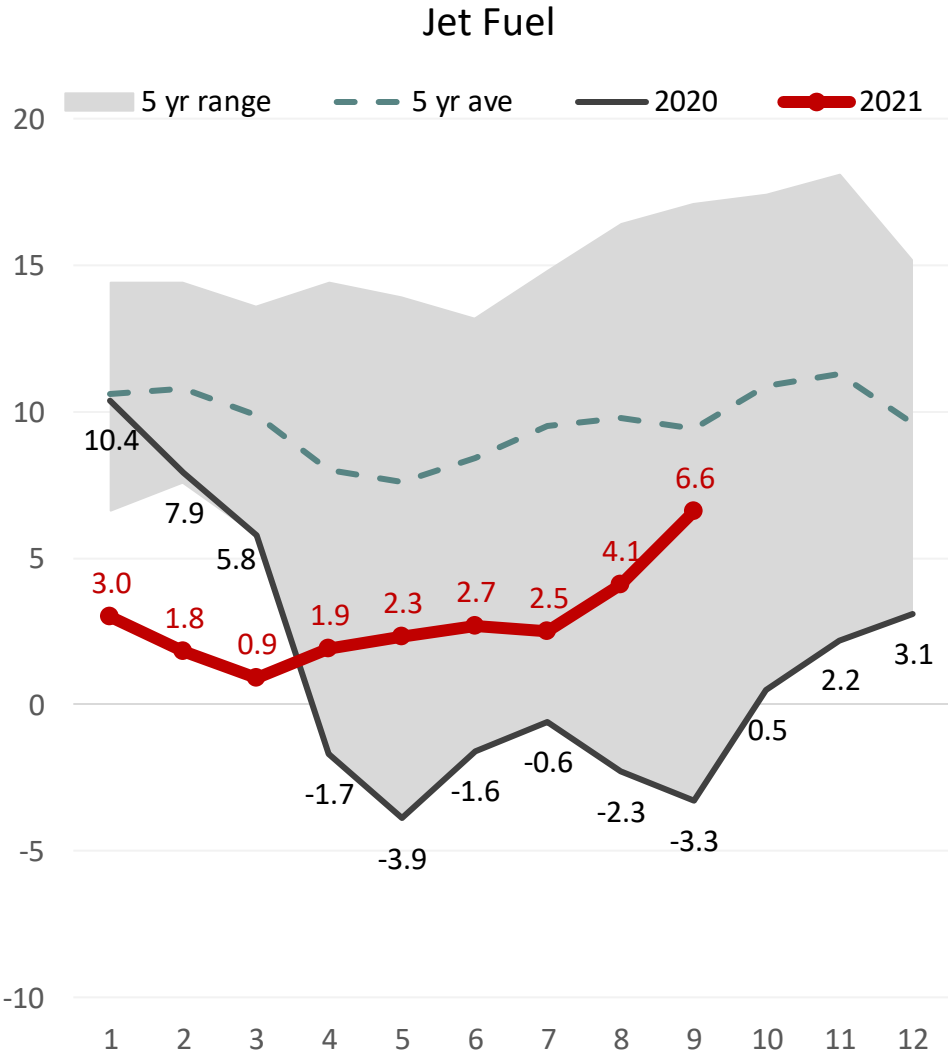
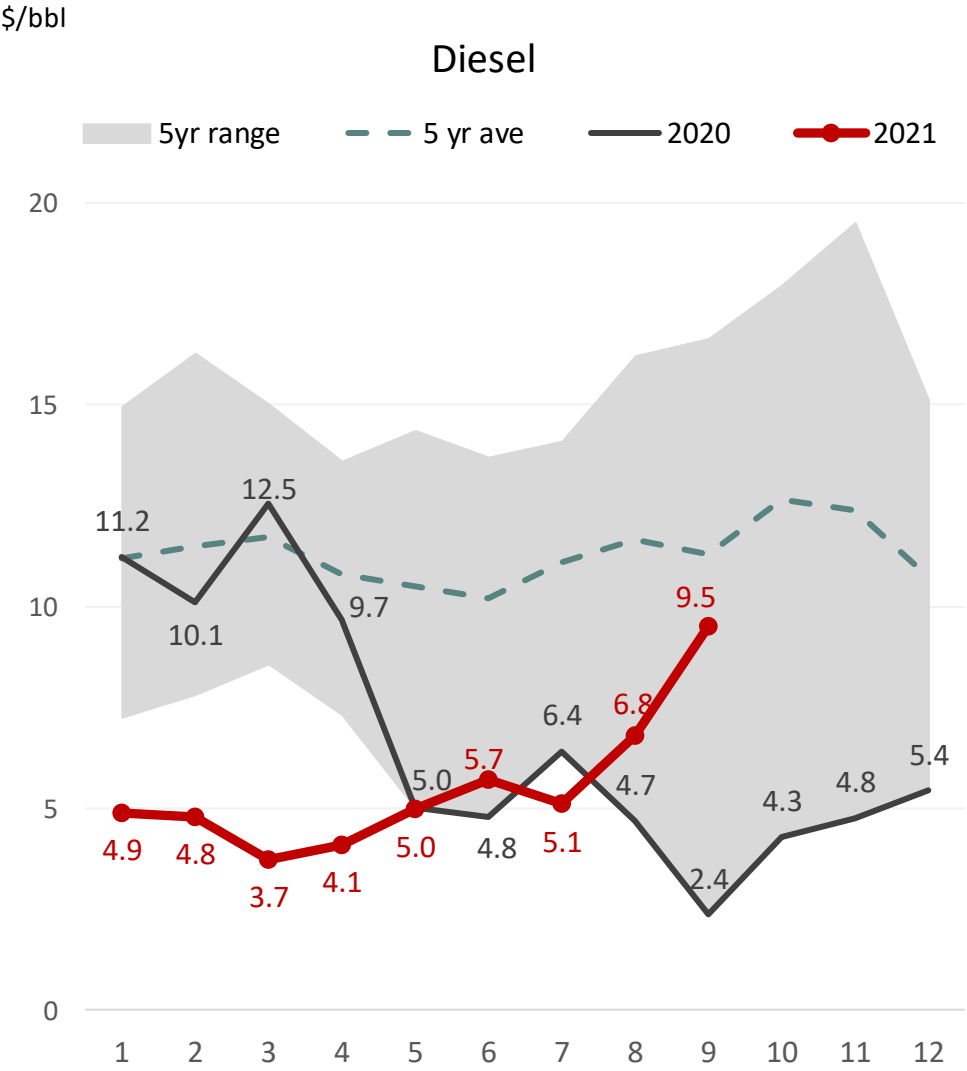
# Global Refinery Capacity Changes

**Expectations until 2024:**

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

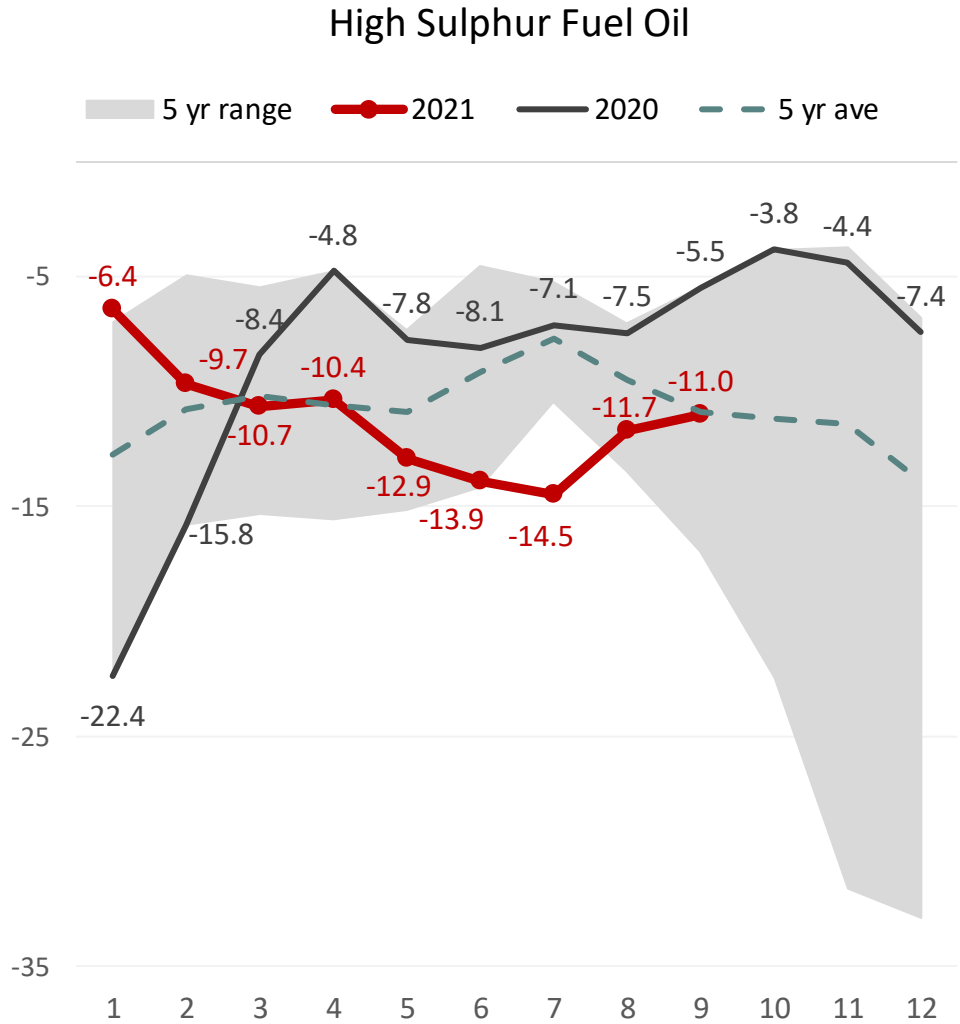
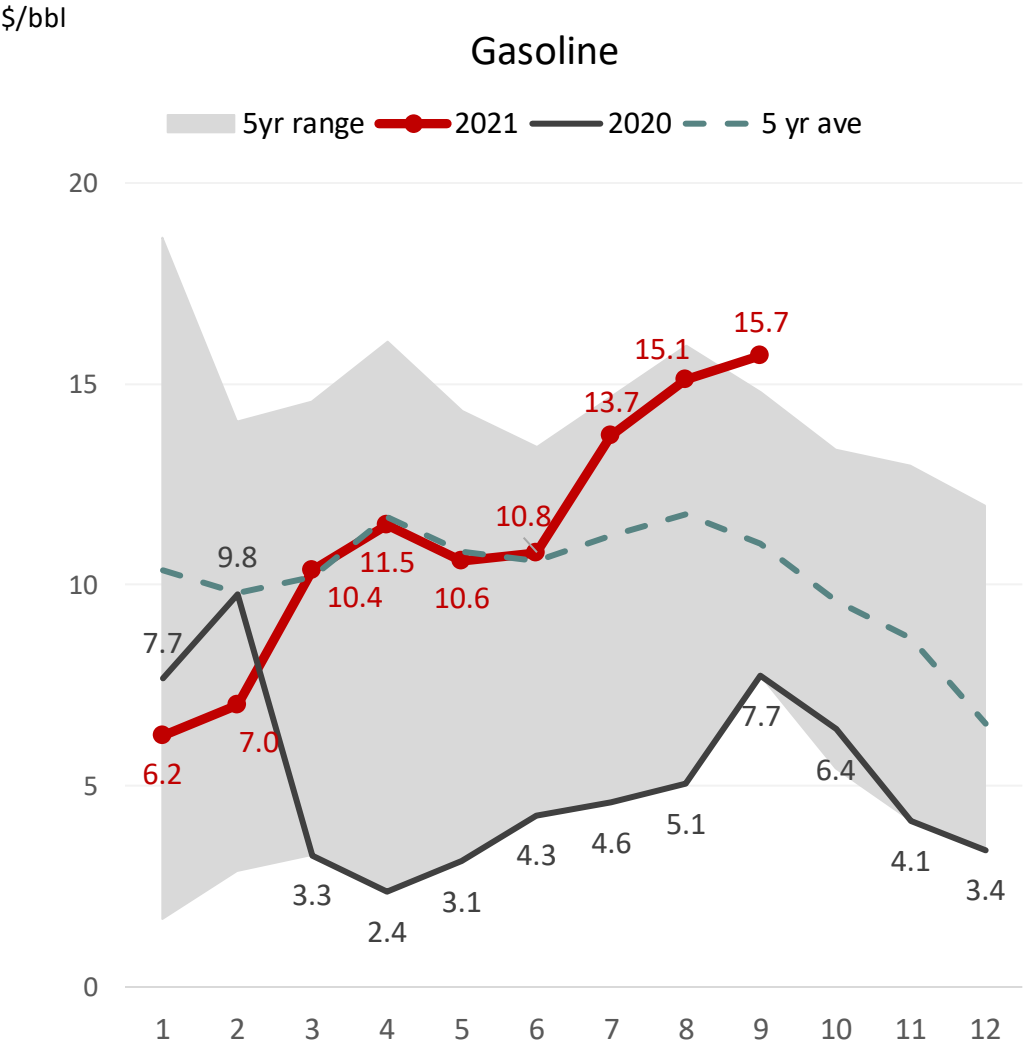


