Q1 2019 Analyst Teleconference

8 May 2019

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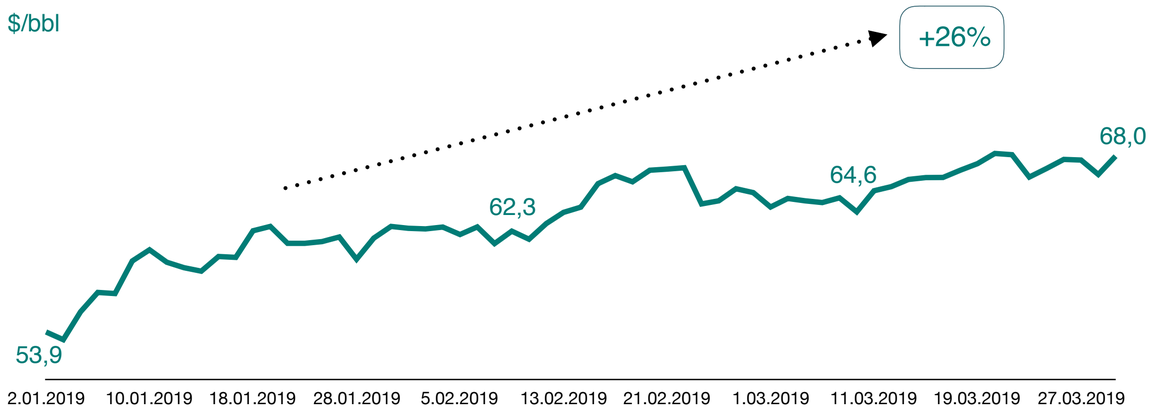
Q1 2019 Key Market Highlights

Global Oil Market

Strong Crack Margin vs Q1 2018

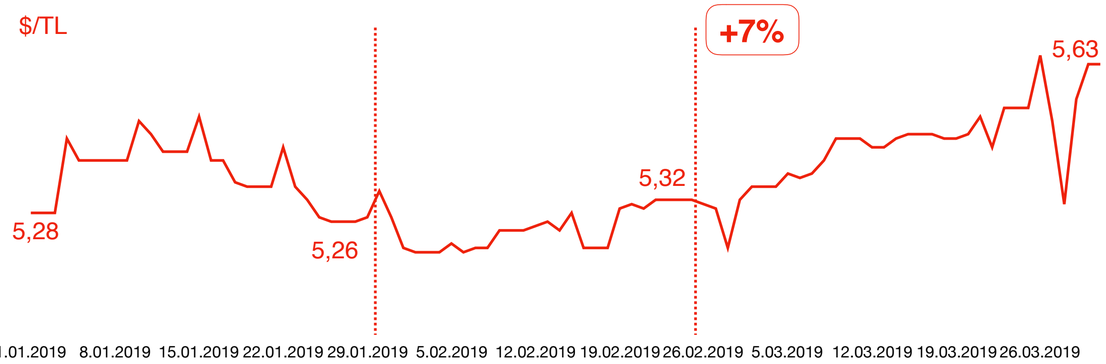
Diesel cracks	Jet cracks	High Sulphur Fuel Oil cracks	Gasoline cracks
+25%	+4%	+54%	-59%

Increase in Brent Price

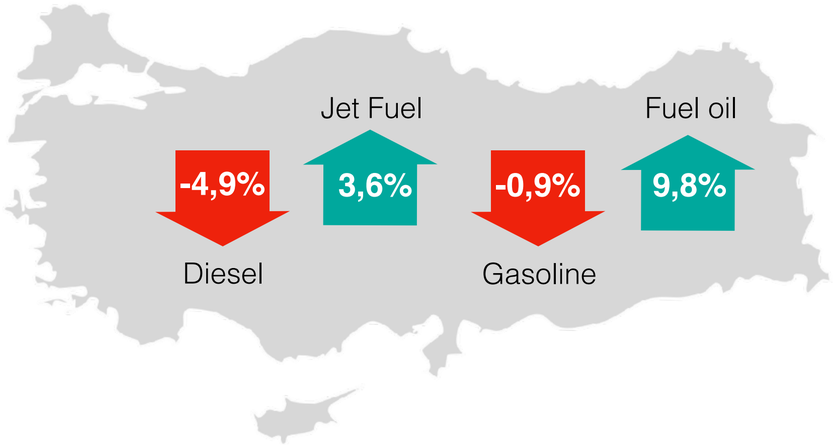


Turkish Market

Depreciation of TL



Slowdown in Turkish Market (2M 2019 vs 2M 2018)



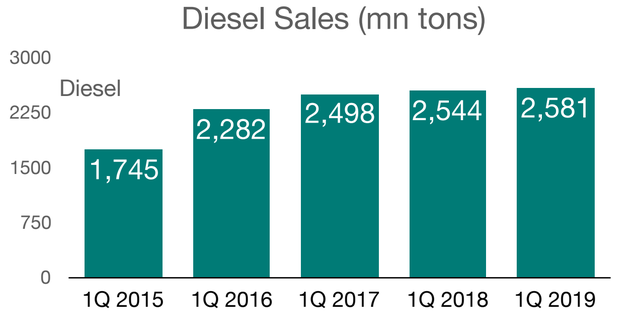
Q1 2019 Tüpraş Highlights

Record High Dividend Payment → **Total payout 3.8 Billion TL**

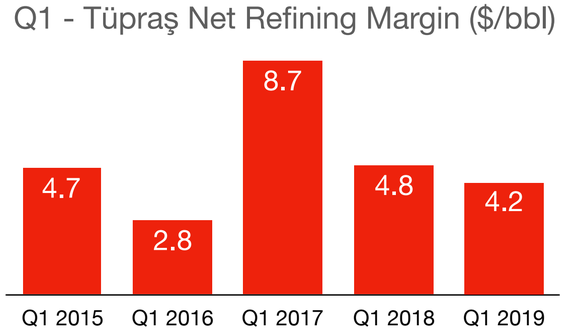
Secured Jet Sales for 5 years → Won the IGA jet fuel tender (announced in April) and granted to sell 1.8 million tons per annum

Ongoing successful maintenance program → Following 2018 CDU maintenance program, RUP is also at final stages of maintenance

Steady Diesel Sales despite the drop in Turkish market growth



Despite narrowed differentials & RUP maintenance impact net Refining Margin is largely in line with Q1 2018



In Q1 2019

6.7 Million tons of **Total Production**

7.2 Million tons of **Total Sales**

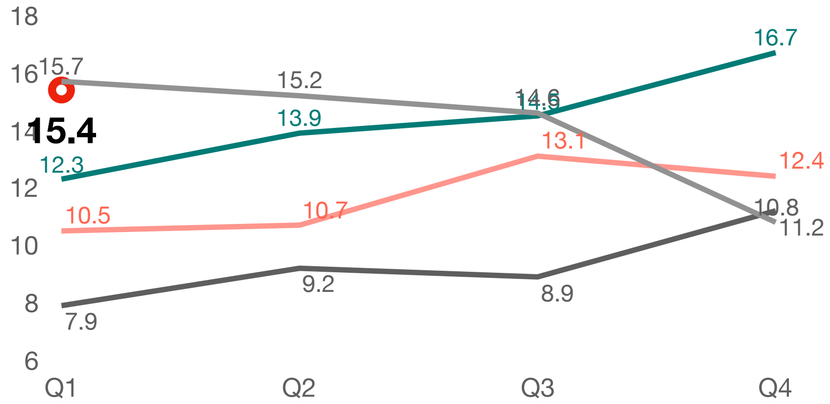
851 Million TL **EBITDA**

Market

Quarterly Crack Margin Comparison ($/bbl) in 2015 - 2019

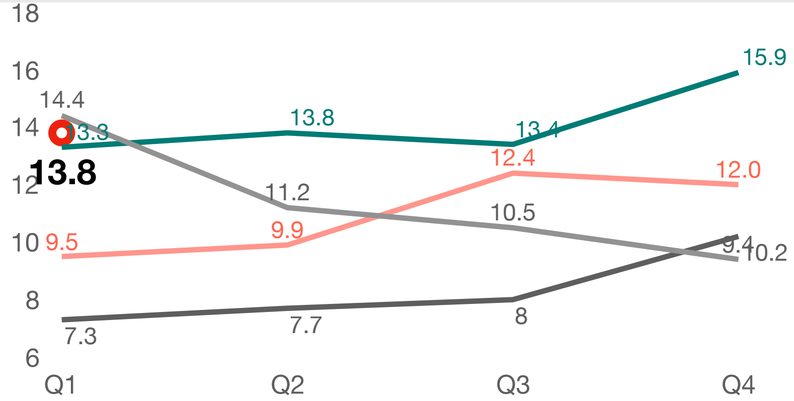
Compared to Q1 2018, mid-distillate and HSFO remained strong in Q1 (Diesel:+25%, Jet: +4%, HSFO: +54%) while Gasoline cracks were weaker (-59%)

