

Press Release

Tüpraş, with residuum upgrade capacity contribution, reached full capacity production and record sales volume

Tüpraş, which became the most complex refinery company in the region following its investments, continued to create added value for our country by reaching full capacity utilization and record high sales volume via reflecting the recovery encountered in product profitability in last quarter into its performance.

The global increase in oil demand was realized at 1.57 million bbl/d in 2016, with a slight decline in comparison to 2015, while average crude oil price in 2016 was 17% lower than the 2015 average. Crude prices started the year with fluctuations, at around \$35/bbl level and varied between \$25 - \$50/bbl range in the first 9 months. In the last quarter, high oil production rates and stock levels as well as FED decisions and uncertainties in US presidential elections together with fluctuations in developing countries' markets caused crude oil price to decrease to \$42/bbl. OPEC countries' agreement on a supply cut on 30 November, also backed by non-OPEC countries, caused a price hike in crude oil and the year was closed at \$54.9/bbl.

Low industrial demand coupled with mild winter conditions reduced diesel cracks while gasoline witnessed increased consumption due to low crude oil price environment. However, overall the high stocks resulting from the rise in refinery capacity utilizations squeezed profit margins. Normalization on the supply in the last quarter of 2016 via deferred maintenance works being realized in most of the European and Russian refineries effected the sector in a positive manner. However, the recent developments have not proven to be sufficient and average Mediterranean margin has slightly decreased compared to last year.

In 2016, Tüpraş operated its refineries with full capacity and including semi-products processed a total of 29.6 million tons which resulted in an increase of 11% (2.5 million tons) in domestic sales. With total sales reaching 30.3 million tons, Tüpraş succeeded to increase sales volume by 5% (1.5 million tons) compared to last year.

Operational and Financial data

		4 th Q 2015	4 th Q 2016	Diff.	2015	2016	Diff.
Operational	Total Throughput (Thousand Tons)	7,839	7,768	-71	28,806	29,601	795
	Domestic Sales (Thousand Tons)	6,198	6,366	168	22,245	24,764	2,519
	Total Sales (Thousand Tons)	7,862	7,625	-236.3	28,739	30,255	1,516
Financial	Sales Revenue (Million TL)	8,899	10,759	21%	36,893	34,855	-6%
	Operating Profit (Million TL)	1,215	1,016	-16%	2,824	2,516	-11%
	Profit Before Tax (Million TL)	1,047	896	-14%	2,225	1,944	-13%
	Net Profit (Million TL)	822	809	-2%	2,563	1,813	-29%

Despite the 5% increase in sales volume, with yearly average oil prices at around 17% lower than last year's, the total revenue was 6% lower when compared to last year and realized as 34.9 billion TL in 2016. Tüpraş reached an operating profit of 2,516 million TL by being able to reflect the recovery in the global oil markets into its financial and operational

performance. Furthermore, by correct execution of risk prevention strategies, the fluctuations in exchange rate and crude oil prices in 2016 have been managed successfully and Profit Before Tax was realized as 1,944 million TL with a Net Profit of 1,813 million TL.

Tüpraş had gone through a 213 million dollars investment expenditure in refining in 2016, while the total investment reached 291 million dollars including its partner Ditaş' new tanker purchases to increase its fleet capacity. Tüpraş performs every strategic move in order to reach its sustainable profitability targets. With its increased global competitive power, Tüpraş will continue to realize its operational & financial targets and create added value for our shareholders, business partners and our country by meeting the liquid fuel needs of our country at the highest standard.

We kindly present to public attention.

Corporate Communications Directorate