# Middle Distillate Cracks



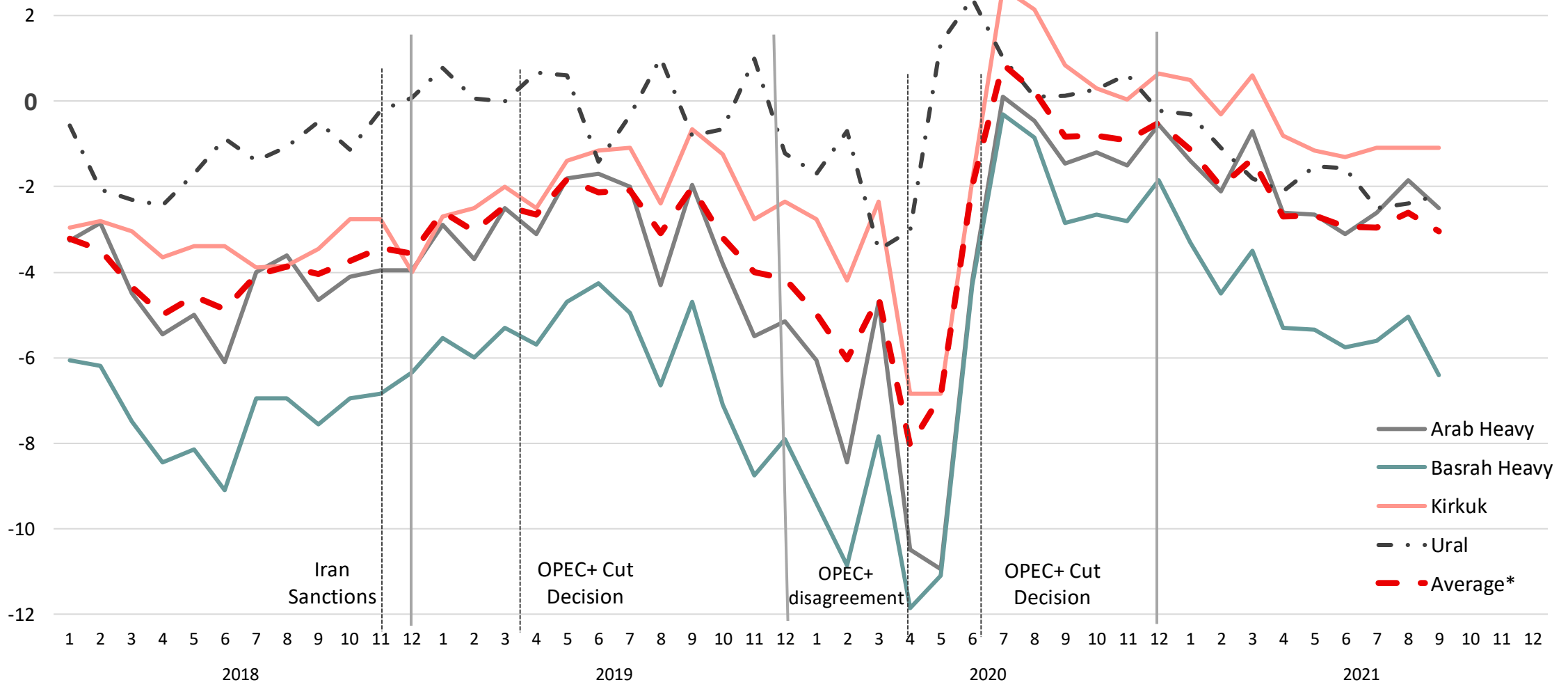
data as of 30 September 2021

# Gasoline and High Sulphur Fuel Oil Cracks



data as of 30 September 2021

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



\*Simple average of listed differentials

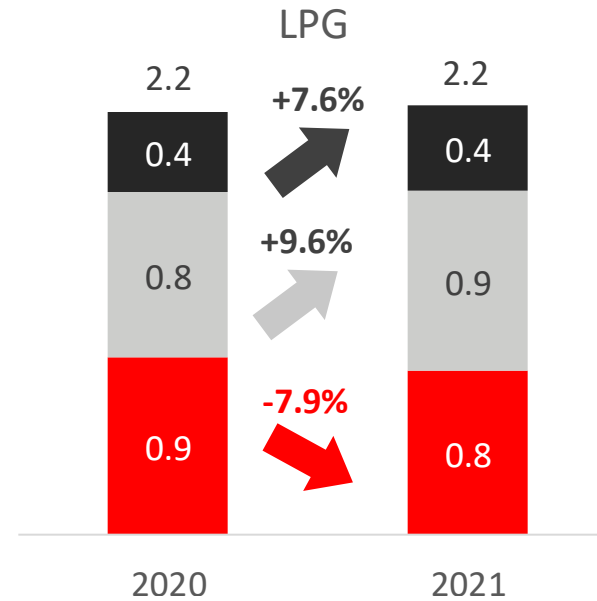
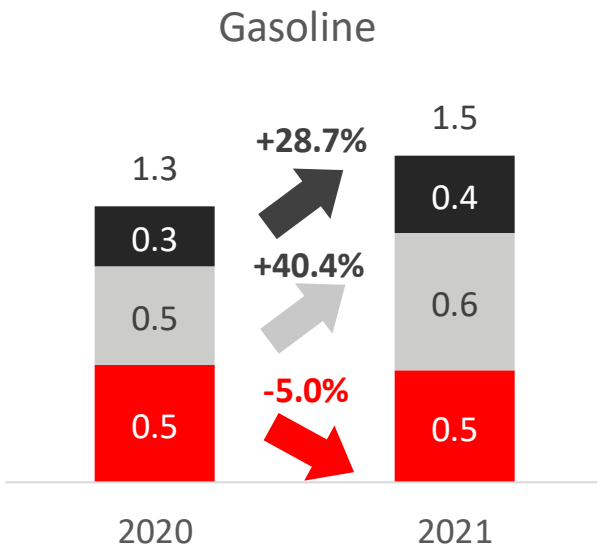
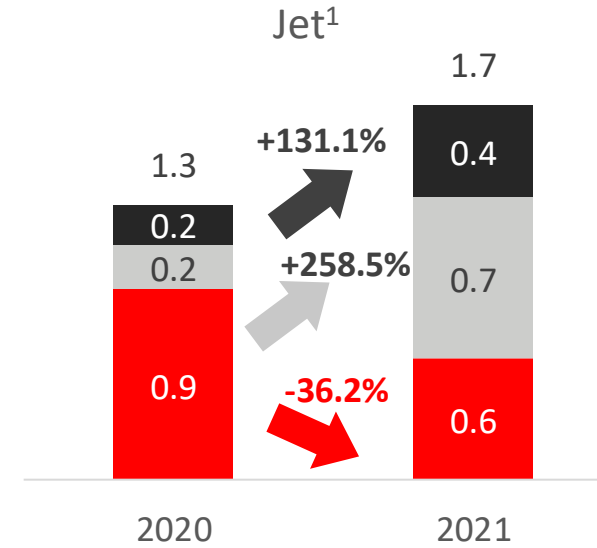
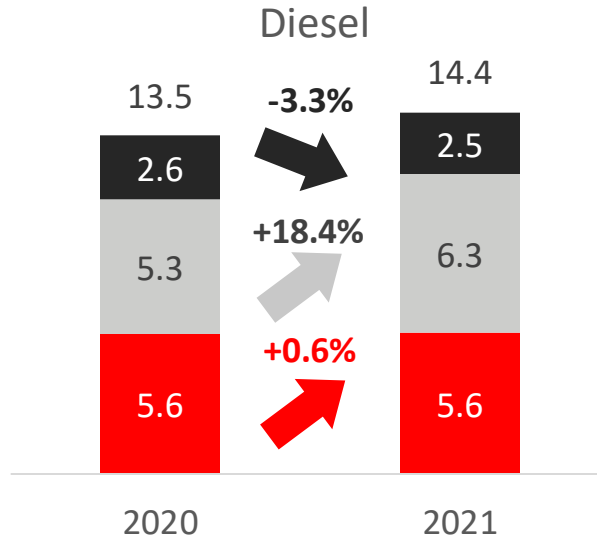




Turkish Market

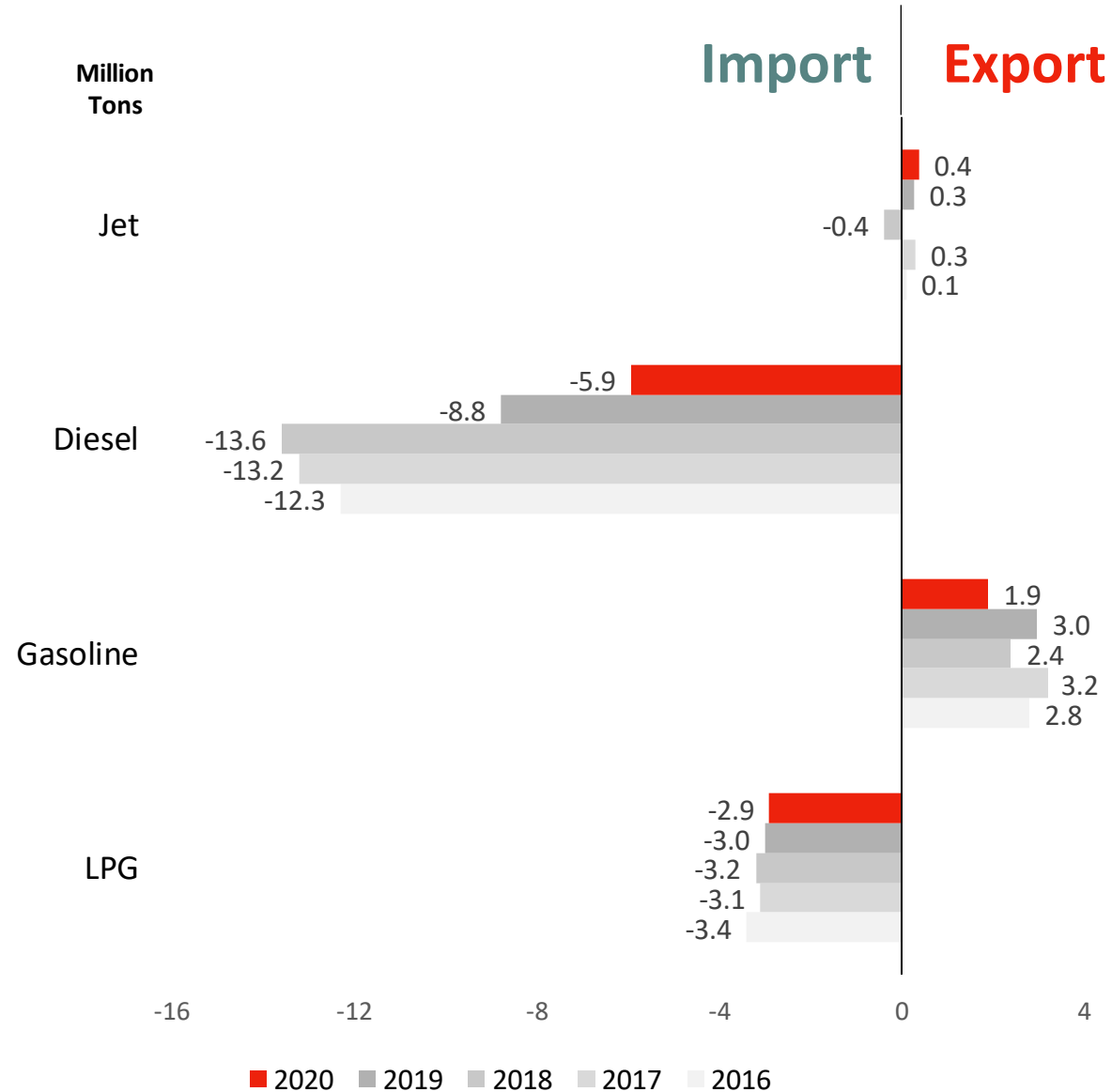
# Turkish Market, 7M 2021

■ July ■ Q2 ■ Q1

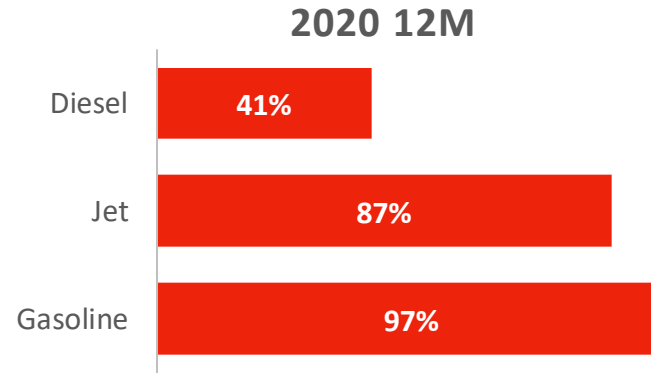


<sup>1</sup>Transit flight consumption included

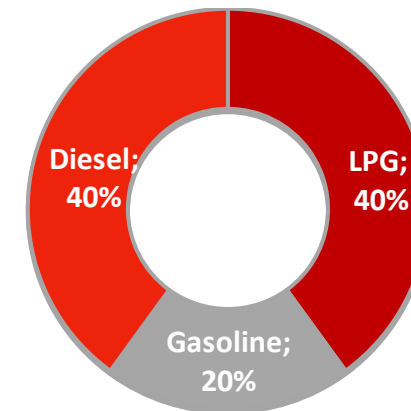
# Turkey's Net Import / Export Balance



## Tüpraş' Market Share



## Fuel Choice of Passenger Cars



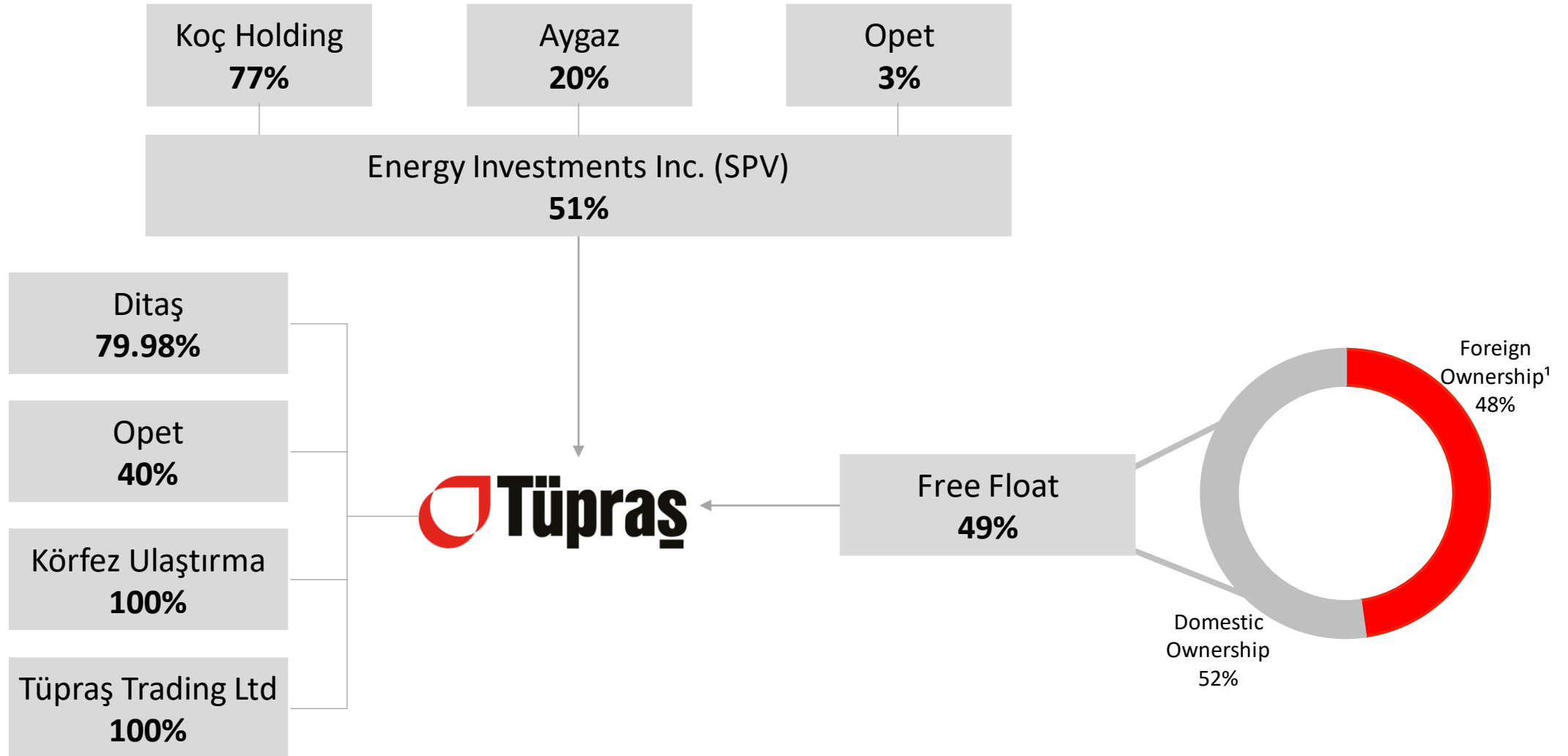




# Company Overview

# Tüpraş Shareholder Structure

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

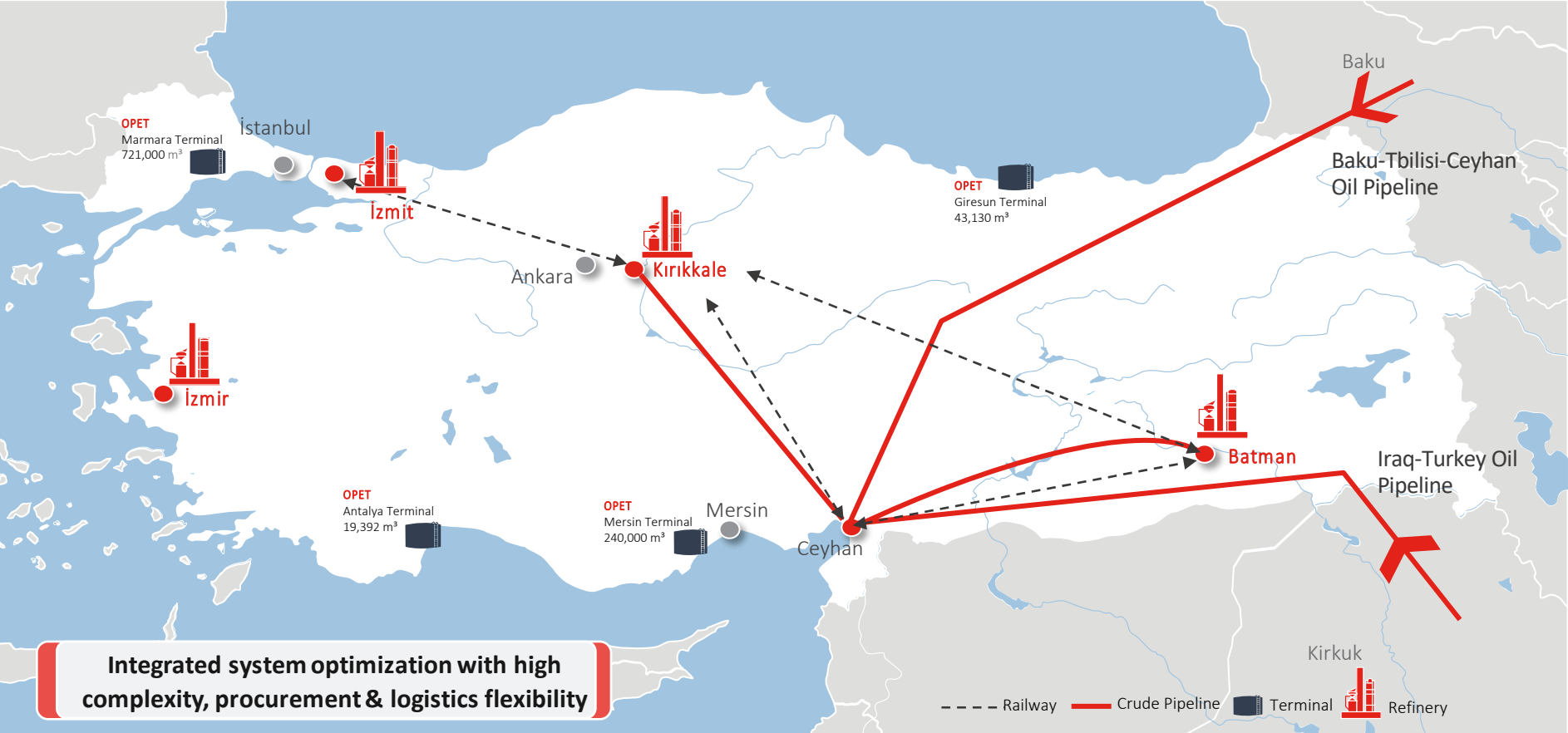


<sup>1</sup>As of December 31st, 2020

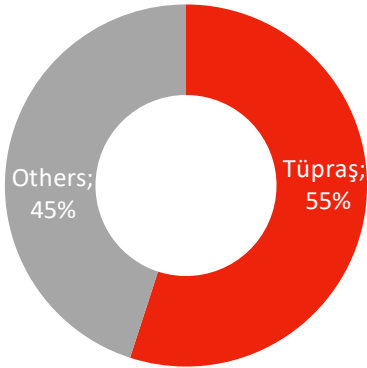


# Tüpraş' Refining Assets & Distribution Network

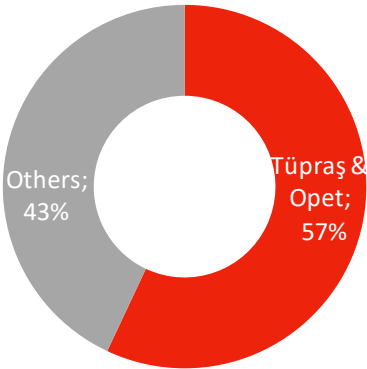
	İzmit	İzmir	Kırıkkale	Batman	Total
Capacity (mn tons)	11.3	11.9	5.4	1.4	30
Nelson Complexity	14.5	7.66	6.32	1.83	9.5
Storage Capacity (mn m <sup>3</sup> )	3.0	2.5	1.3	0.3	7.0