Diesel



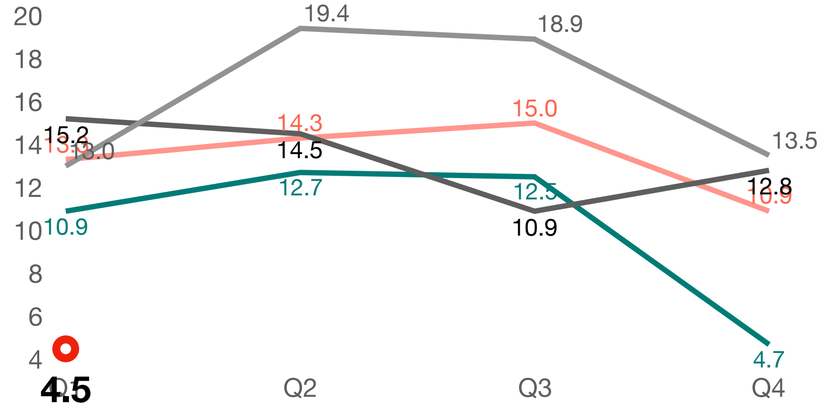
- Low stock levels
- Strong demand growth in both developed and emerging markets

Jet Fuel



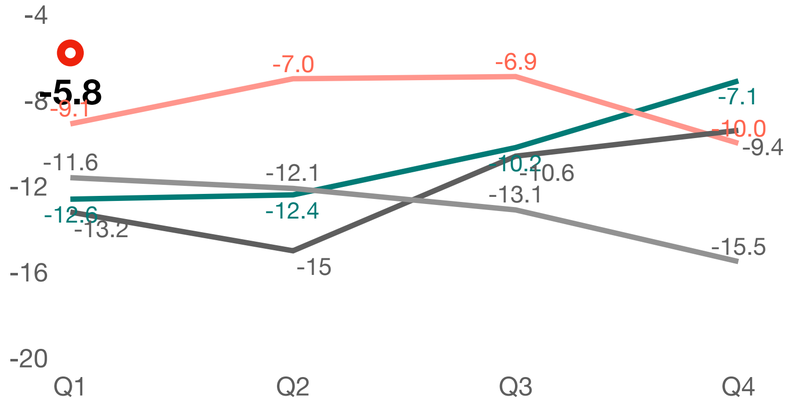
- Low stock levels
- Strong demand growth in Asia

Gasoline



- Shale oil boosted light product production
- High stock levels & low demand in US

High Sulphur Fuel Oil

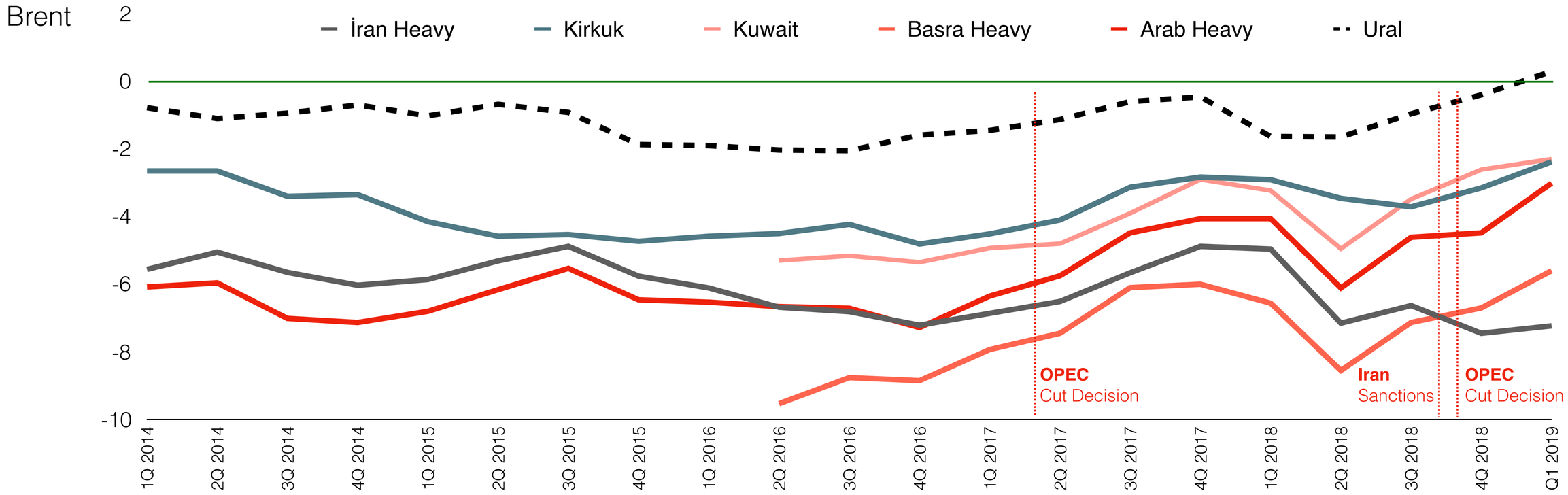


- Limited heavy crude availability post Iran sanctions and OPEC+ production cut curbing HSFO supply
- New fuel oil conversion units starting in Asia & Middle East

Crude Price Differentials ($/bbl)

Heavy Crude differentials continued narrowing in Q1 with lower availability mainly due to OPEC+ cuts, Iran sanctions and limitations on Venezuelan supply

Heavy Crude Price Differentials

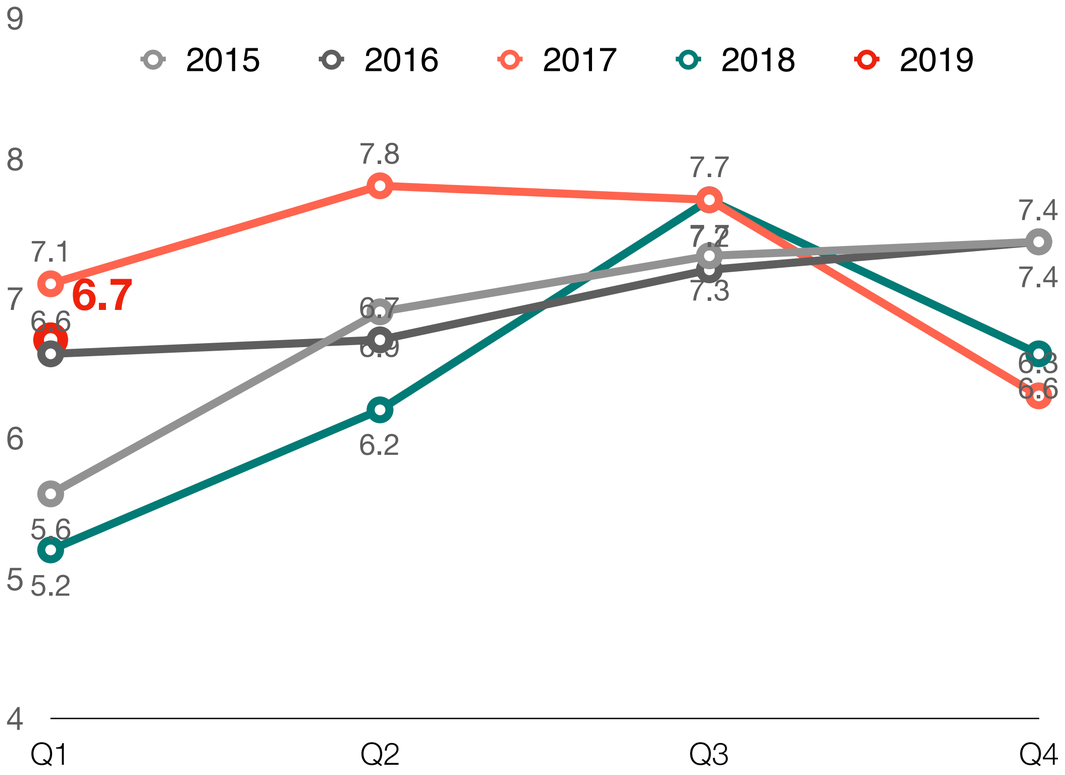


Operations

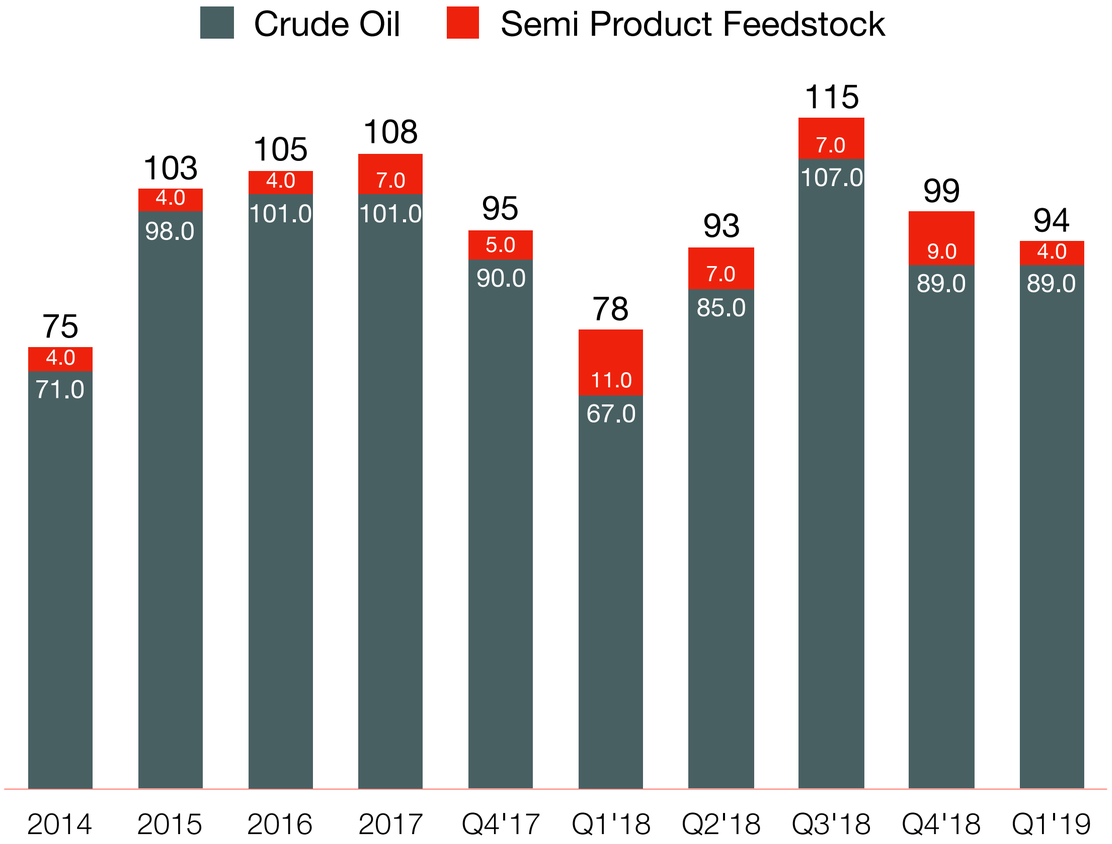
Capacity Utilization and Quarterly Production Volume

Tüpraş achieved 94% Capacity Utilization in Q1 2019 (78% in Q1 2018)

Quarterly Production (Million Tons)



Capacity Utilization* (%)

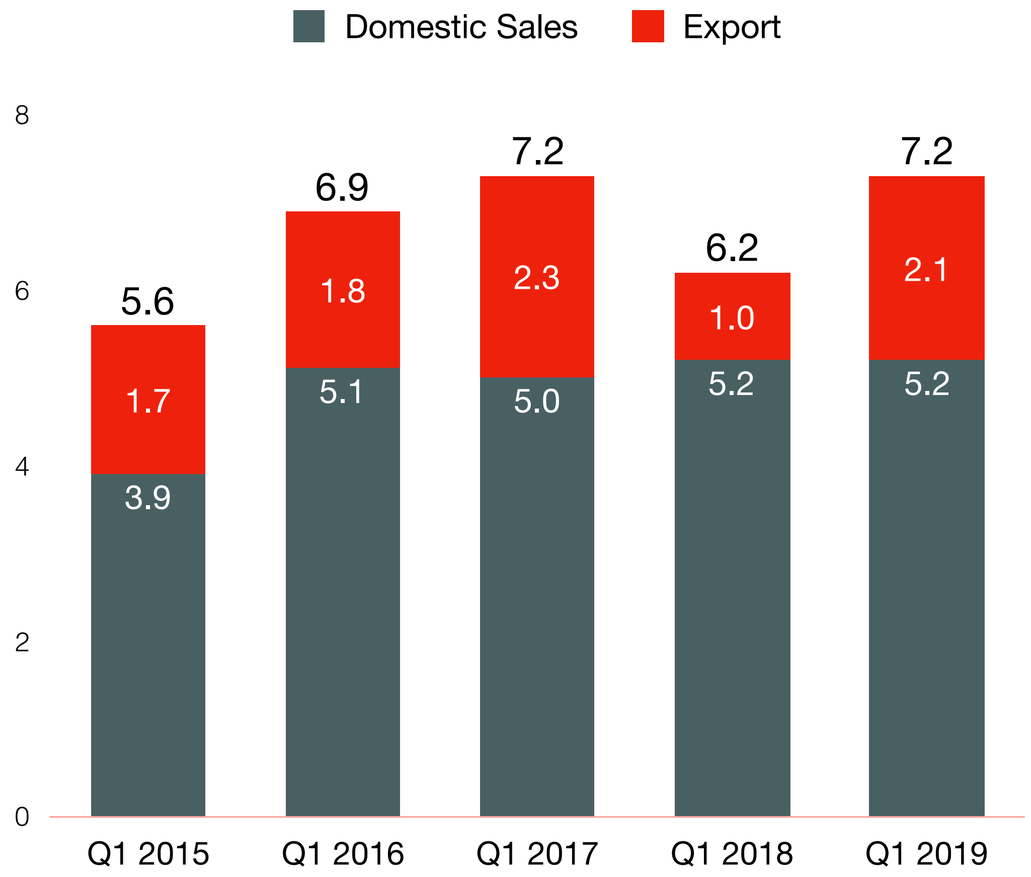


*Capacity utilization calculation is based on 30 mn tons for Q1 2019 onwards.

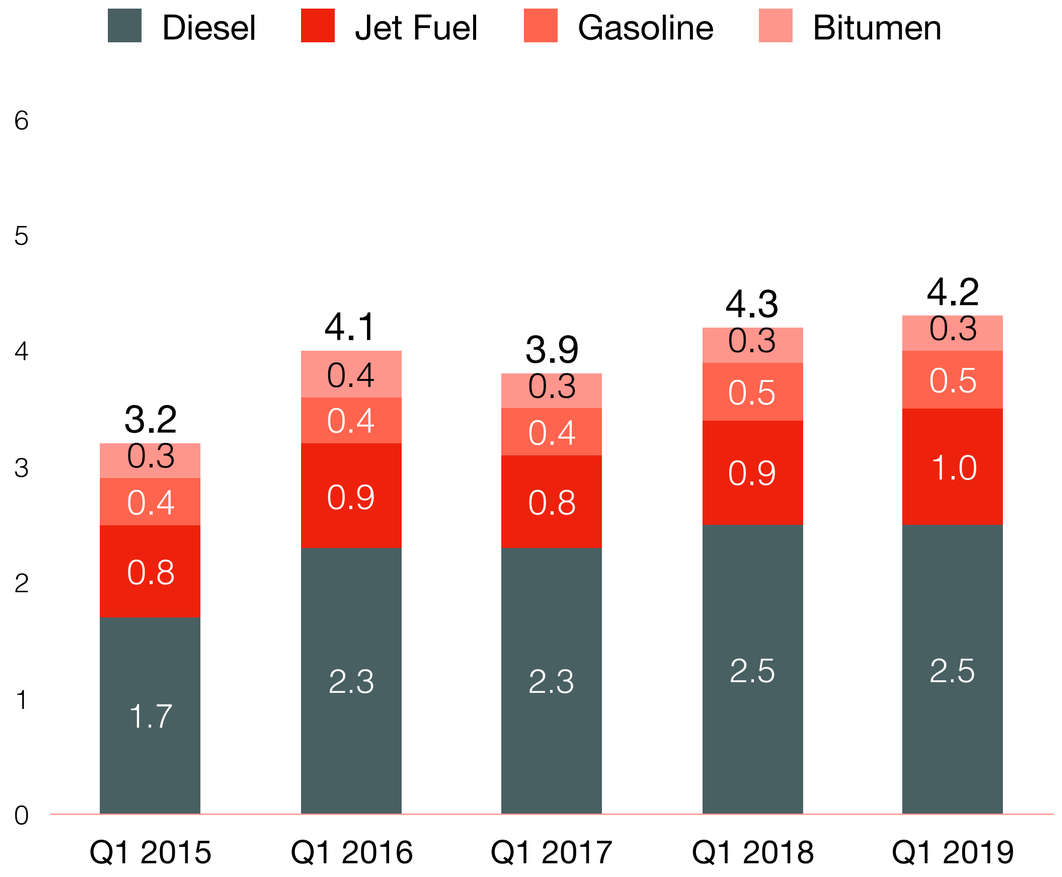
Sales in Q1 (Million Tons)