Turkey's petroleum product needs

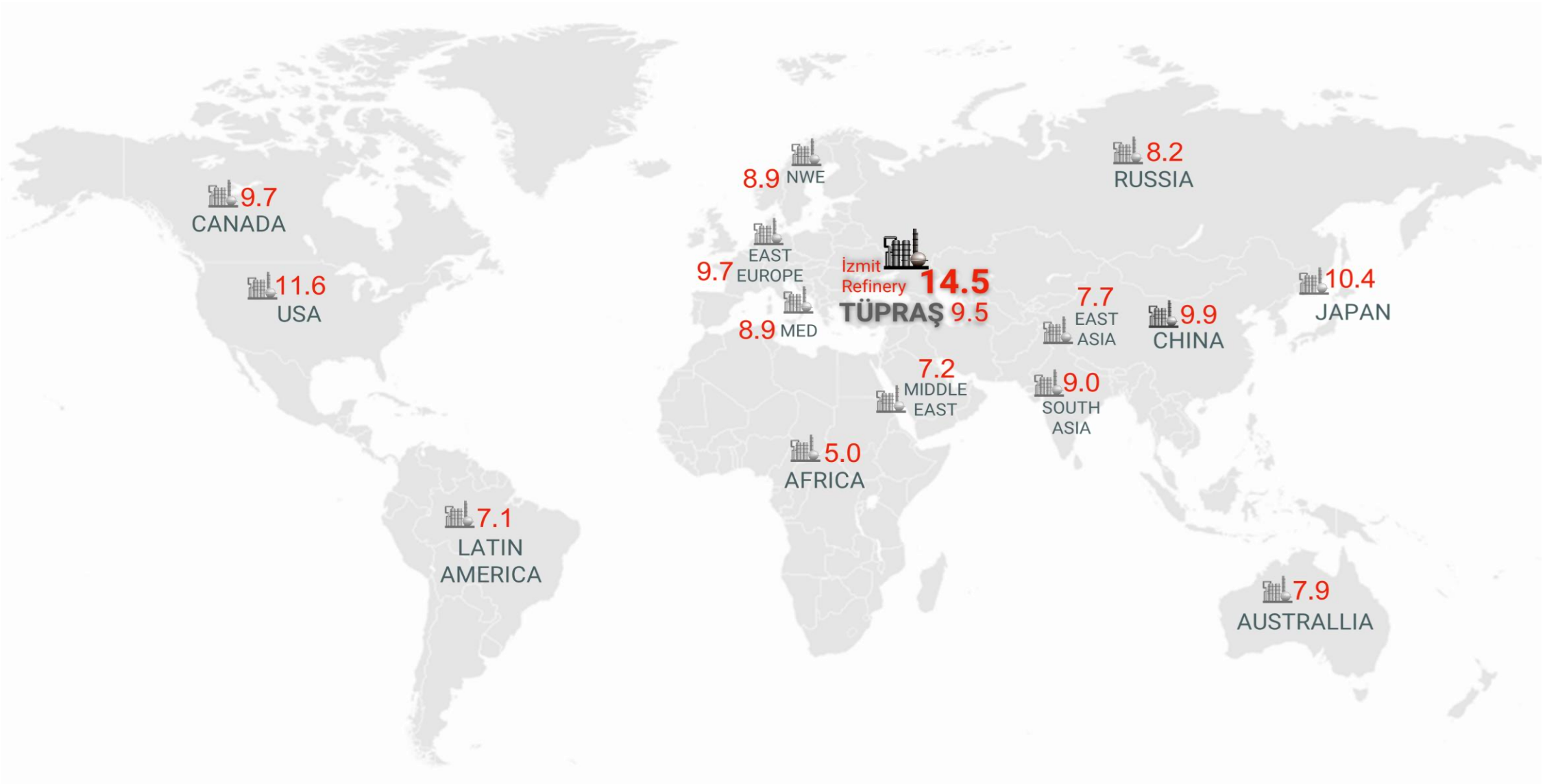


Turkey's Storage Capacity





# Nelson Complexity of Refining Companies



# Tüpraş Subsidiaries

## OPET, Distribution, Tüpraş Share: 40%



- 1,789 stations as of 31 August 2021
- As of July 2021 Market share: 17.4% in white products; 10.2% 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 is important for 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





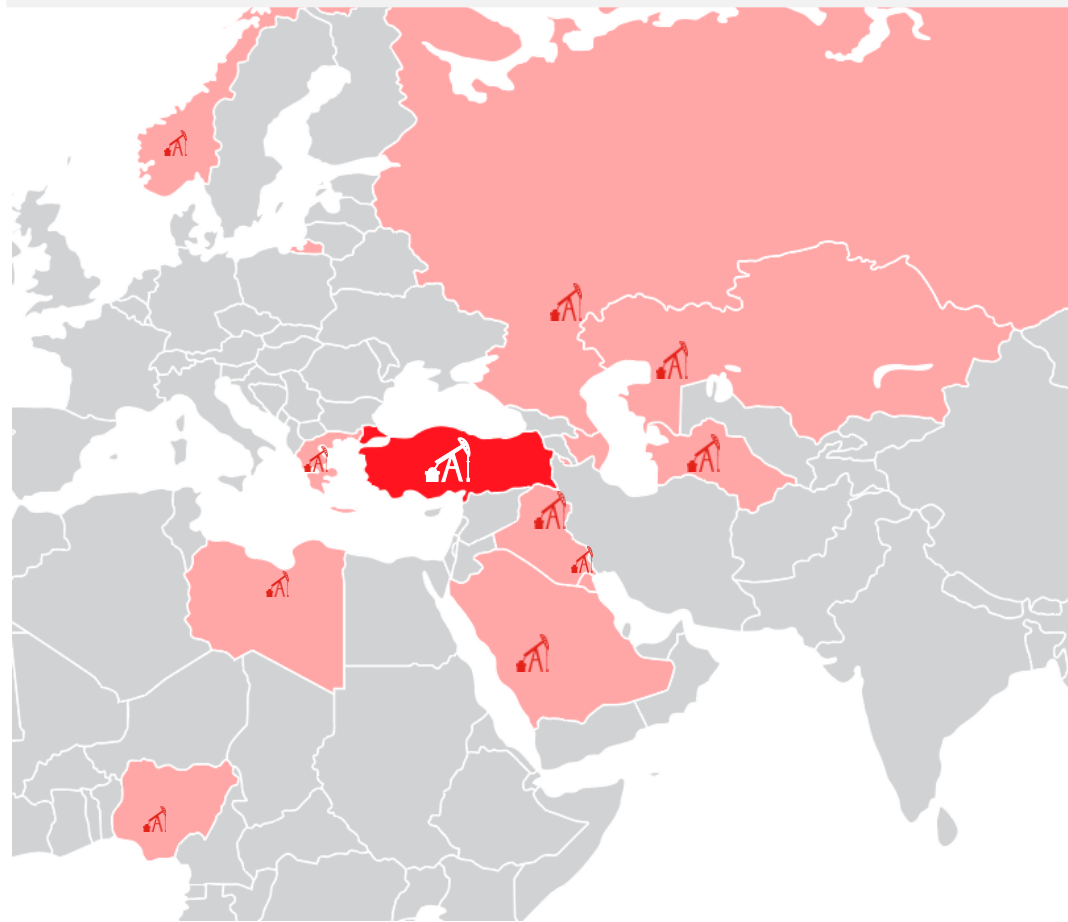
Operations



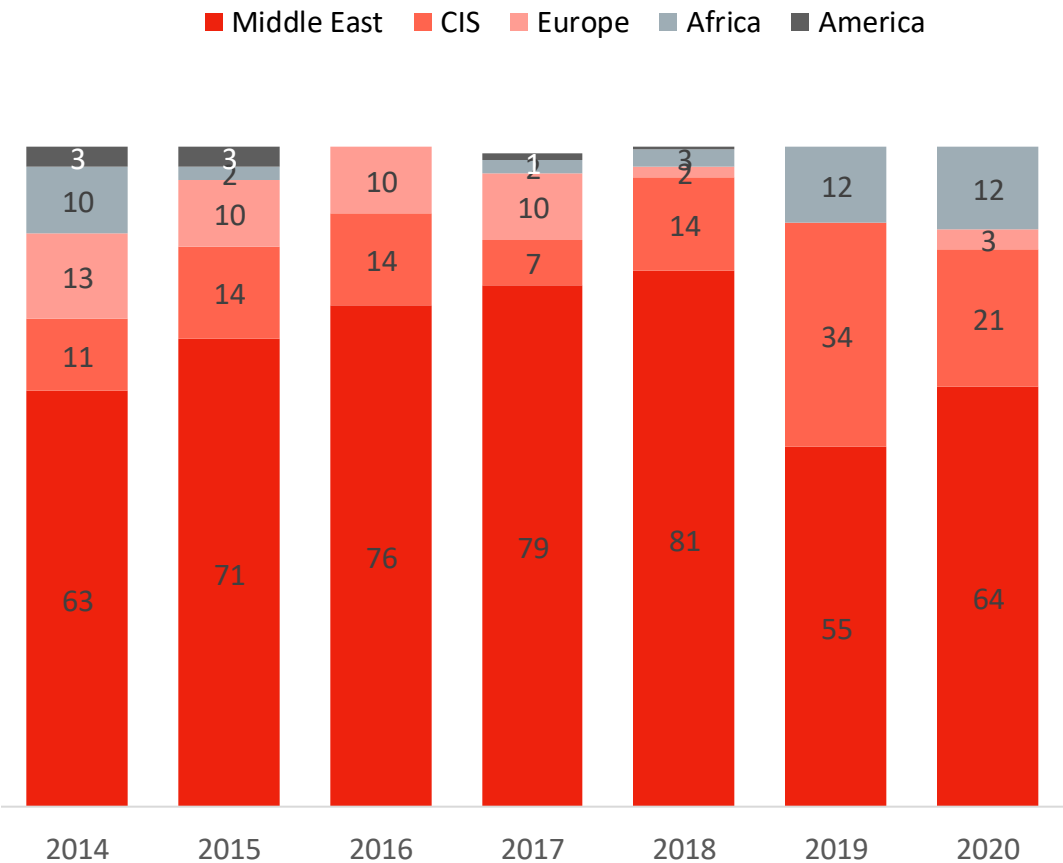
# Crude Suppliers of Tüpraş

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

Main Crude Suppliers in 2020

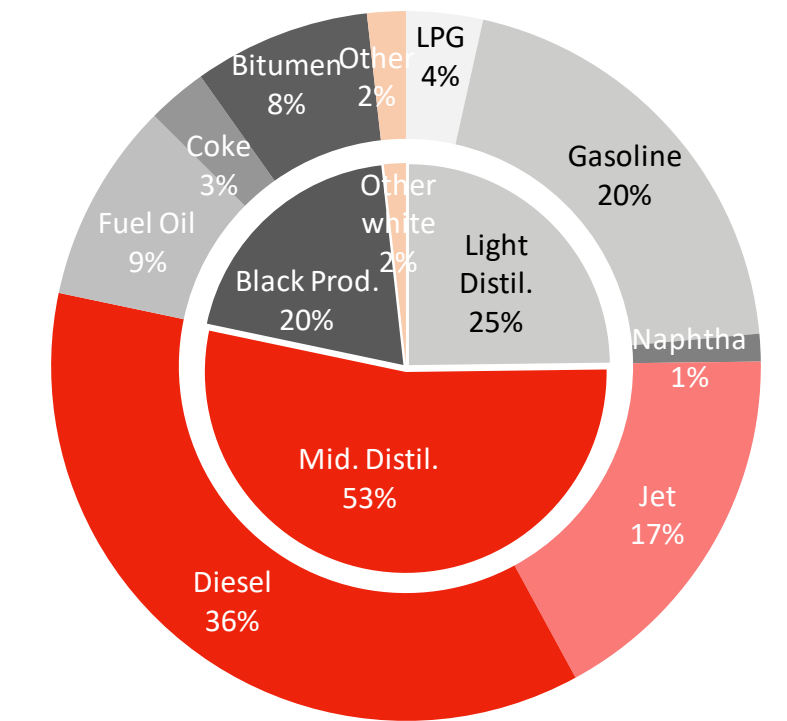


Crude Oil Imports by Region (%)