We generated 7.2 million tons of total sales in Q1 2019, 17% above Q1 2018

Total Sales in Q1



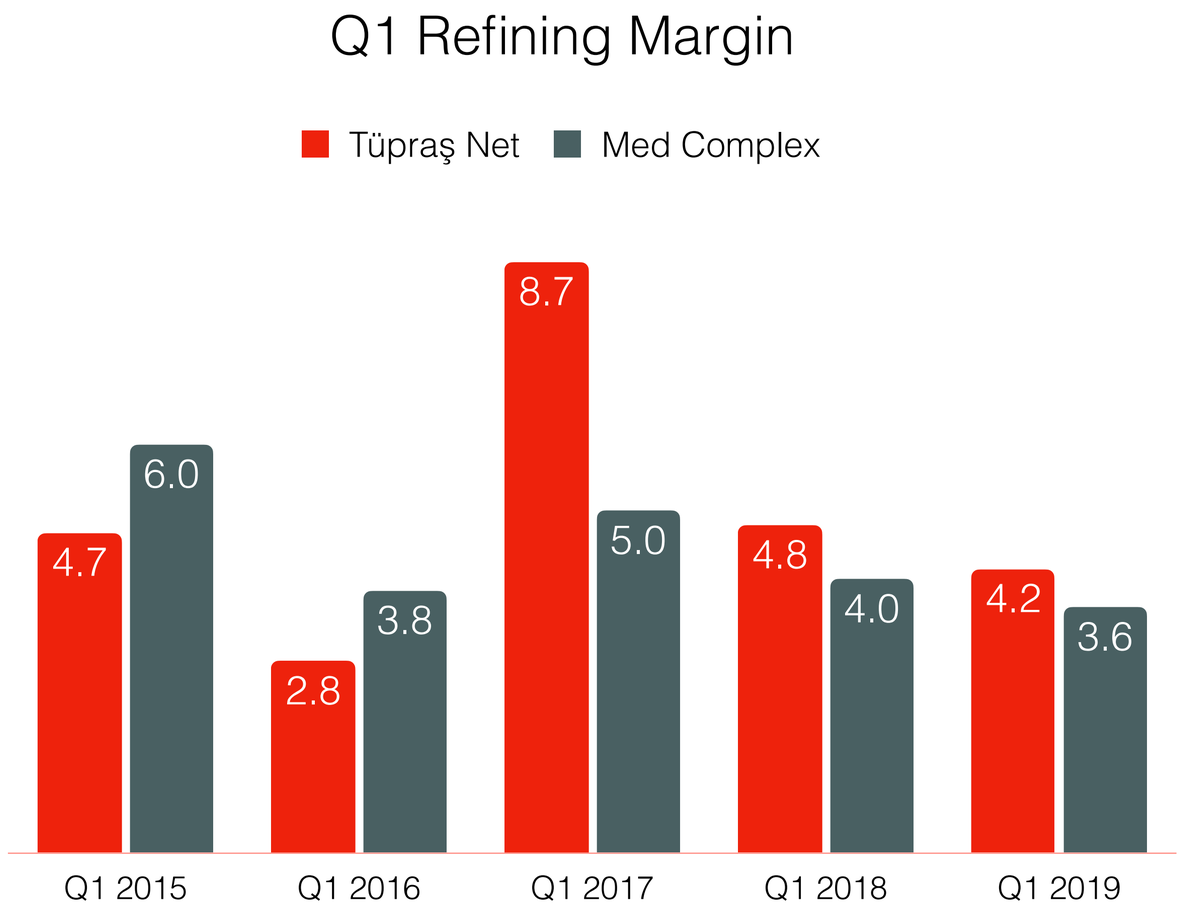
Domestic Sales of Key Products in Q1



Financials

Tüpraş Net Margin and Med Complex Margin Comparison ($/bbl)

- Tüpraş' 4.2 $/bbl Net Refining Margin in Q1 2019 0.6 $ higher than Med Margin due to our advantages in product yield and crude selection.
- Narrower heavy differentials and RUP maintenance were the main factors of weaker margin compared Q1 2018.



Income Statement

Narrowing differentials and RUP maintenance led to the 18% decline in EBITDA in Q1 2019 compared to Q1 2018

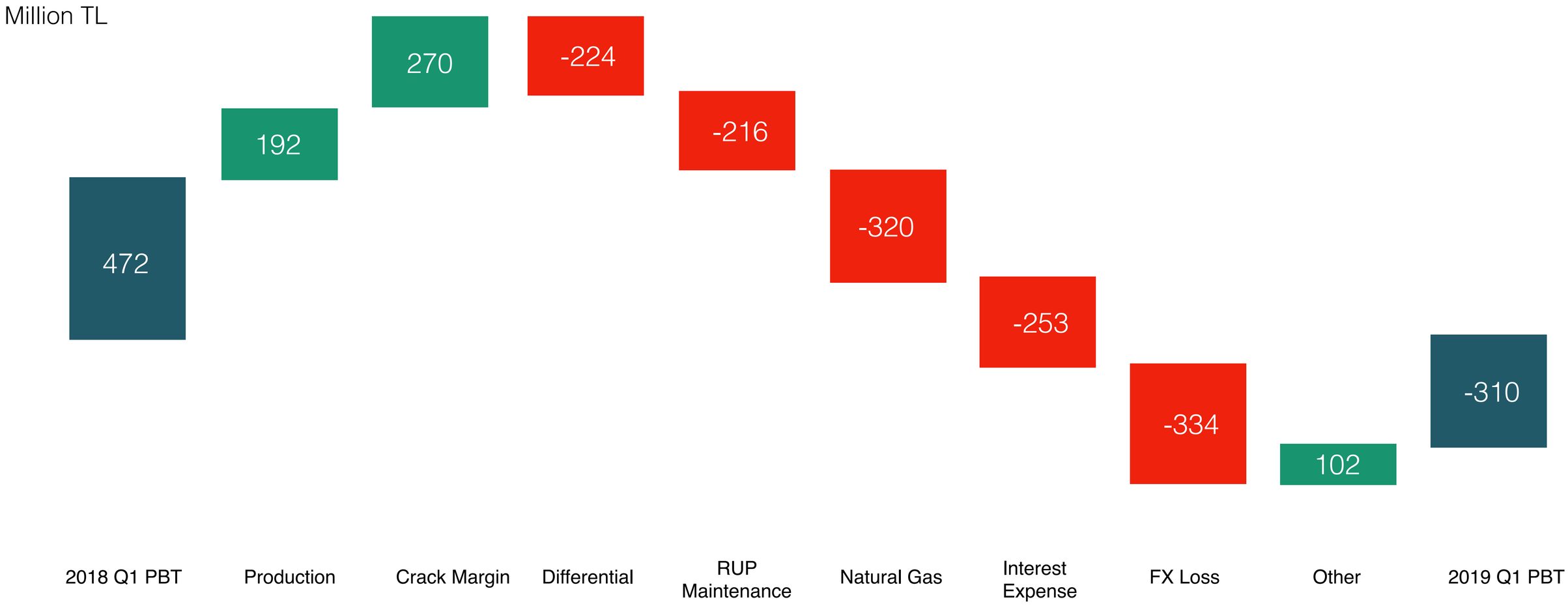
Million TL	Q1 2019	Q1 2018	%
Net Sales	20,708	13,421	%54
COGS	-19,717	-12,352	%60
Gross Profit	991	1,069	-%7
Operating Expenses	-372	-268	%39
Income/Loss from other operations	-390	-111	%251
Operating Profit	228	690	-%67
Income/Loss from equity investment	63	52	%21
Operating Profit Before Fin. Income/Loss	291	742	-%61
Financial Income /Expense	-601	-271	%122
Profit Before Tax	**-310**	**472**	**-%166**
Net Profit (excluding minority interest)	**-375**	**378**	**-%199**

EBITDA (*)	851	1,033	-%18
Inventory Gain/Loss	301	267	%13
EBITDA CCS (*)	550	766	-%28

* 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.

Q1 Profit Before Tax Bridge (2018-2019)

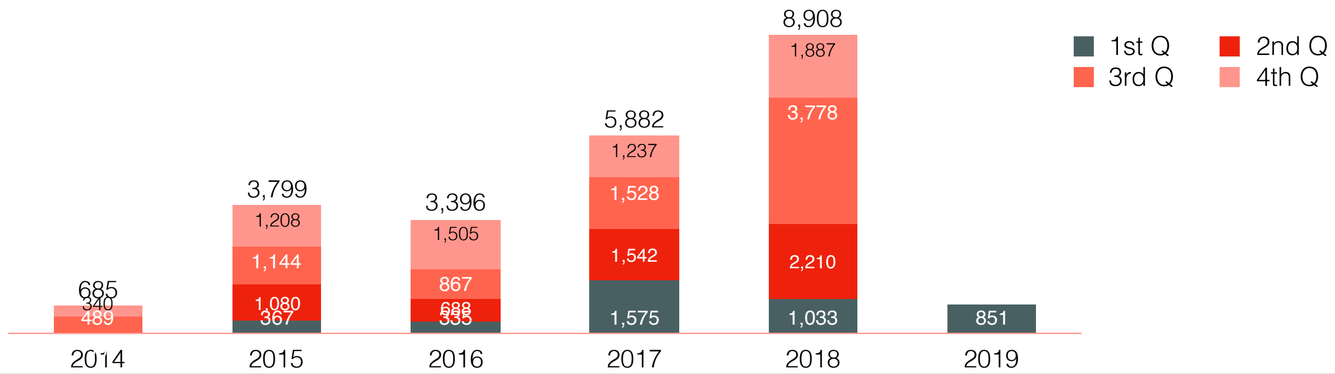
PBT decline driven by narrowing differentials, natural gas price hikes, RUP maintenance, interest expense and FX loss compared to Q1 2018



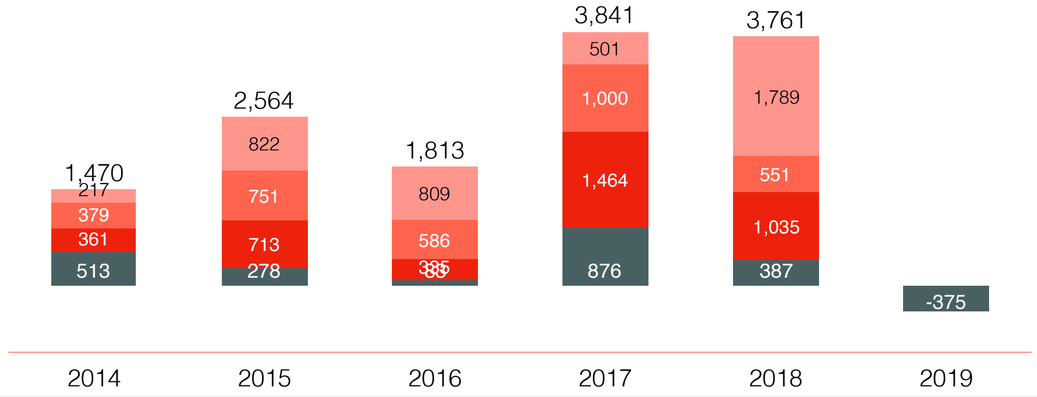
Financial Highlights (Million TL)

Tüpraş generated 851 MTL EBITDA in Q1 2019

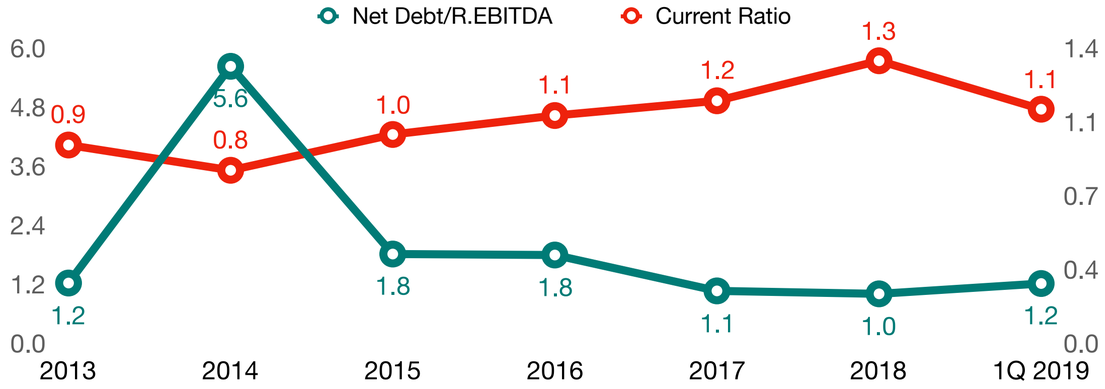
EBITDA



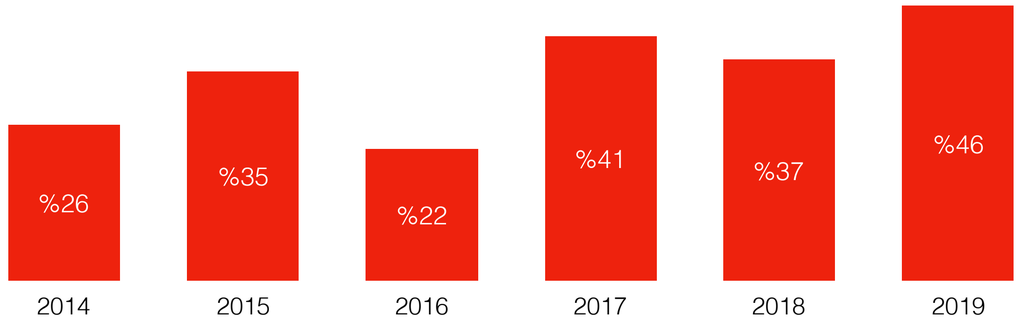
Net Income



Current Ratio & Net Debt/ R.EBITDA



Return of Average Equity*

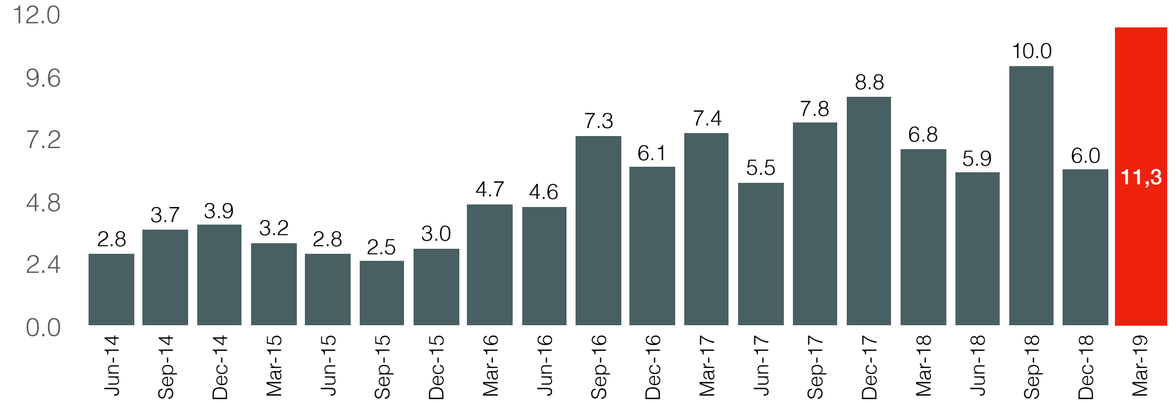


*Rolling net income

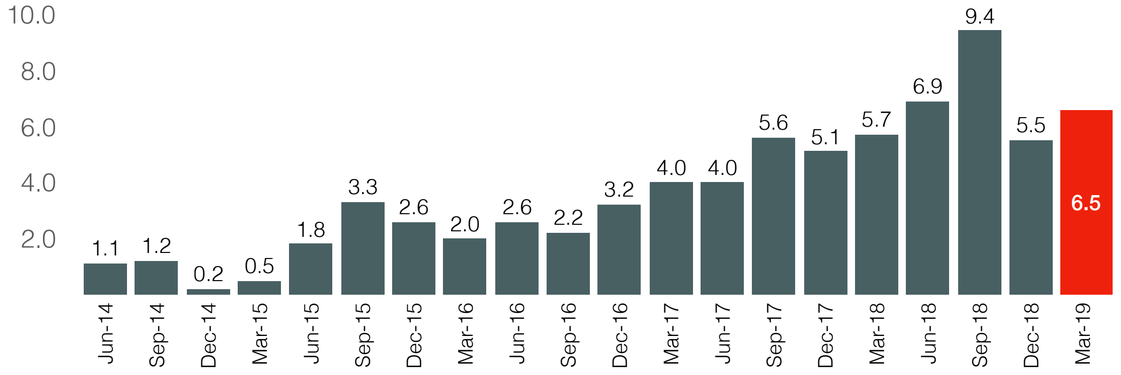
Balance Sheet Analysis (Billion TL)

Working capital improved in Q1 with tight balance sheet discipline and payables management