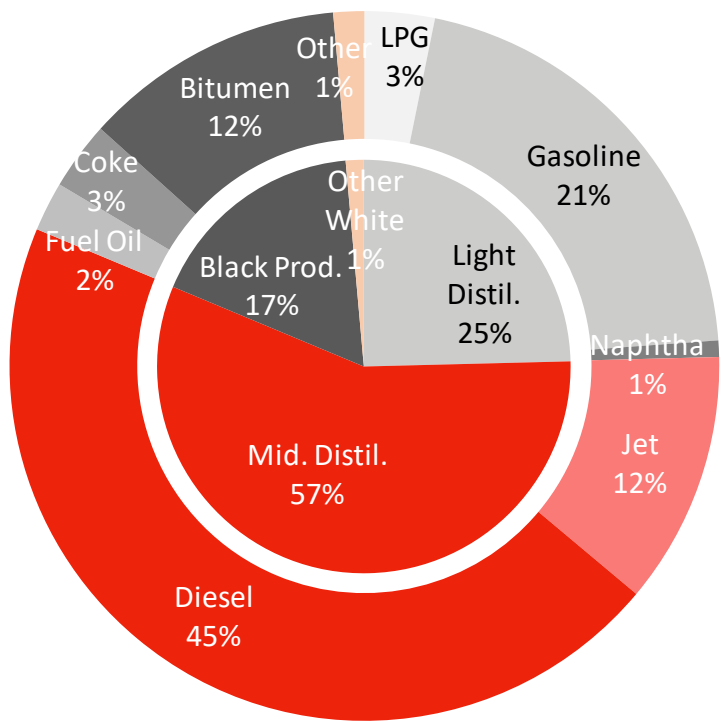
# Annual Product Yields

2019



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

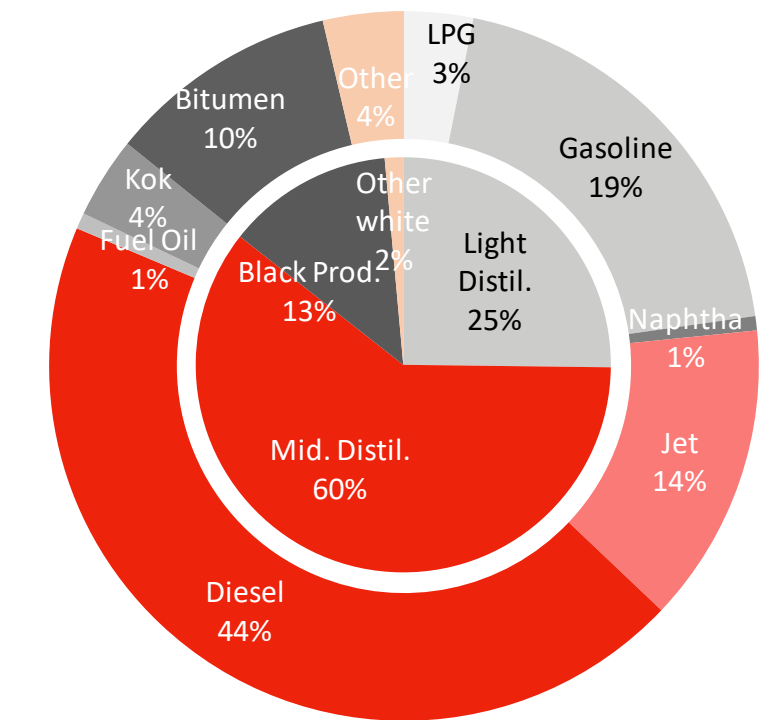
2020



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

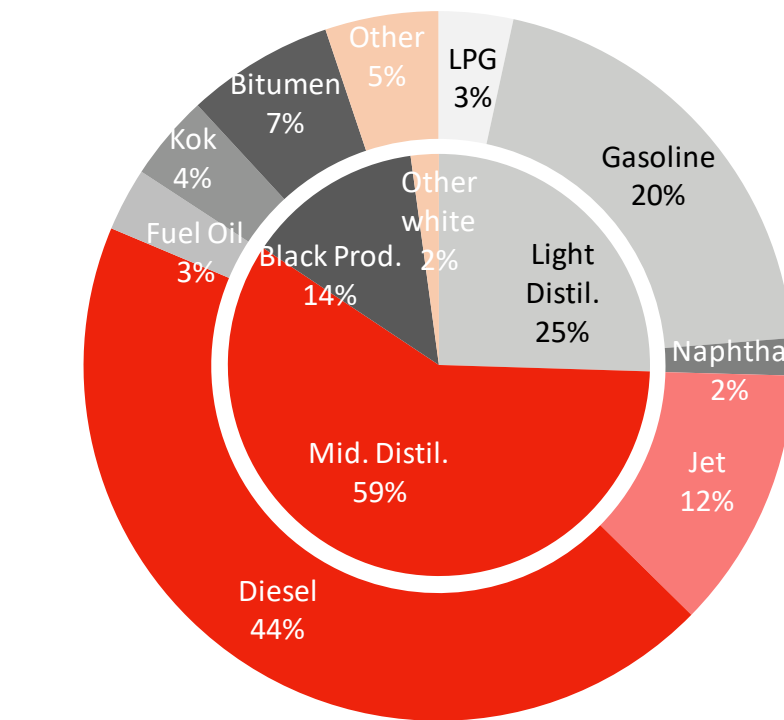
# H1 Product Yields

H1 2020



White Product Yield (%)	82.0%
Production	10.9 mn tons
API	31.3

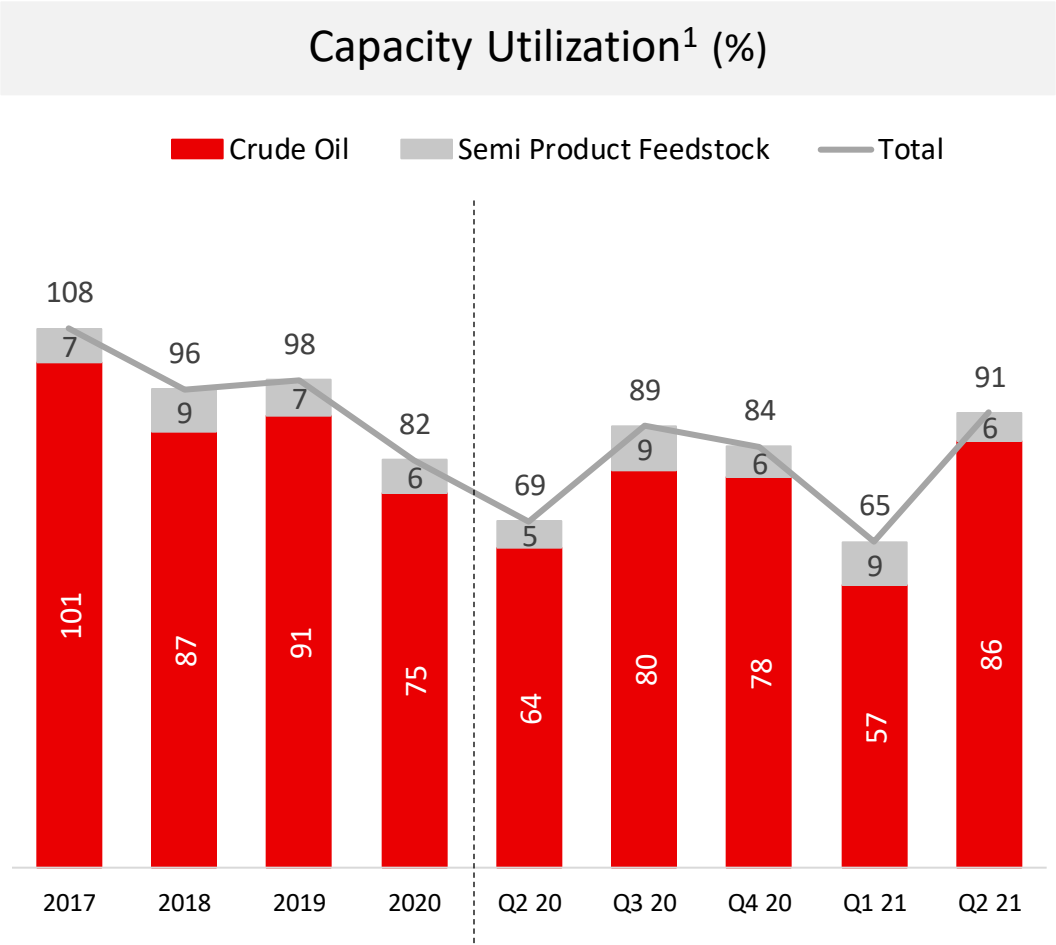
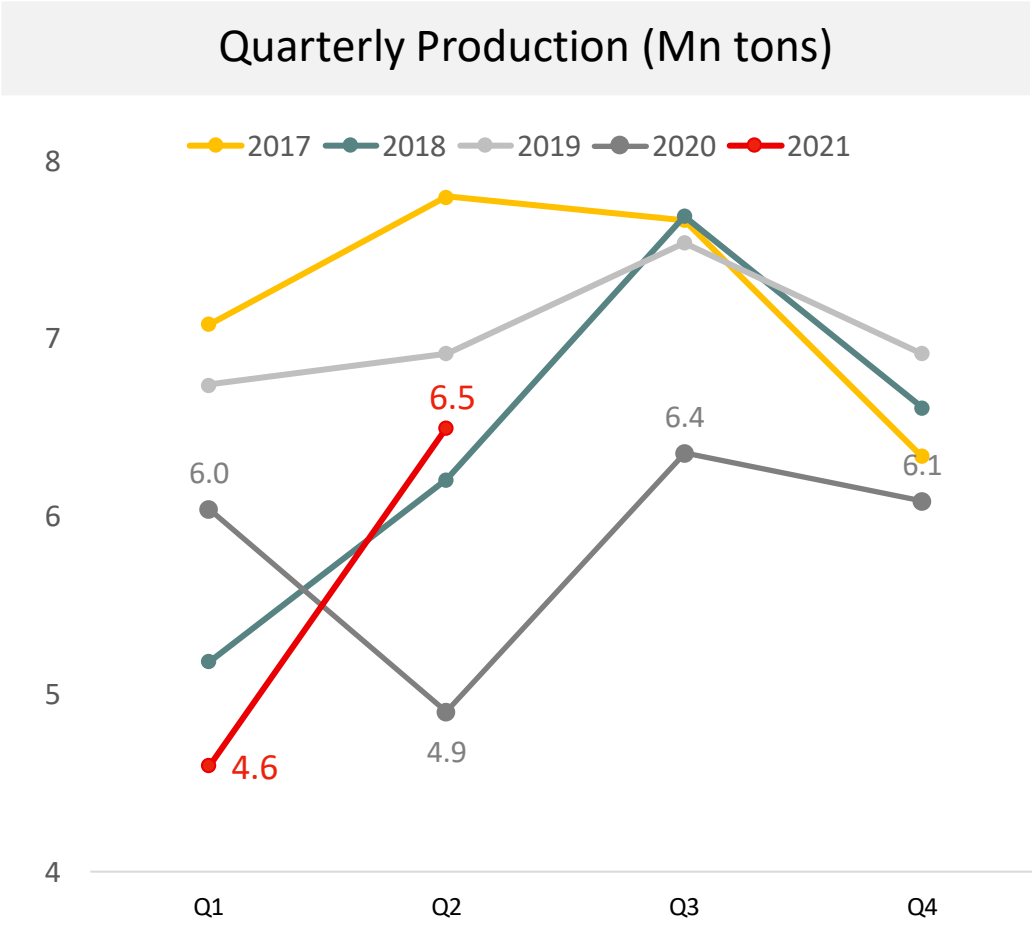
H1 2021



White Product Yield (%)	83.0%
Production	11.1 mn tons
API	31.6



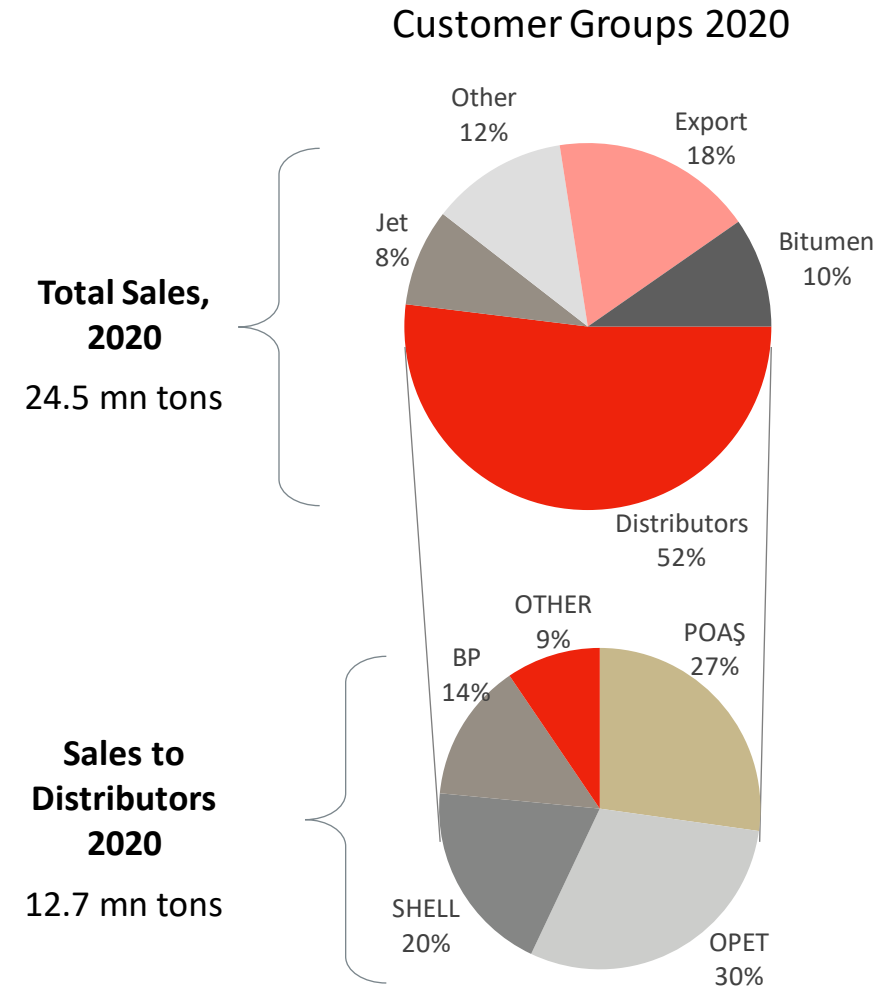
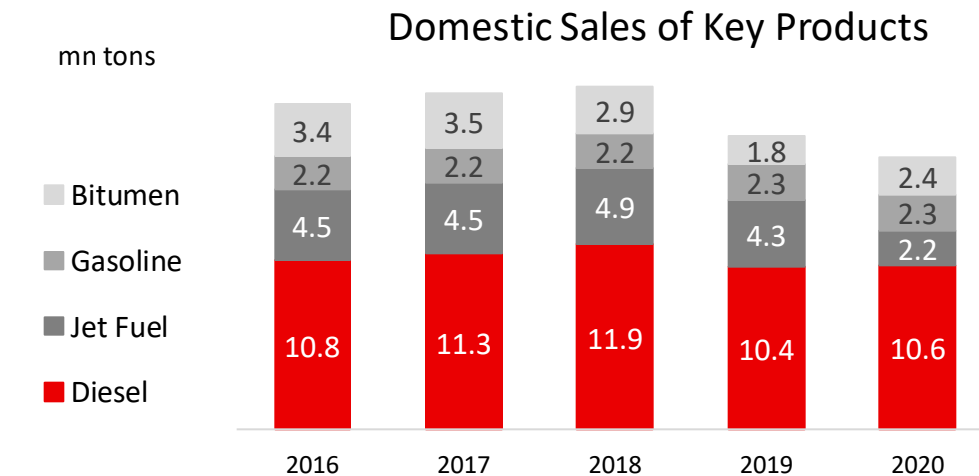
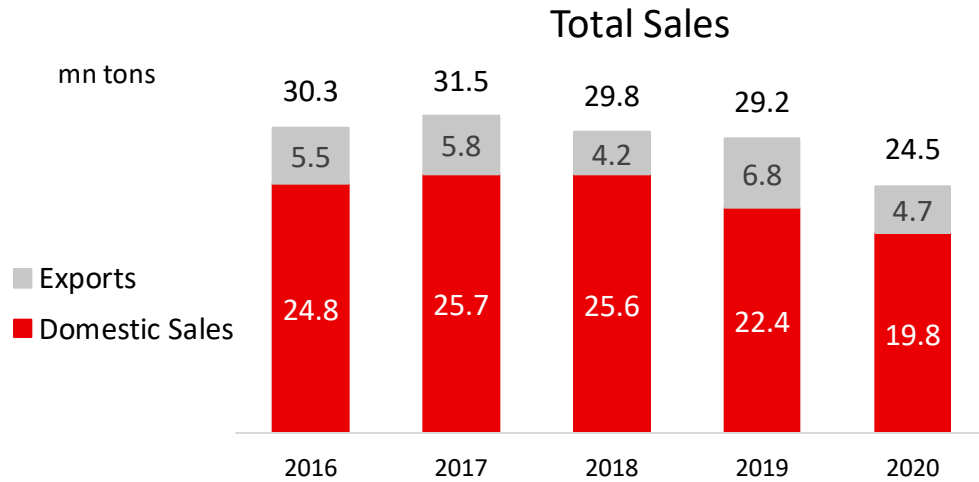
# Capacity Utilization and Quarterly Production Volume



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

# Sales

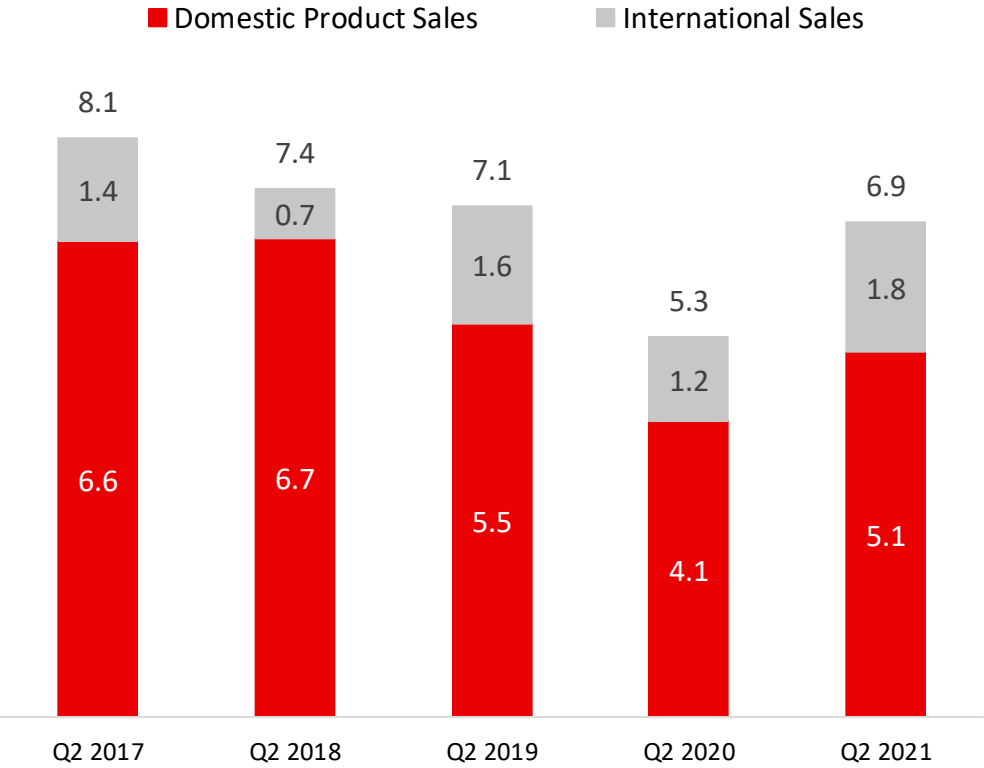
- Tüpraş generated 24.5 million tons of total sales in 2020.



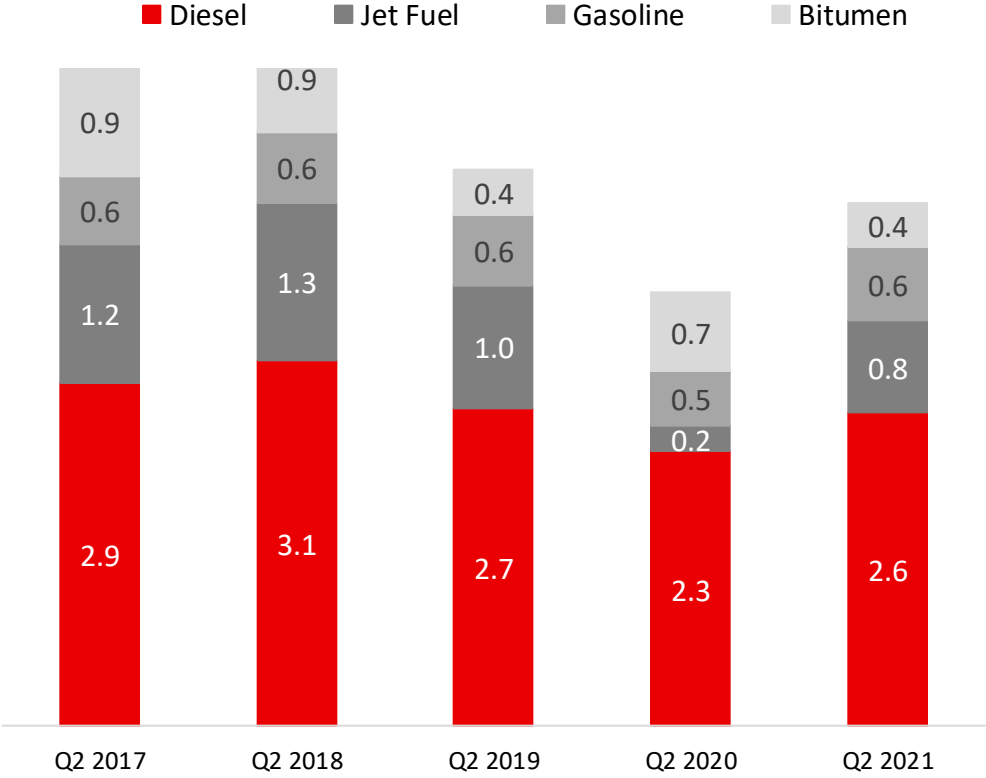
# Product Sales in Q2 (Million Tons)

Tüpraş generated 6.9 million tons of sales in Q2 2021. Mid-distillate sales were strong by resilient domestic demand. Total product sales increased 30% y-o-y, almost reached to pre-pandemic 2019 levels.

### Total Product Sales



### Domestic Sales of Selected Products

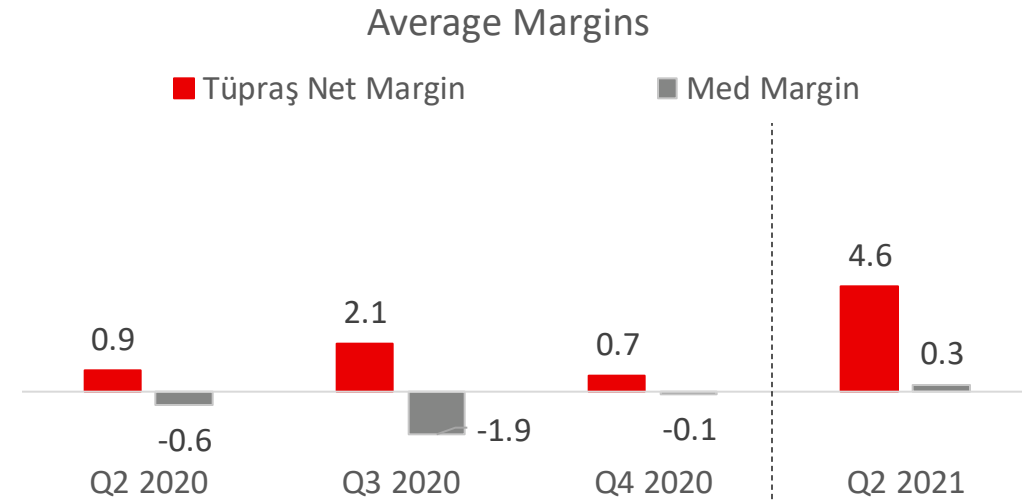
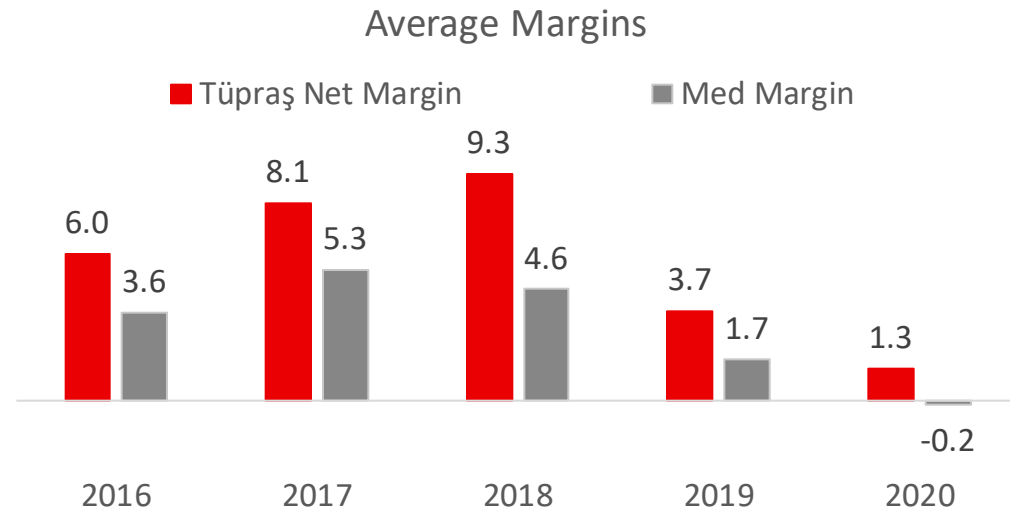






# Financials

# Tüpraş and Med Refining Margins



(\$/bbl)	Gross Margin	Inventory Effect	Clean Gross Margin	Clean NET Margin	Net Margin	Med Margin
Q2 2020	6.3	-1.3	7.5	2.2	0.9	-0.6
H1 2020	6.7	-2.1	8.8	3.1	1.1	0.6
2020	6.4	0.0	6.4	1.2	1.3	-0.2
Q2 2021	8.8	1.8	7.0	2.8	4.6	0.3
H1 2021	8.3	2.1	6.2	1.2	3.3	0.0

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 (Million TL)

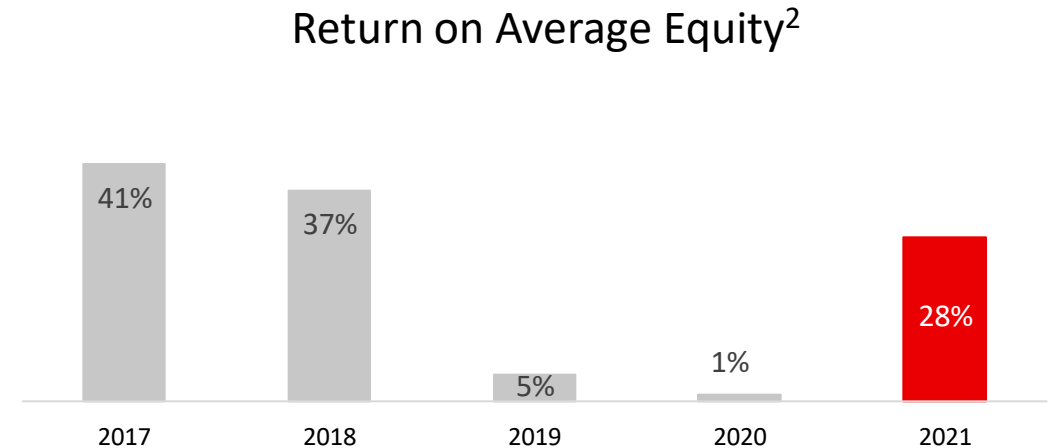
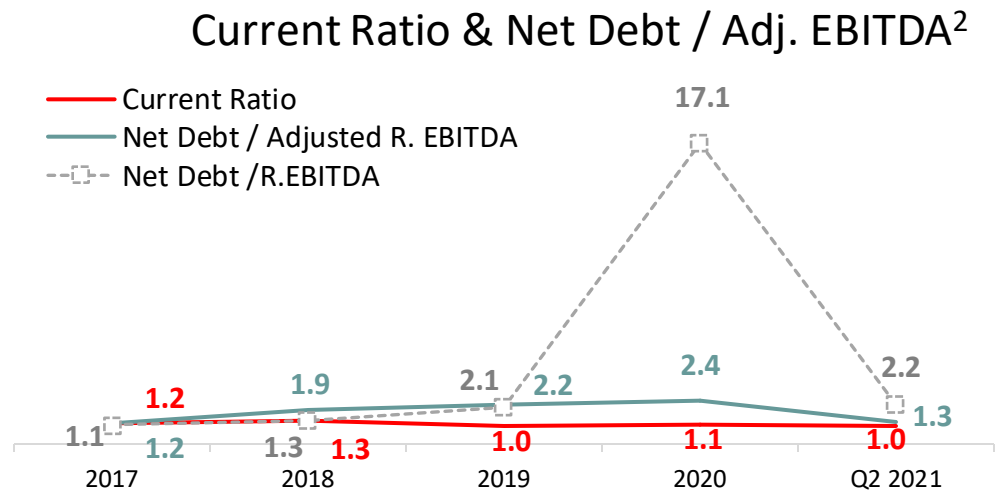
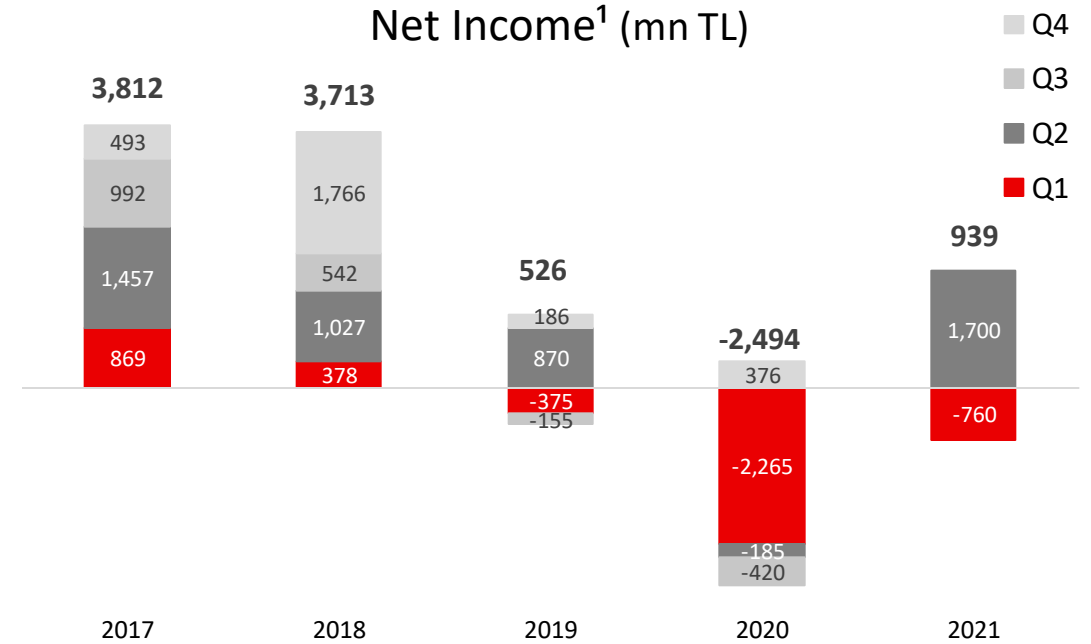
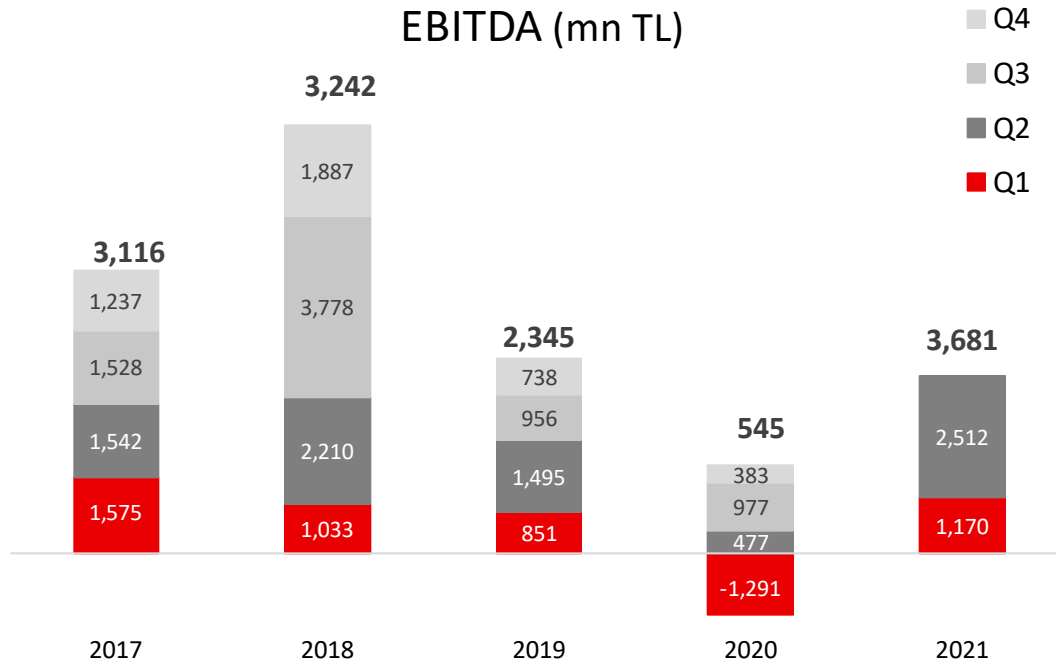
EBITDA realized as 2,512 mn TL in Q2 2021.

Million TL	Q2 2021	Q2 2020	%	H1 2021	H1 2020	%
Net Sales	33,688	9,280	263%	53,509	26,219	104%
COGS	-30,724	-8,390	266%	-49,018	-26,239	87%
<b>Gross Profit</b>	<b>2,964</b>	<b>890</b>	<b>233%</b>	<b>4,491</b>	<b>-20</b>	<b>-</b>
Operating Expenses	-691	-520	33%	-1,248	-977	28%
Income/Loss from other operations	-325	-92	255%	-1,910	-441	333%
<b>Operating Profit</b>	<b>1,948</b>	<b>278</b>	<b>600%</b>	<b>1,334</b>	<b>-1,438</b>	<b>-</b>
Income/Loss from equity investment	50	-57	-	60	-226	-
<b>Operating Profit Before Fin. Income/Loss</b>	<b>1,999</b>	<b>221</b>	<b>804%</b>	<b>1,394</b>	<b>-1,663</b>	<b>-</b>
Financial Income /Expense	-702	-550	28%	-1,058	-1,464	-28%
<b>Profit Before Tax</b>	<b>1,297</b>	<b>-329</b>	<b>-</b>	<b>337</b>	<b>-3,127</b>	<b>-111%</b>
<b>Net Profit (excluding minority interest)</b>	<b>1,700</b>	<b>-185</b>	<b>-</b>	<b>939</b>	<b>-2,450</b>	<b>-</b>
<b>EBITDA *(mn. TL)</b>	<b>2,512</b>	<b>477</b>	<b>427%</b>	<b>3,681</b>	<b>-814</b>	<b>-</b>
Inventory Gain/Loss (mn. TL)	1,407	-8	-	2,919	-2,024	-
<b>EBITDA* (mn. TL) CCS</b>	<b>1,105</b>	<b>484</b>	<b>128%</b>	<b>763</b>	<b>1,210</b>	<b>-37%</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.



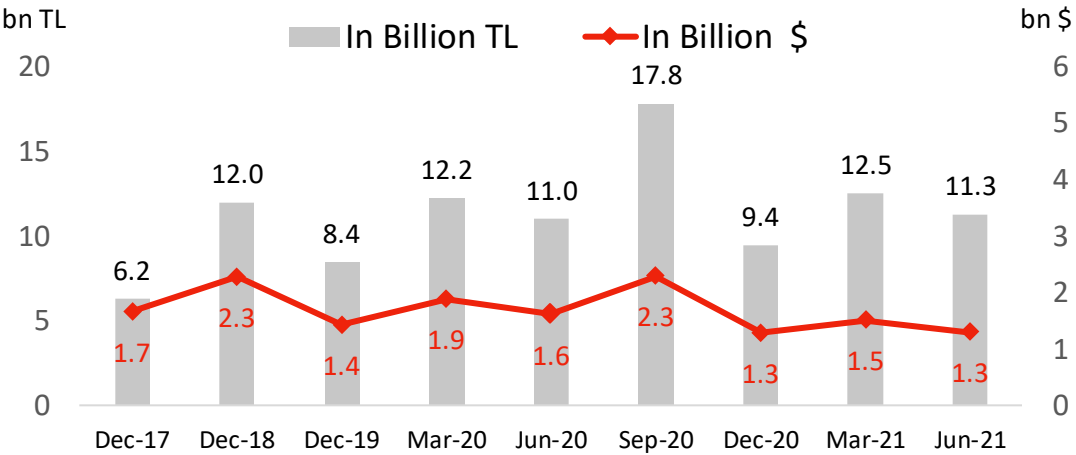
# Financial Highlights



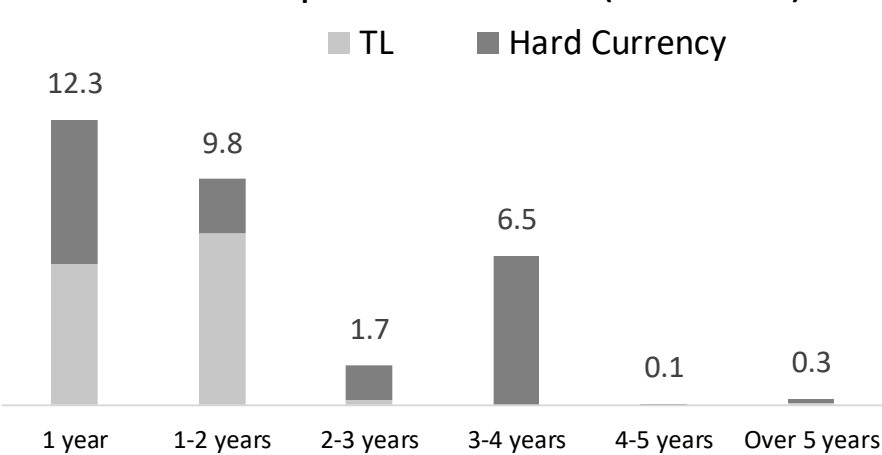


# Balance Sheet Analysis

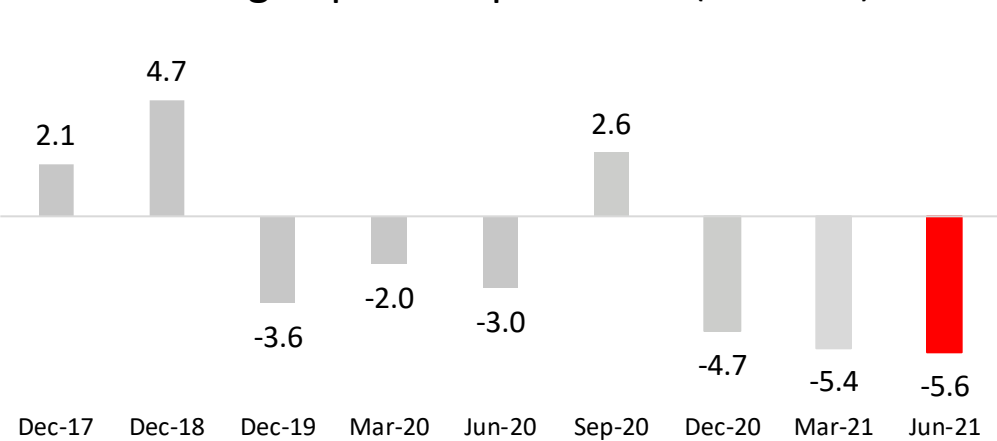
Net Debt



Redemption Schedule (Billion TL)



Working Capital Requirement (Billion TL)

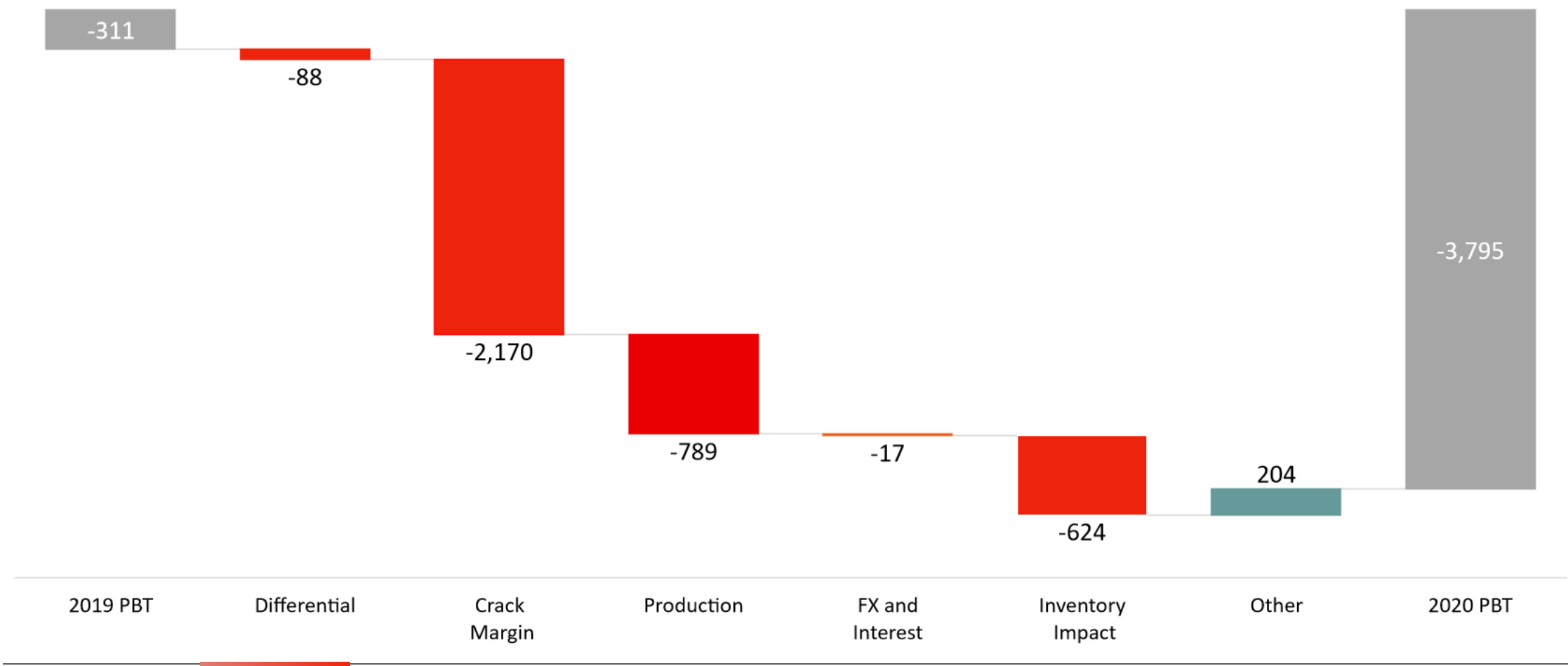


## Financial Management

- Ongoing strict working capital management continues to lower funding needs
- Improved operational profitability generation further helps delevering