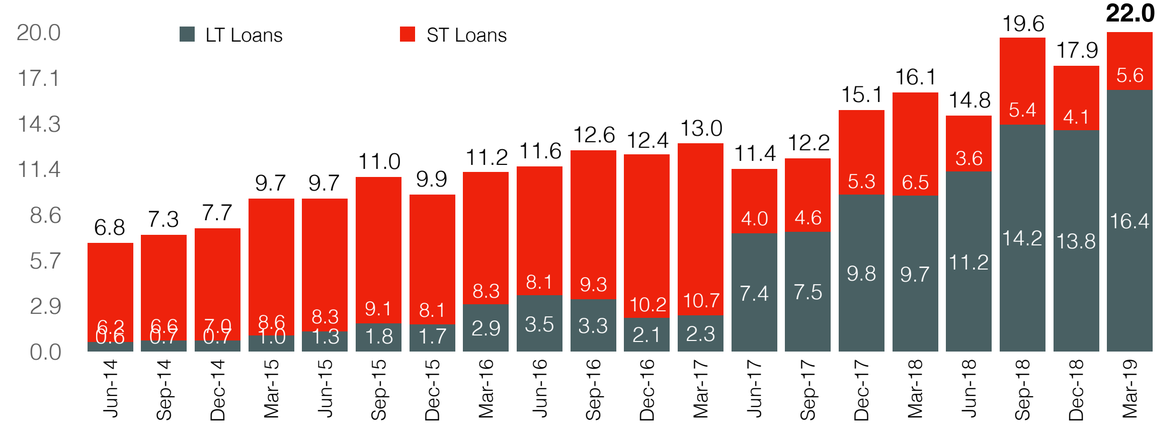
Cash & Cash Equivalents



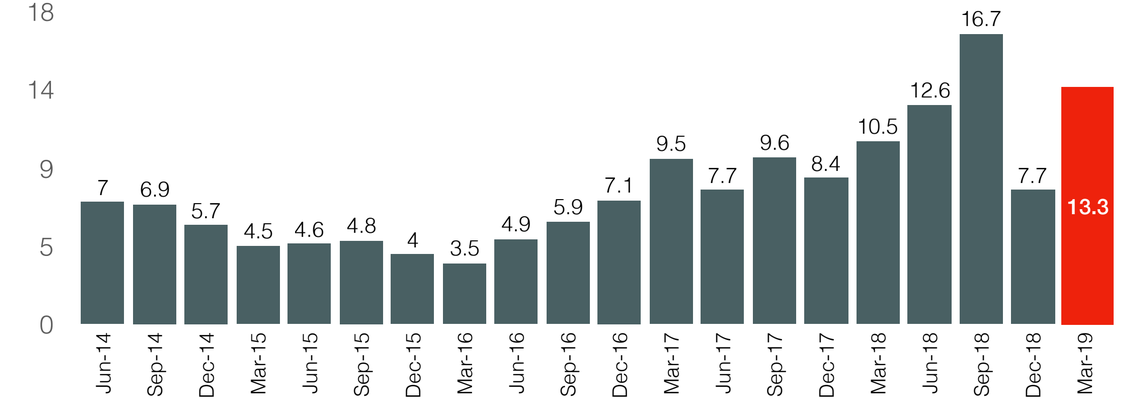
Receivables



Financial Loans

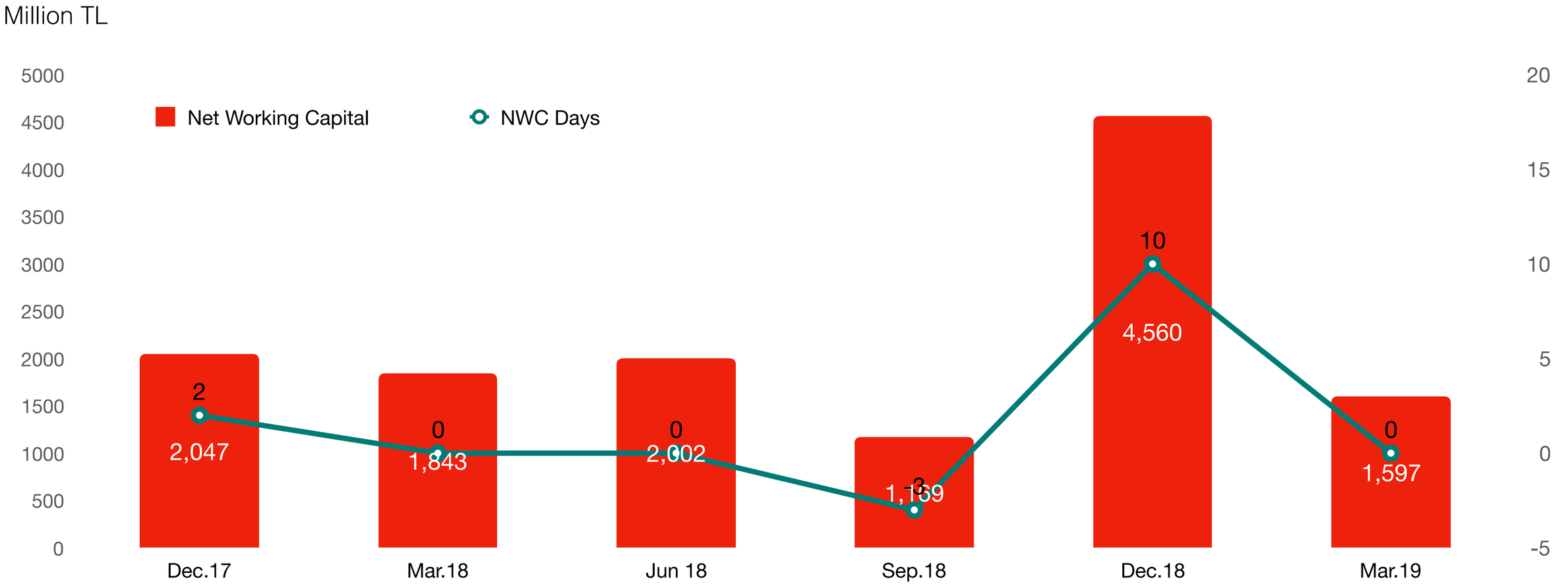


Payables



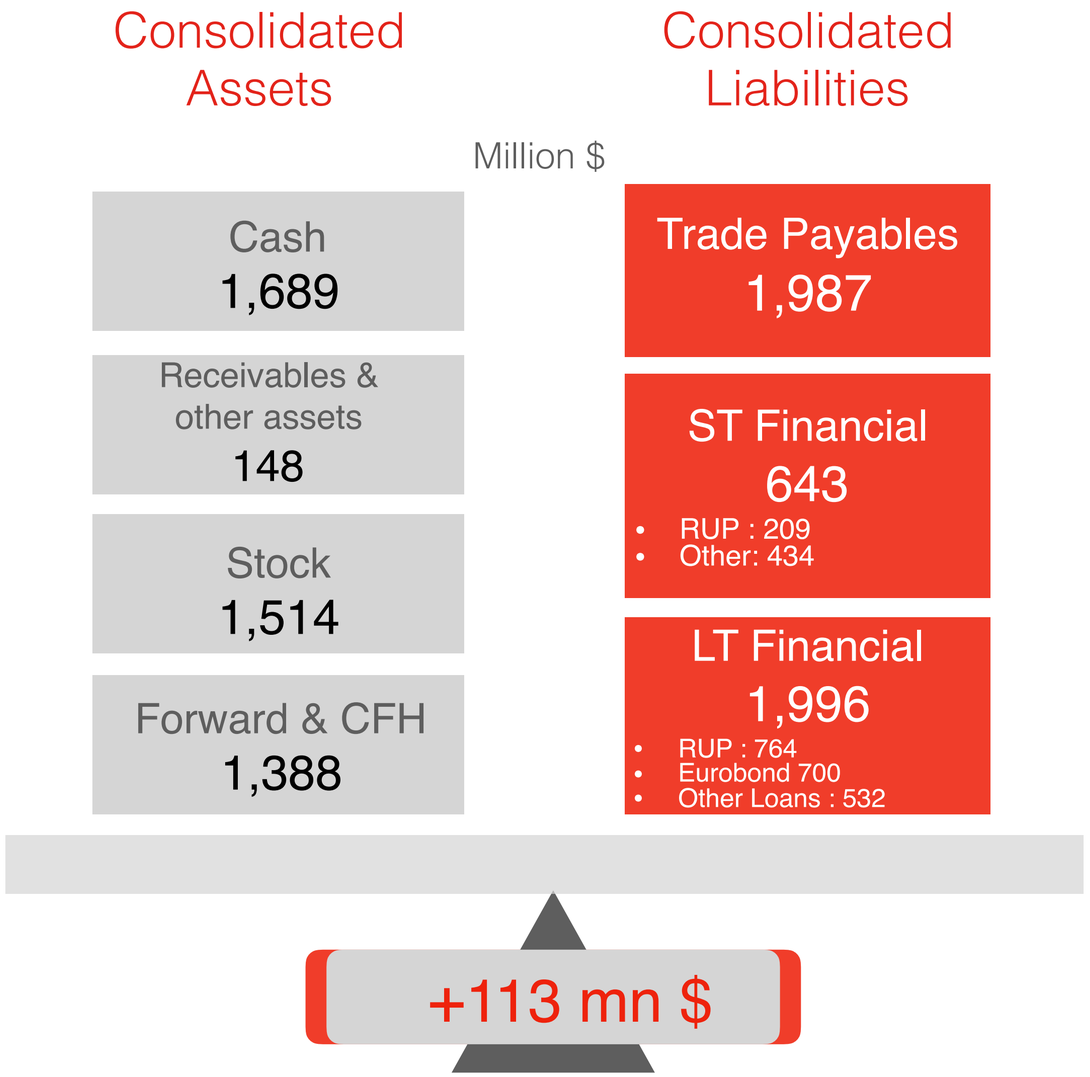
Working Capital Progression (Q3 2018-Q1 2019)