# Annual Profit Before Tax Bridge (2019-2020)

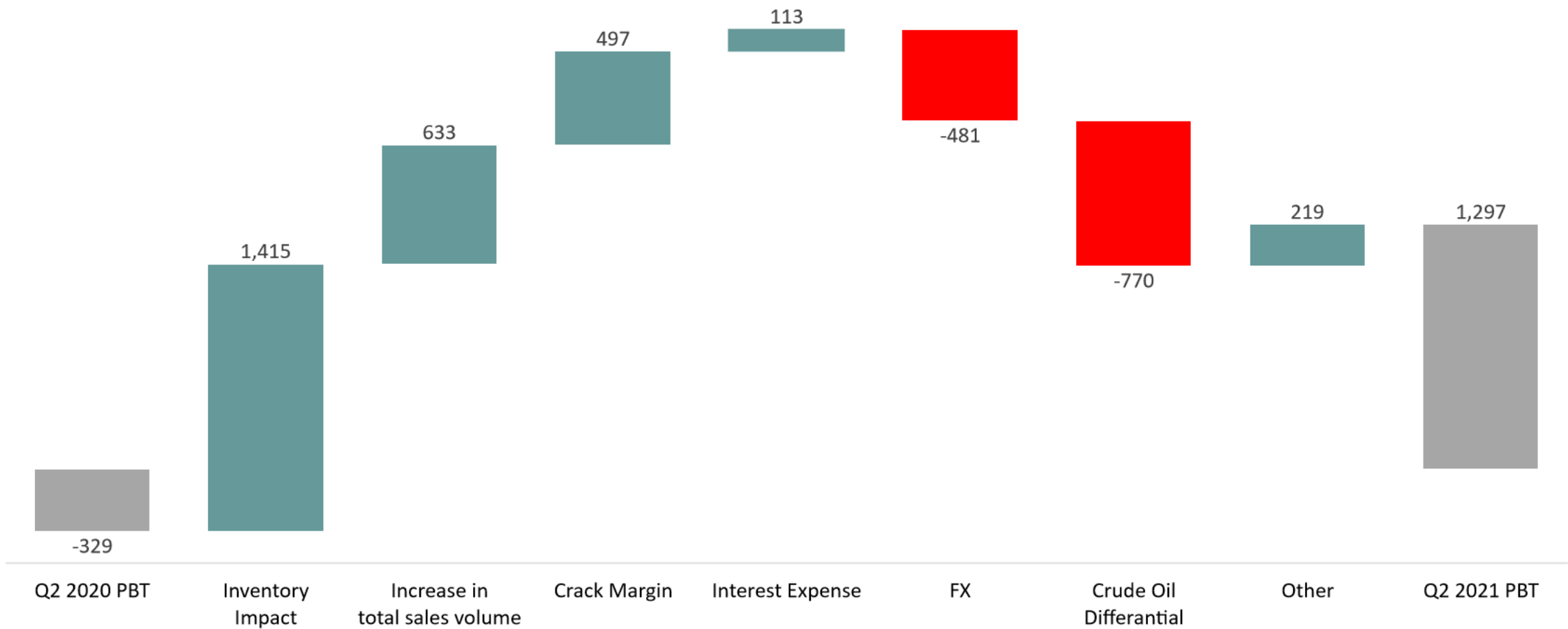
2020 PBT was adversely affected from historically low crack margins, lower production and inventory losses due to Covid19



# Q2 Profit Before Tax Bridge (2021-2020)

Despite much narrower differentials and elevated FX, Q2 2021 PBT performed strongly with inventory gains, increase in total sales volume, better crack margins and lower interest expenses.

Million TL



# 2021 Expectations

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

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

25-26 mt production, 26-27 mt sales and 85 - 90% capacity utilization

Consolidated Capex **~200 million \$**

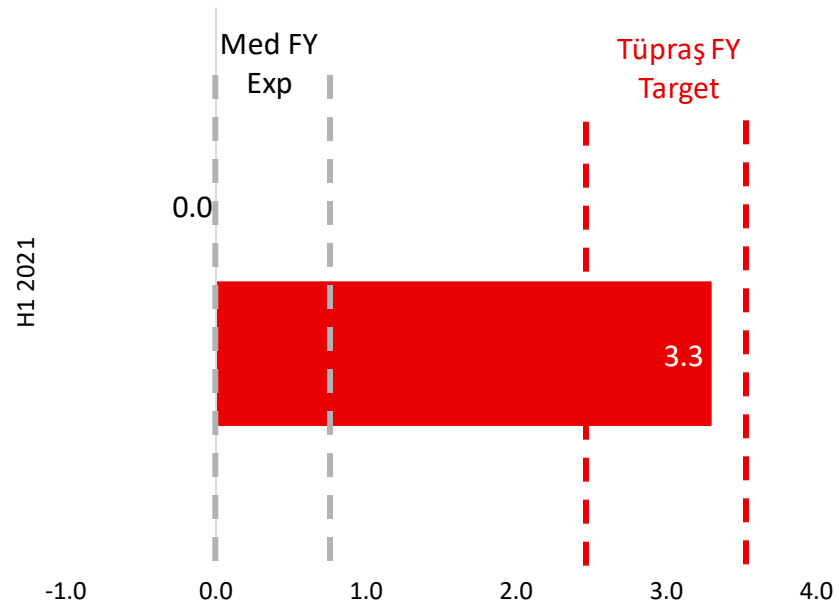
- ~40% of capex for sustainability focused energy efficiency and environmental projects



# H1 2021 Results

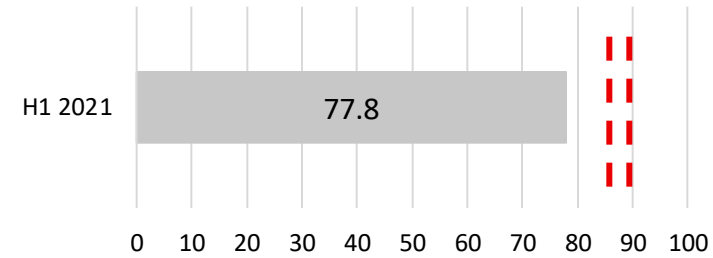
## Refining Margins (\$/bbl)

■ Med Margin ■ Tüpraş Net Margin



3.3 \$/bbl net refining margin in H1 2021

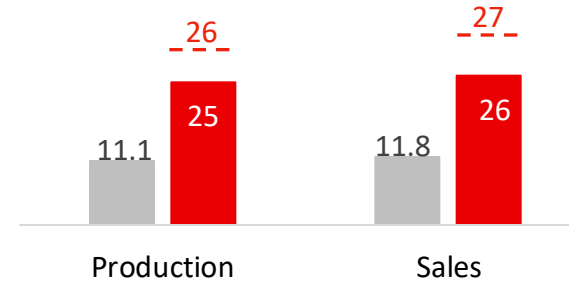
## Capacity Utilization (%)



78% total capacity utilization in H1 2021

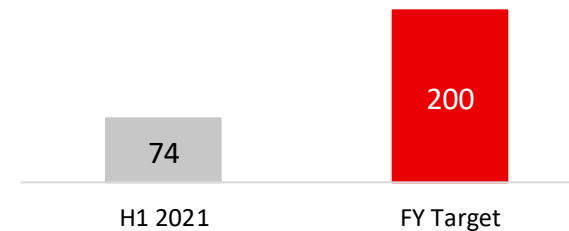
## Operational

■ H1 2021 ■ FY Target



6.9 mn tons of sales and 6.5 mn tons of production in Q2 2021

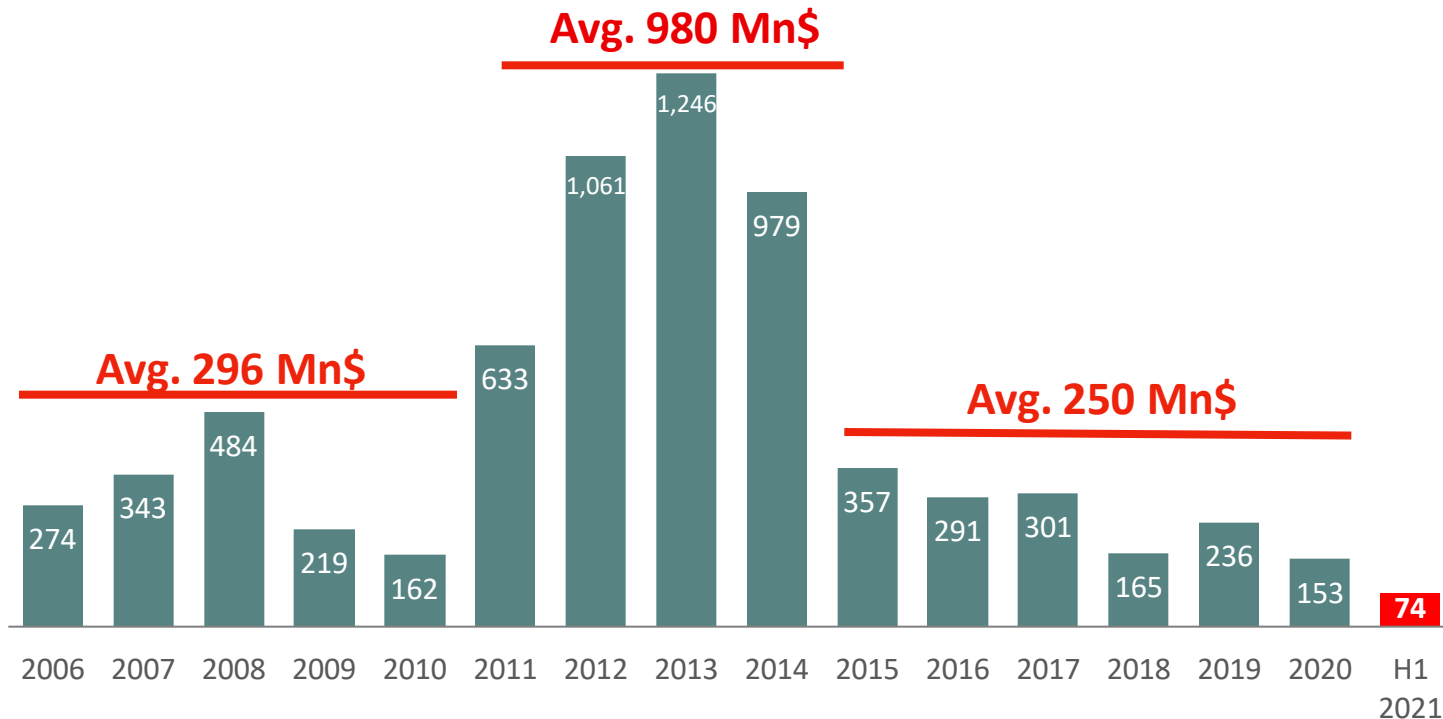
## Total Capex (mn \$)



74 mn \$ total CAPEX in H1 2021

# 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 FCC
- Periodic Maintenance of Vacuum & Lube Complex in Izmir is postponed to 2022
- Periodic Maintenance of Crude Unit is planned for Q4

# 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:

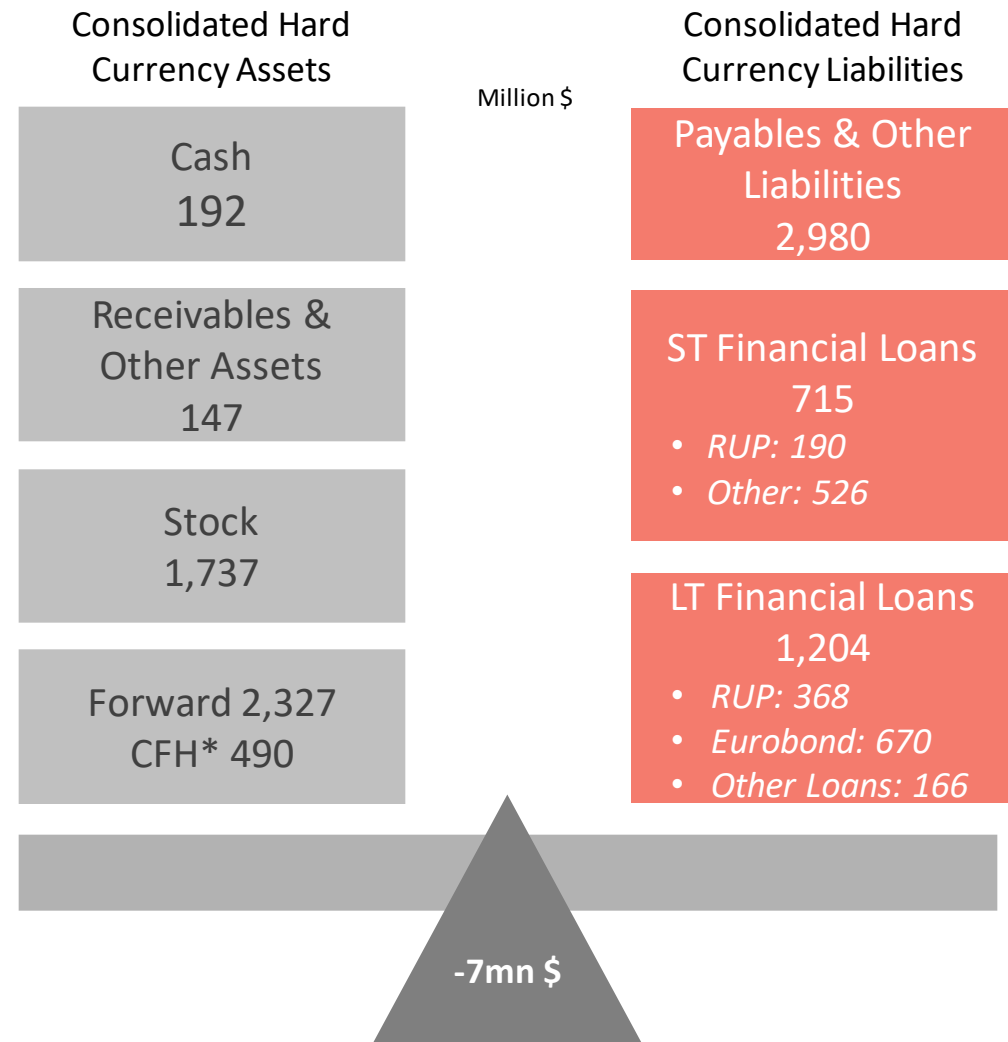
- Financial hedge: Crack margin (gasoline, diesel, jet fuel, fuel oil) risk mitigation by using derivatives.
- Hedge ratio between %0-%50 with up to 1 year hedge tenor



# FX Exposure Management (30 June 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)

	30.06.2021	31.12.2020	Diff.	Diff. (%)
<b>Current Assets</b>	<b>43,653</b>	<b>30,663</b>	12,990	<b>42</b>
Cash & C. Equivalents	19,365	19,825	-460	-2
Trade Receivables	6,005	1,736	4,269	246
Derivatives	420	380	40	10
Inventories	15,065	7,701	7,364	96
Pre-paid expenses	313	234	80	34
Other Current Assets	2,485	788	1,697	215
<b>Long Term Assets</b>	<b>31,386</b>	<b>30,505</b>	881	<b>3</b>
Financial Assets & Subsidiaries	1,320	1,330	-10	-1
Tangible & Intangible Fixed Assets	22,388	22,137	251	1
Derivatives	92	88	4	4
Pre-paid expenses	101	135	-34	-25
Deferred Tax	5,736	5,002	734	15
Other Longterm Assets	1,750	1,813	-63	-3
<b>Total Assets</b>	<b>75,039</b>	<b>61,169</b>	<b>13,870</b>	<b>23</b>
<b>Short Term Liabilities</b>	<b>43,796</b>	<b>28,341</b>	15,455	<b>55</b>
Financial Loans	12,325	8,502	3,823	45
Trade Payables	26,621	14,137	12,484	88
Derivatives	310	763	-453	-59
Provisions	242	142	100	70
Other ST Liabilities	4,299	4,796	-497	-10
<b>Long Term Liabilities</b>	<b>20,190</b>	<b>21,155</b>	-965	<b>-5</b>
Financial Loans	18,308	20,743	-2,435	-12
Payables & Provisions	360	356	3	1
Derivatives	42	45	-4	-8
Other LT Liabilities	13	10	3	27
<b>Total equity attributable to equity holders of the parent</b>	<b>12,282</b>	<b>11,446</b>	836	<b>7</b>
<b>Minority Interests</b>	<b>238</b>	<b>226</b>	12	<b>5</b>
<b>Total Liabilities &amp; Equity</b>	<b>75,039</b>	<b>61,169</b>	<b>13,870</b>	<b>23</b>