Following challenging conditions of Q4, payable days normalized in Q1 and improved our working capital



FX Exposure Management (31 March 2019)

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

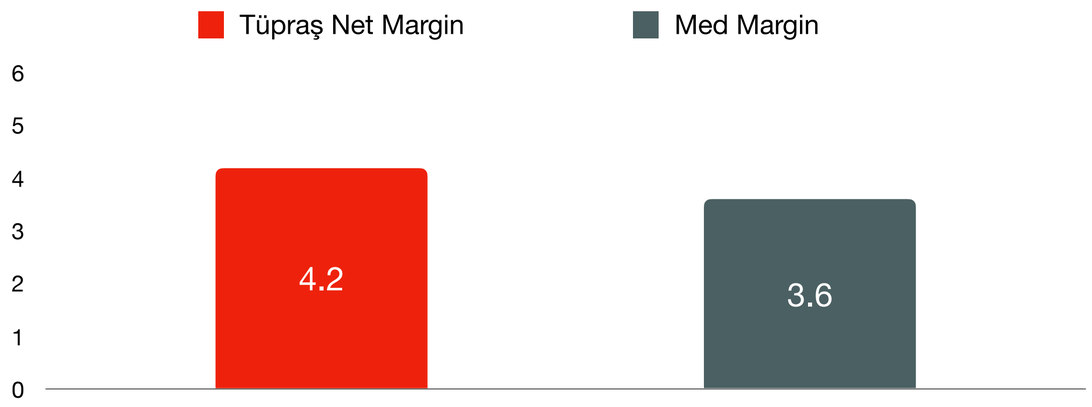


* Cash flow hedge accounting : 942 mn $

Outlook for 2019

Q1 2019 Results

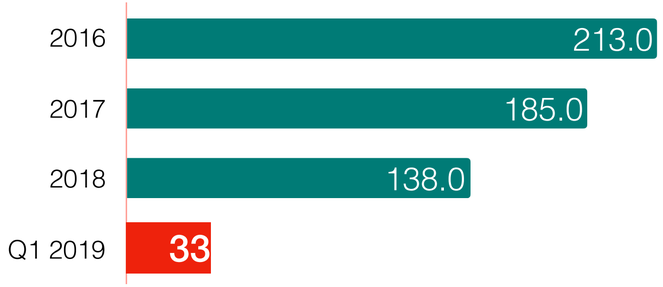
Q1 Refining Margins ($/bbl)



Capacity Utilisation (%)

Q1 2019 Operational (mn ton)

Capex (mn $)



2019 Refinery Maintenance Schedule

	Unit	Quarter	Duration (weeks)	Reason
İzmir	Plt 100 CDU	Q4	*2-3	Periodic Maintenance
	Plt 9200 CCR	Q1	3	Maintenance Completed
İzmit	RUP	Q1&Q2	12-13	Periodic Maintenance
	Plt 2 Crude Oil & Vacuum Unit	Q4	7-8	Periodic Maintenance
	Plt 7 FCC	Q4	5-6	Periodic Maintenance
Kırıkkale	-	-	-	-
Batman	Plt 100 / 1100 Crude Oil & Vacuum	Q1	10	Maintenance Completed

RUP Maintenance

Preparation and planning phase: 2018

Maintenance Start: Feb 26

- Catalyst changes
- Checks on distillation columns, heat exchangers and furnaces
- Detailed planned maintenance

On track maintenance at final stage

* Total duration allocated among quarters

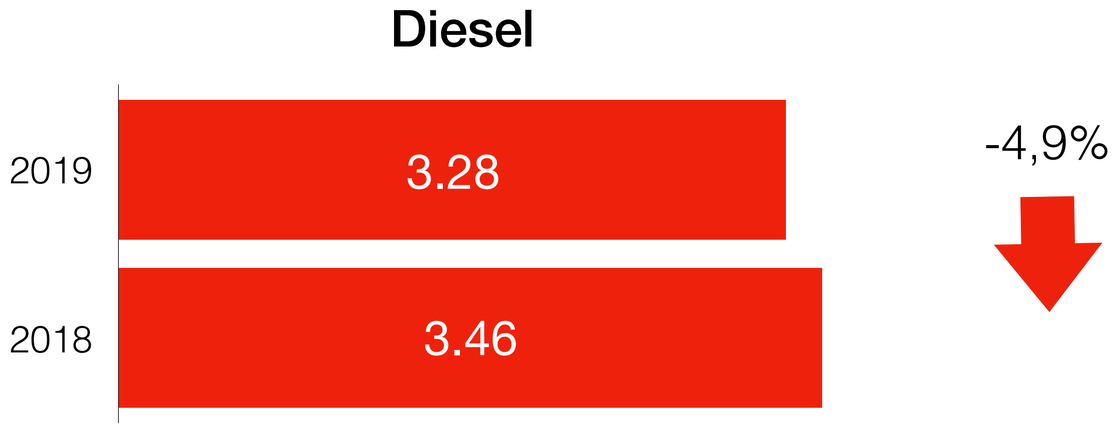
2019 Expectations

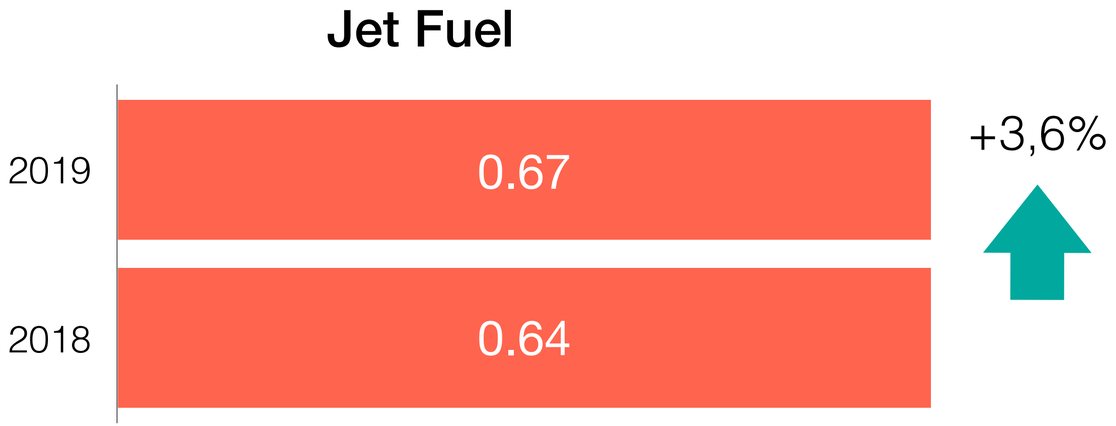
Med Complex Margin	Med Complex margin expectation is 3.75 – 4.25 $/bbl in 2019
Tüpraş Net Margin	Net Tüpraş refinery margin expectation is 6.0 – 7.0 $/bbl in 2019
Operations	• Capacity utilization target is 95-100% • Production: ~28 million tons • Total sales: ~30 million tons
Investment	Refining investments expectation is 250 Million $