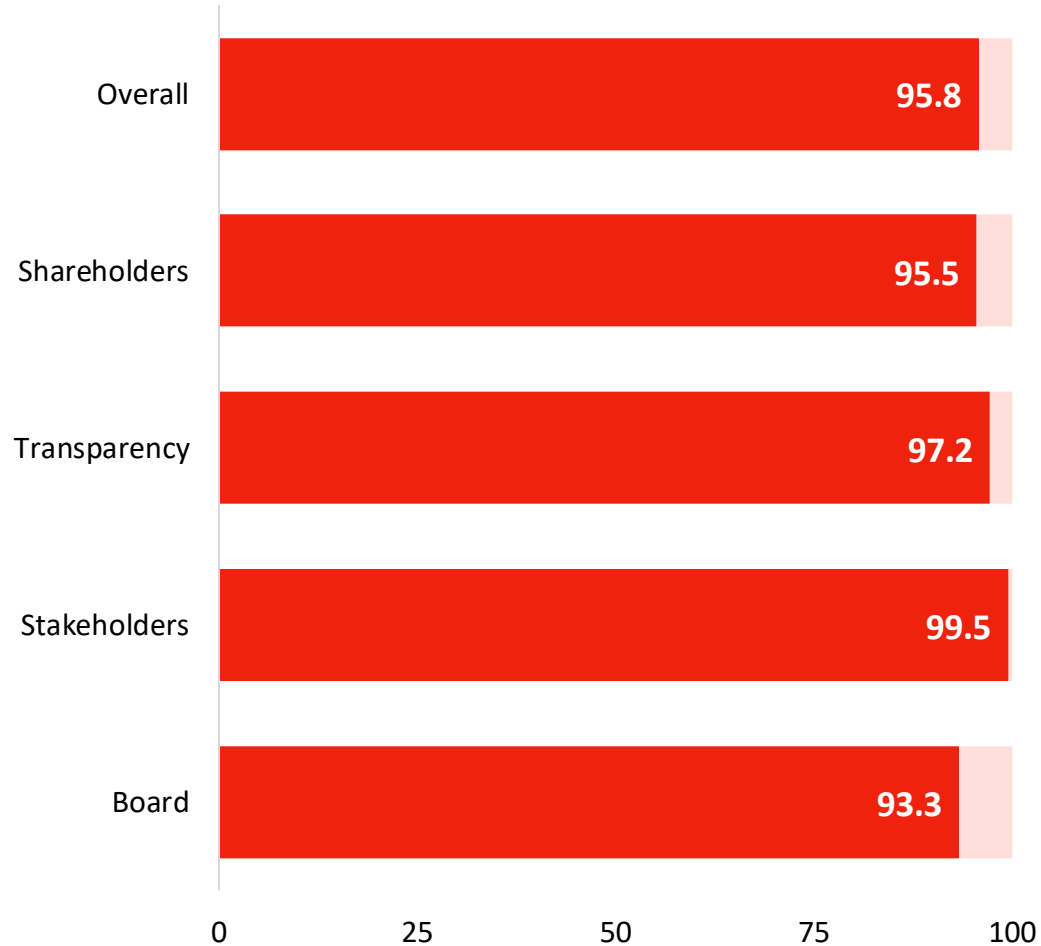
# 2021 Refinery Maintenance Schedule

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	Postponed (2022)
	Lube Complex	Q4	6	Periodic Maintenance	Postponed (2022)
İzmit	Desulphurizer	Q1	4	Periodic Maintenance	Done
	FCC	Q1	30	Revamp	Ongoing
	Crude Unit	Q4	2	Periodic Maintenance	Planned
Kırıkkale					

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

# Tüpraş - Ratings

## Tüpraş BIST Corporate Governance Rating Score



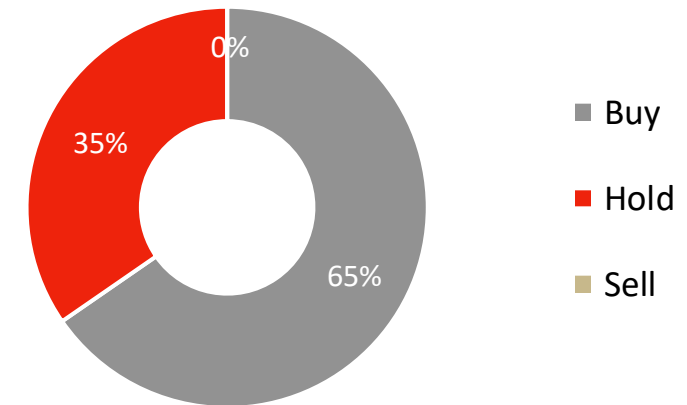
\*data as of 30 September 2021

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)

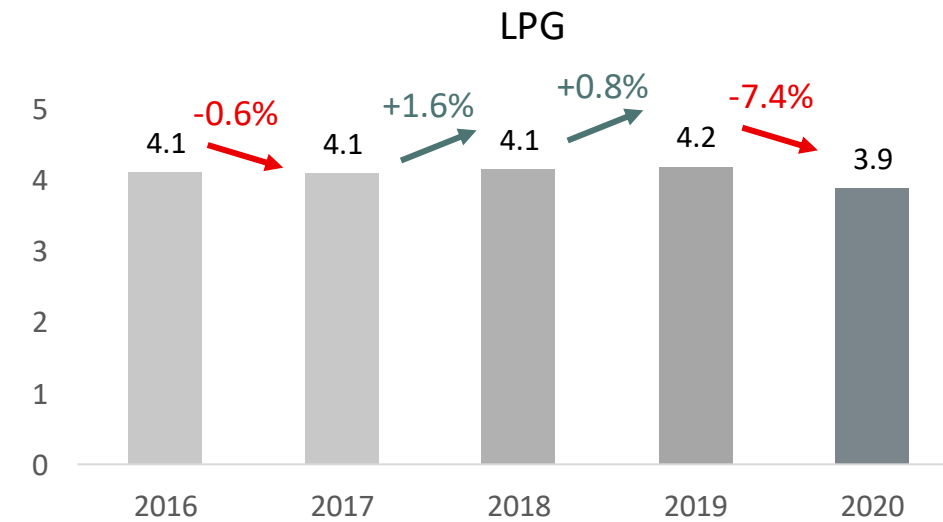
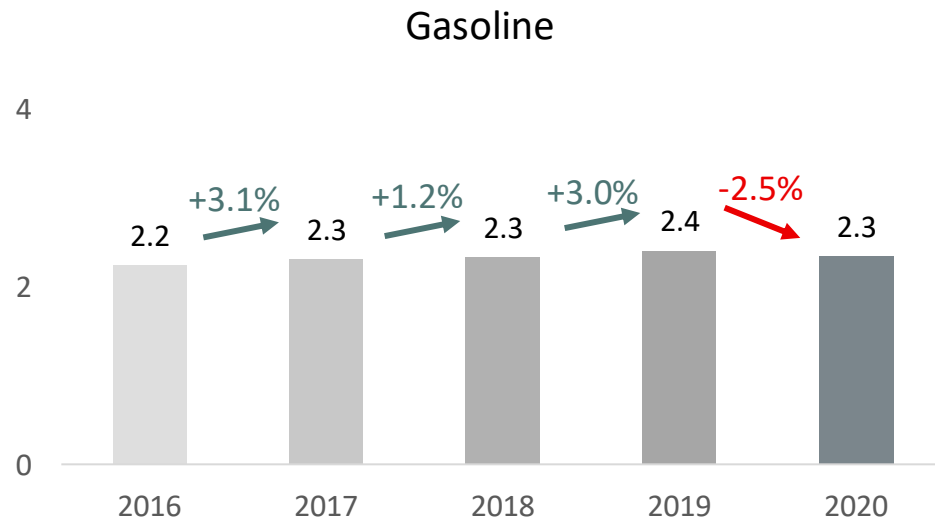
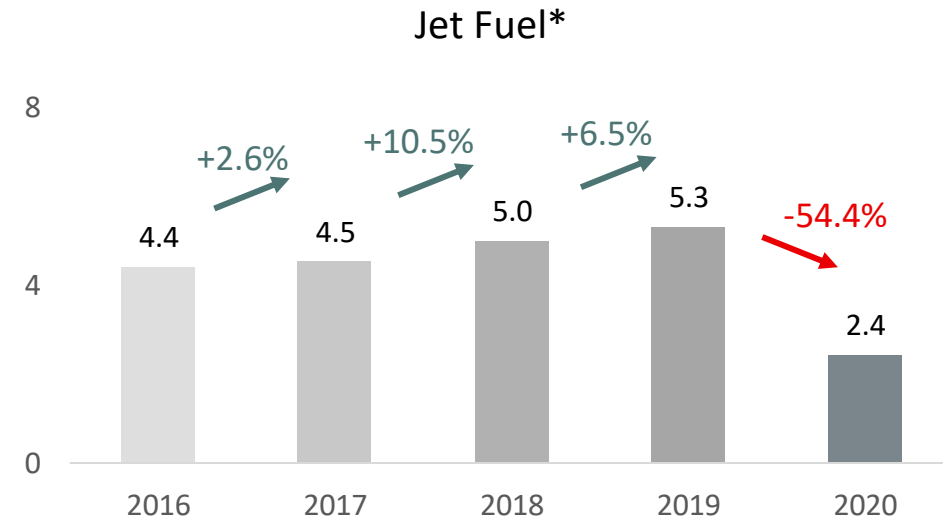
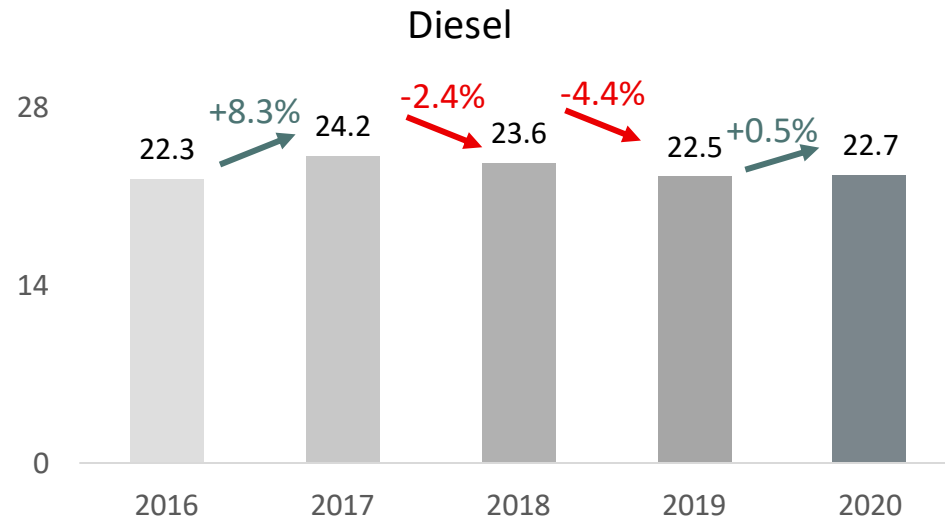
## Analyst Recommendations



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		
Total	~30	~10	~40		



# 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



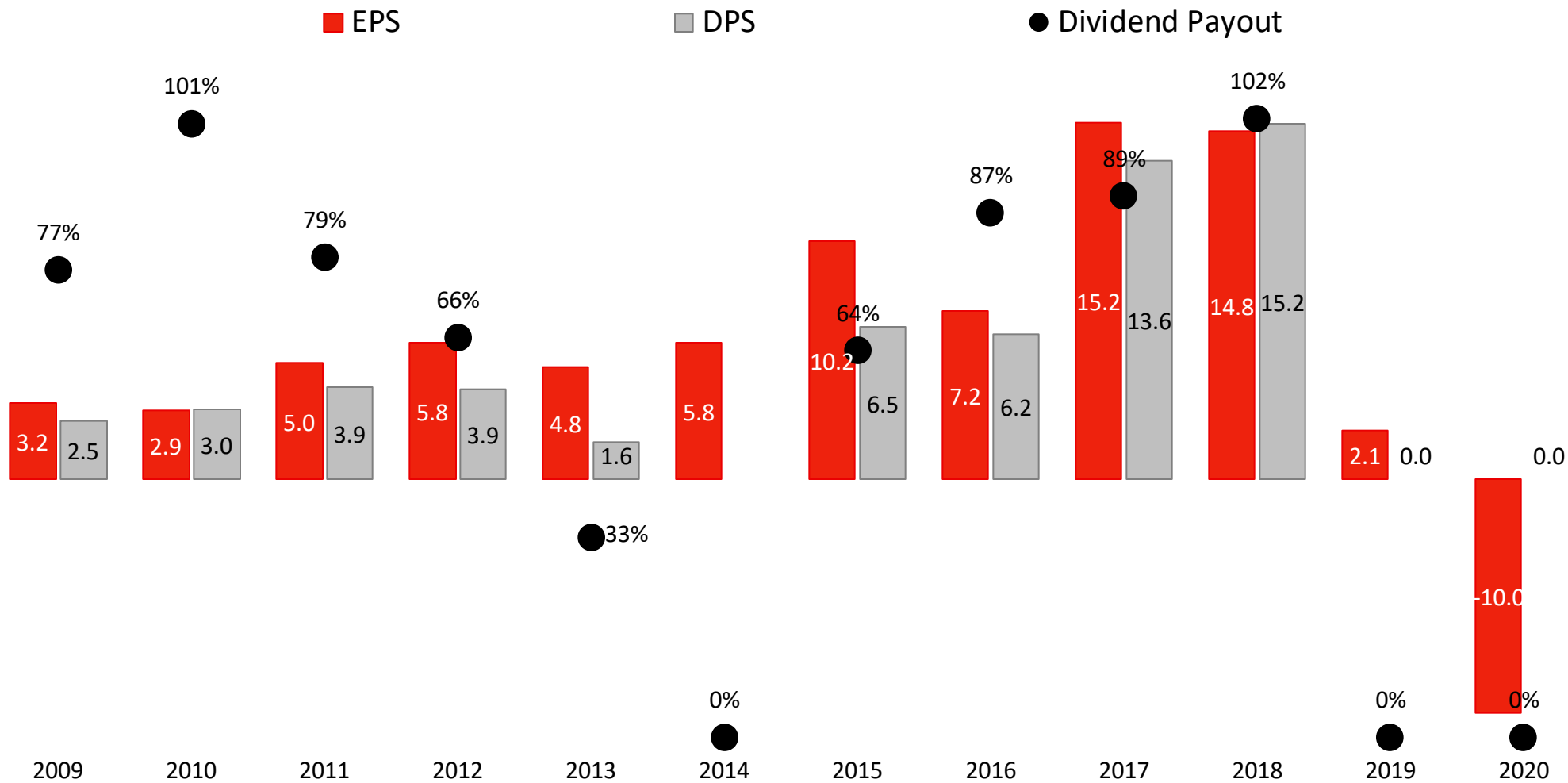
**54 Refineries ~7.8mbd**

Black Sea



**17 Refineries ~1.8mbd**

# Dividend (TL)

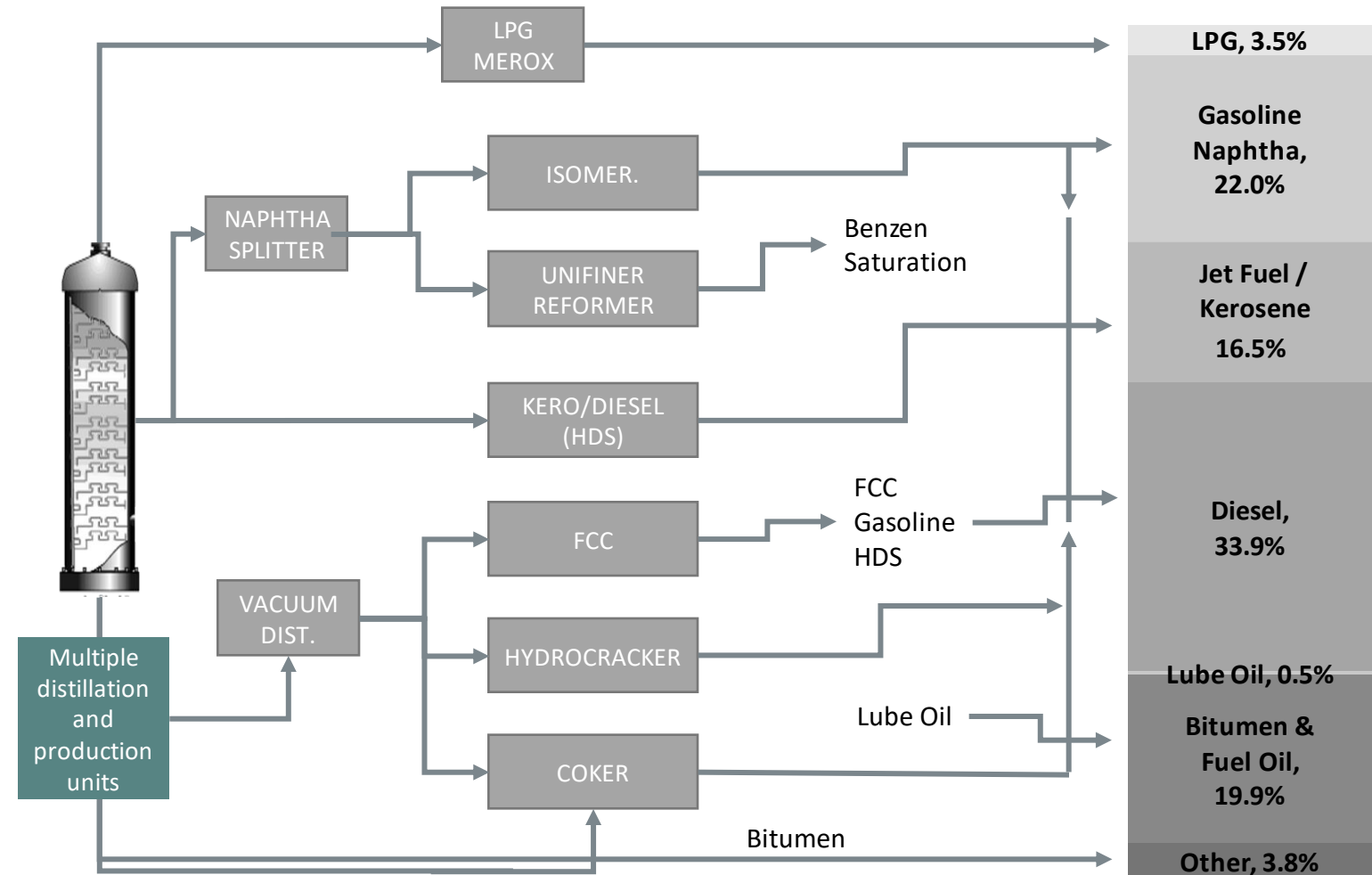


# Tüpraş Production Flow and Yield Breakdown

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

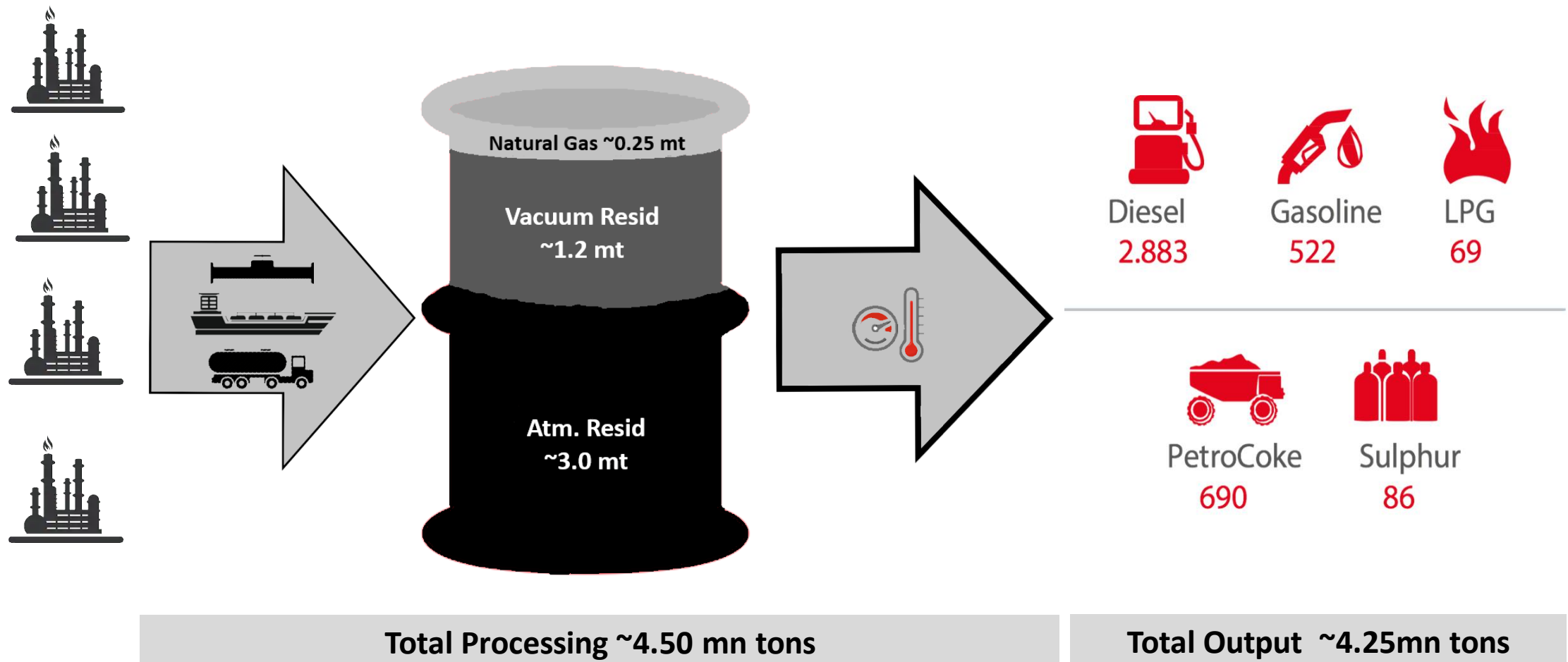
Key Units	# of Units	Capacity (m <sup>3</sup> /d)
CRUDE OIL	8	99,420
VACUUM DIST.	8	42,752
HYDROCRACKER	4	18,032
ISOMERATION	3	7,804
UNIFINER REFORMER	5	16,225
KERO/DIESEL (HDS)	9	37,265
FCC	2	4,650
COKER	1	9000
NAPHTA SPLITTER	8	
LPG MEROX	6	

**Flow Diagram**



# RUP Feedstock and Production

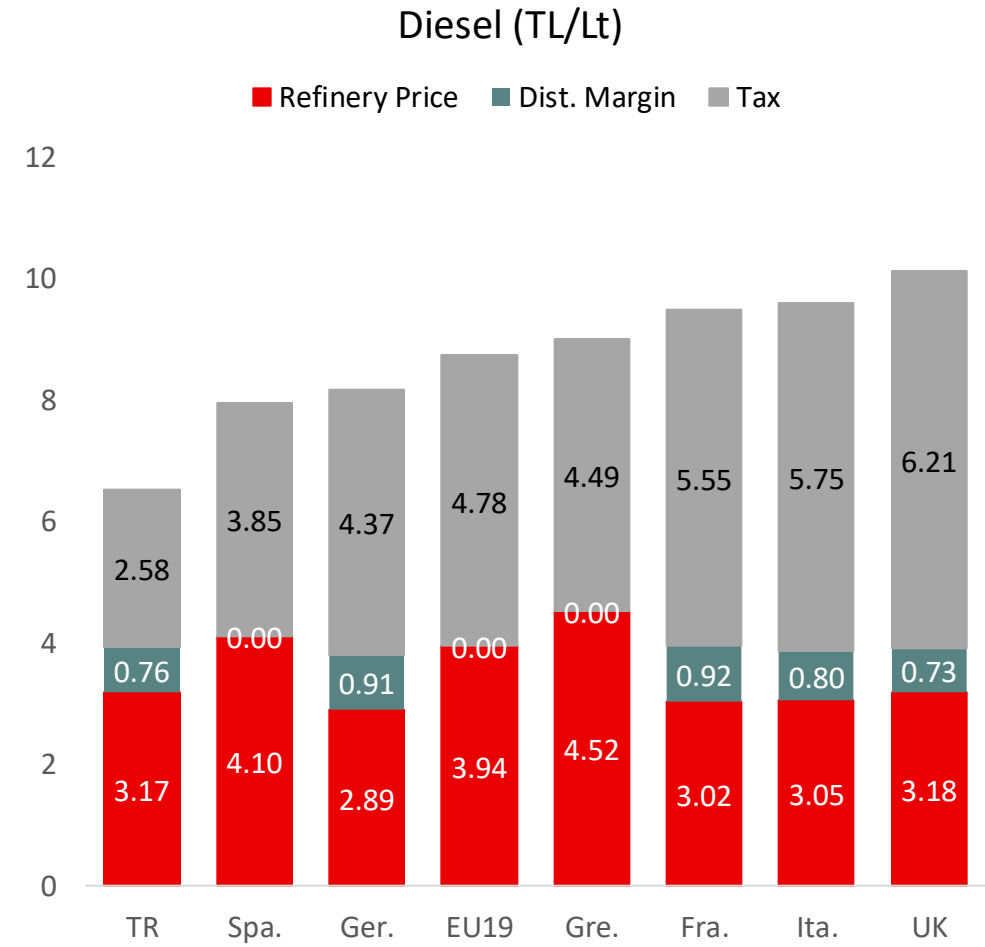
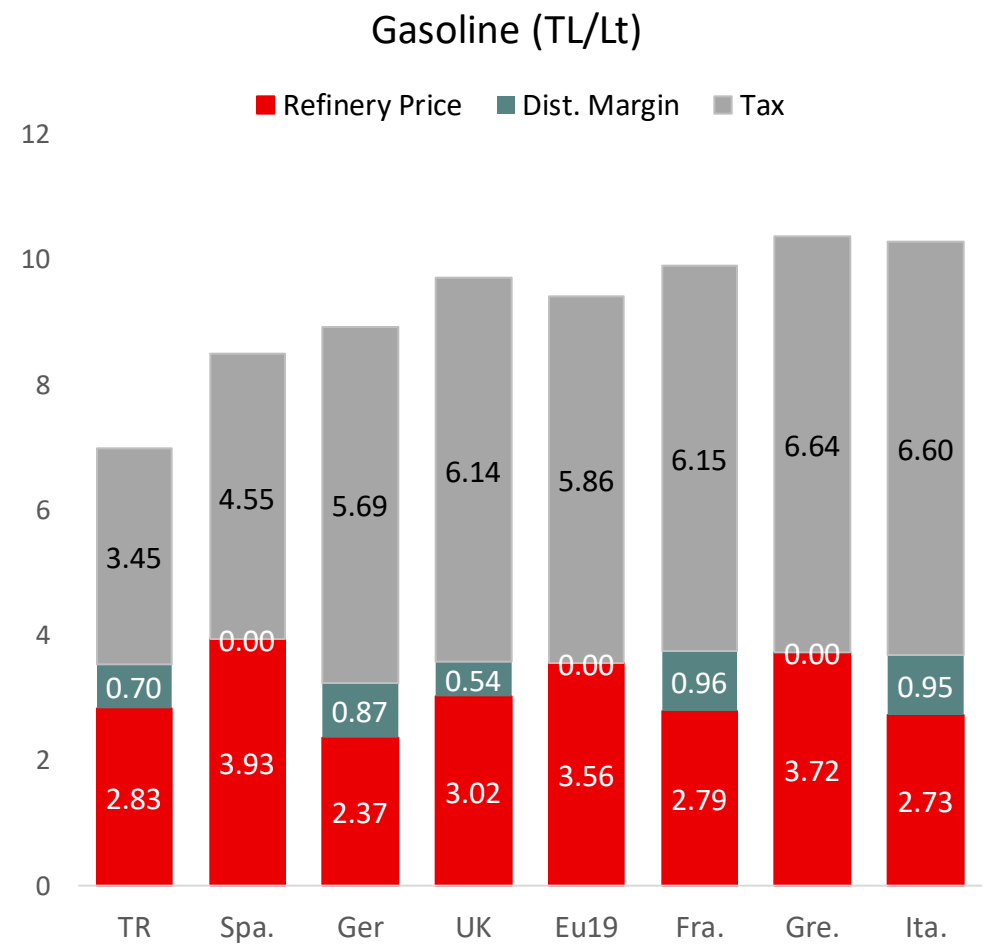
- Residuum Upgrade Plant (RUP) was completed in 2015 and it is the main conversion unit of Tüpraş.
- First periodic maintenance was completed in Q2 2019.





# 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.

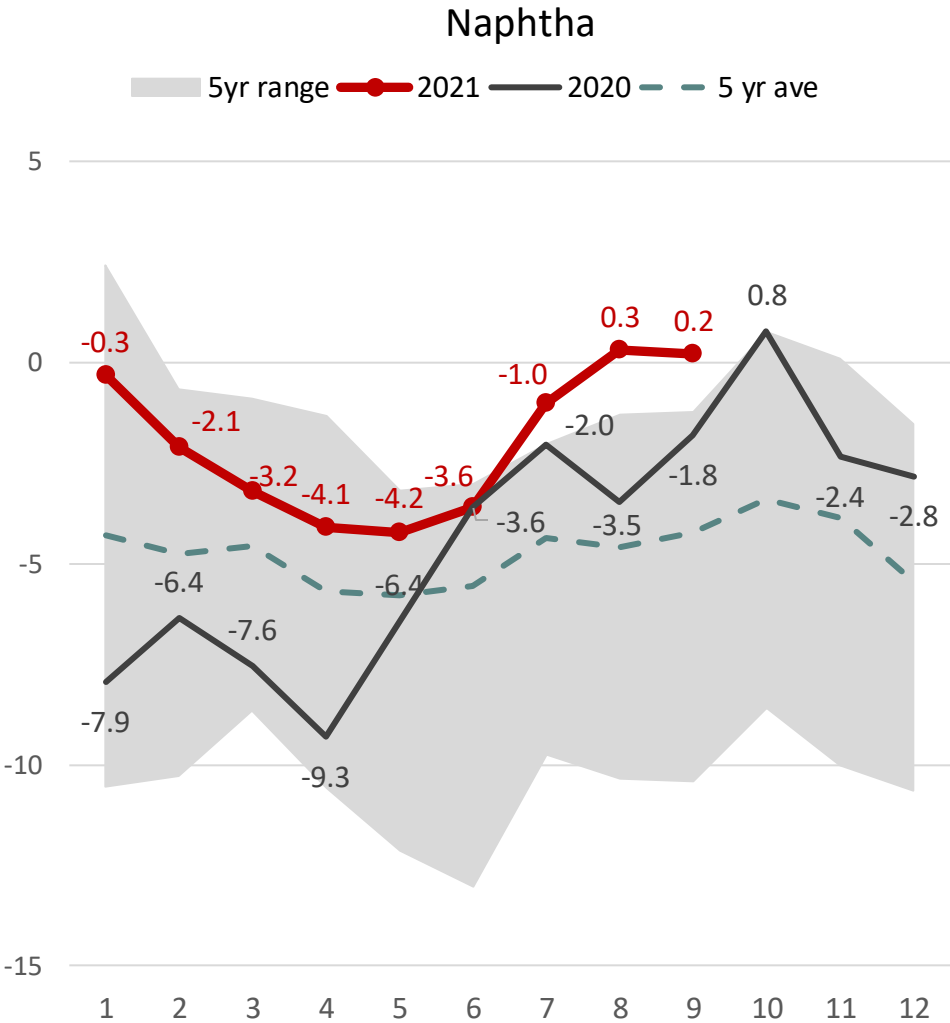
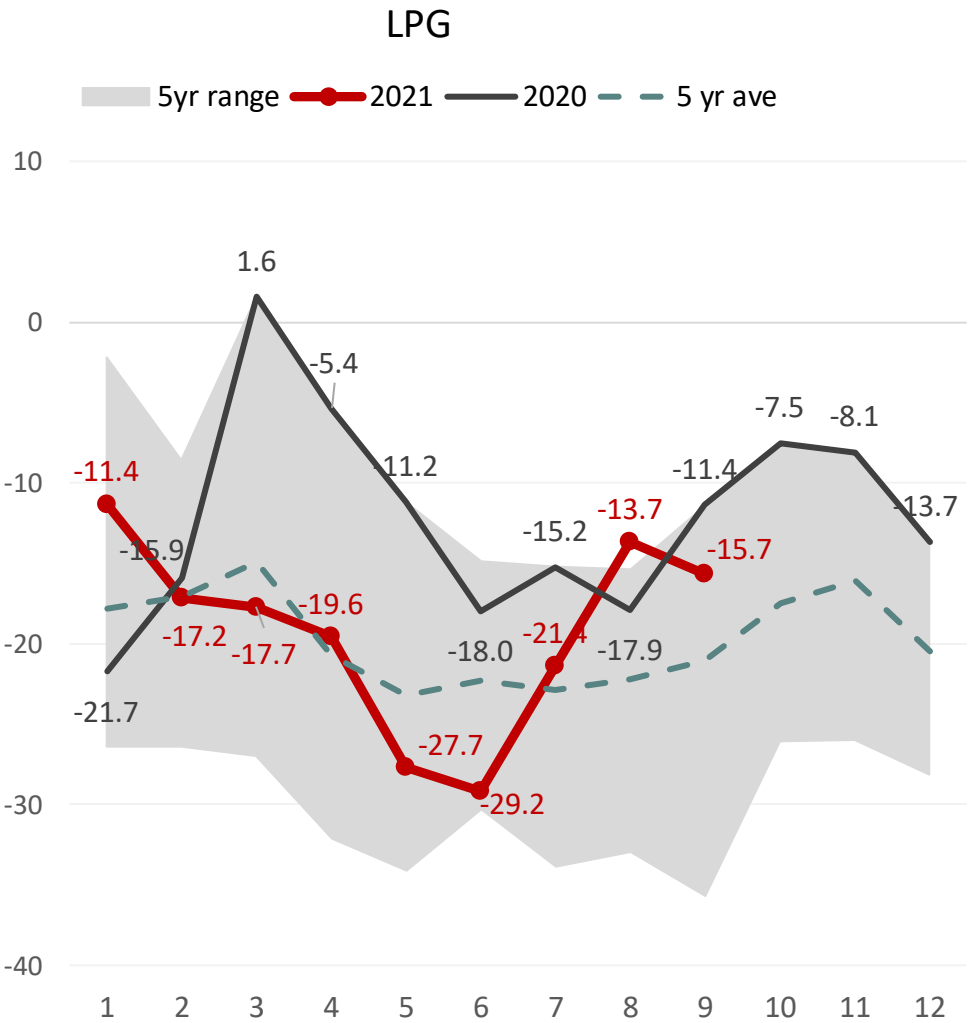
## Governance Excellence



- **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 September 2021

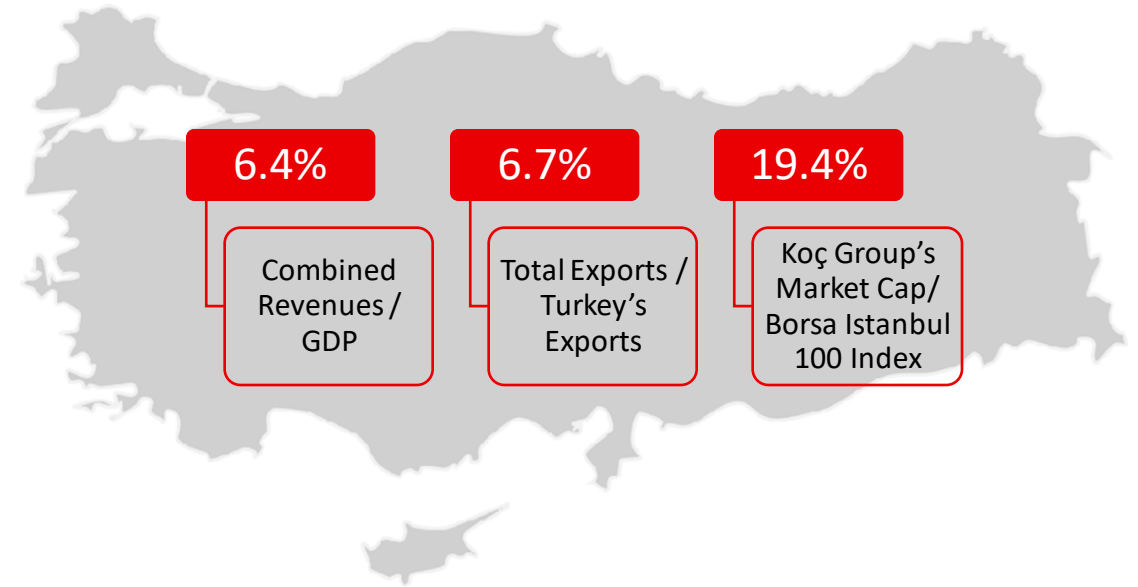


## Turkey's Leading Investment Holding Company

- 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

contact us: [tuprasir@tupras.com.tr](mailto:tuprasir@tupras.com.tr)