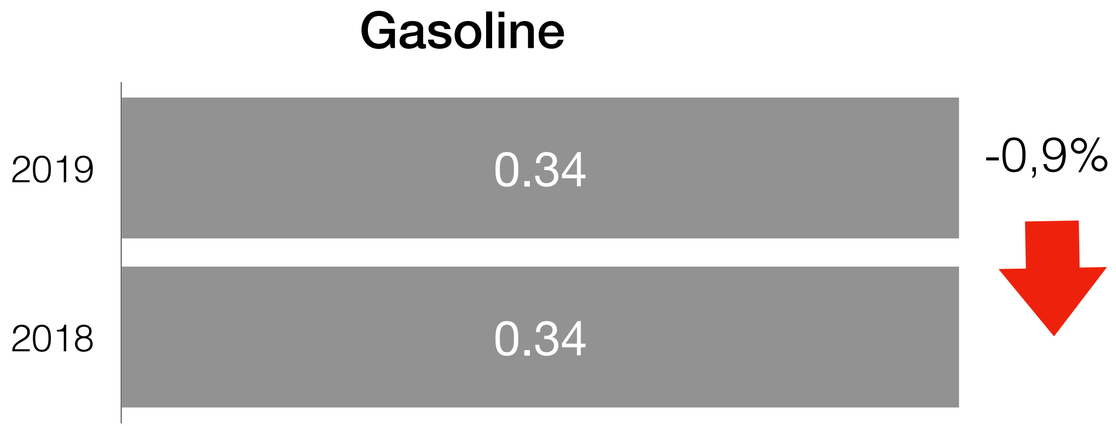
Appendix

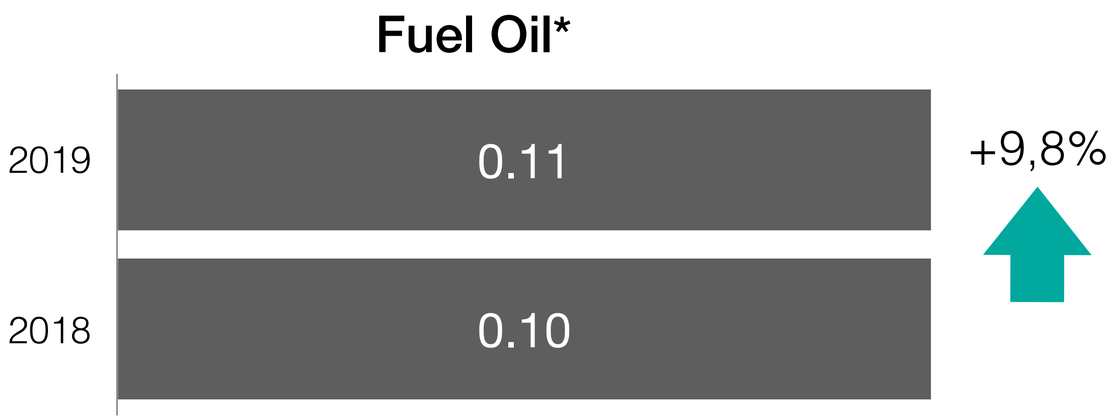
Turkish Market, 2M 2019 (Million tons)

Diesel consumption contracted in first 2M of 2019, while jet fuel consumption remains healthy





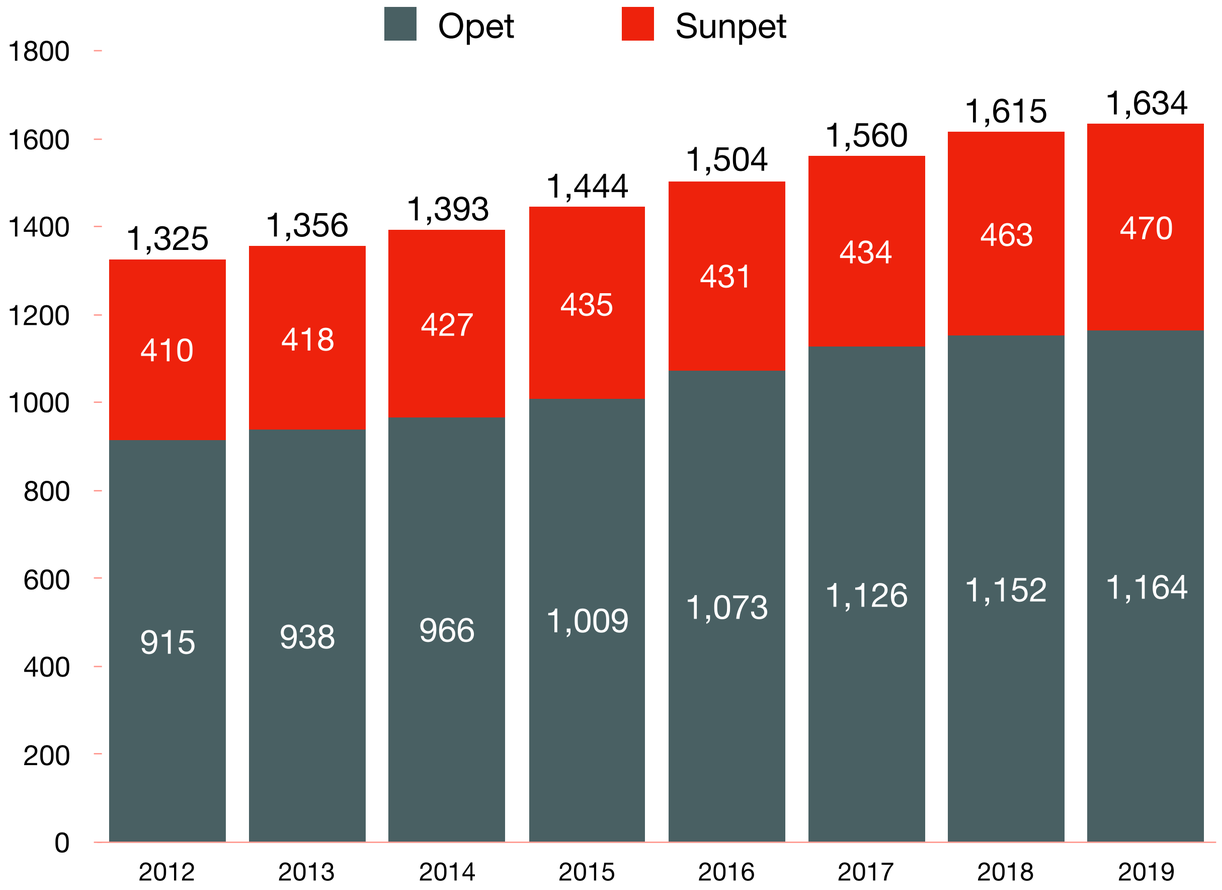




*Bunker excluded

OPET

Opet expanded its retail footprint from 1.615 stations in December 2018 to 1.634 stations in March 2019



Market share as of February 2019

18.30%

White Product

32.45%

Black Product

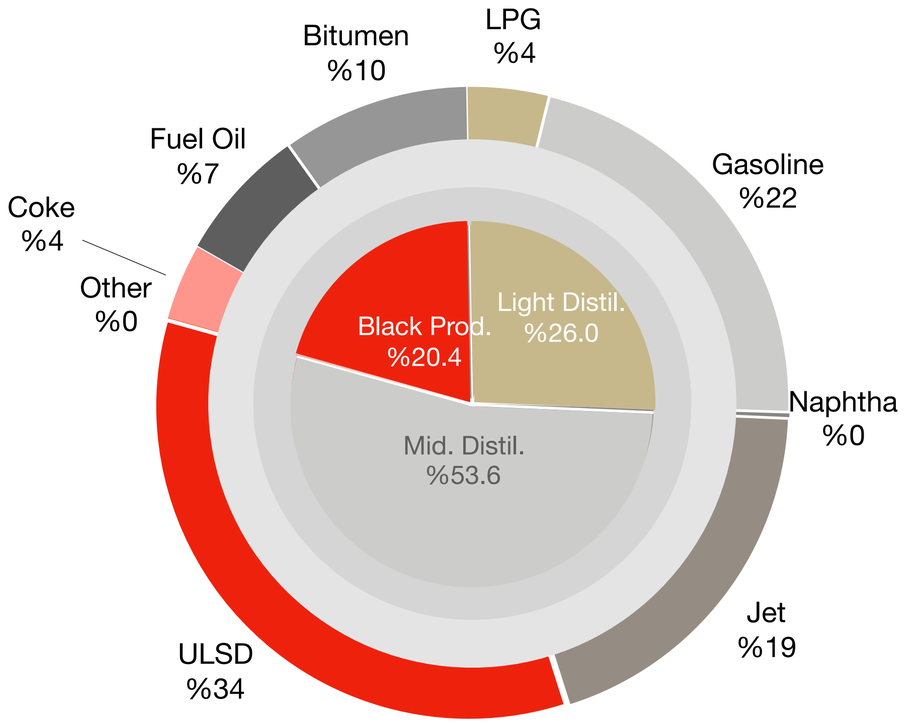
Crack Margin Effect on Tüpraş in Q1 (FOB Italy Prices)

Weighted average of crack margin difference in Q1 2019 over Q1 2018 indicates a +1.0 $/bbl, yielding +270,3 million TL crack margin impact

	Product Price ($/ton)		Tüpraş	Crack Margin ($/bbl)	
	2019	2018	2019 Production Yields	2019	2018
LPG	421	485	%3.4	-25.74	-23.58
Gasoline	550	630	%19.6	4.53	10.93
Naphtha	473	552	%1.6	-9.82	-4.42
Jet Fuel	605	630	%16.5	13.79	13.32
Diesel	585	588	%31.4	15.40	12.30
Diesel 1000	570	577	%0.5	13.36	10.80
Fuel Oil 1%	394	366	%1.1	-2.51	-10.31
Fuel Oil 3.5%	372	351	%13.9	-5.81	-12.62
Others	430	322	%7.3	-8.59	-12.95
Dated Brent, $/bbl	63.20	66.26	%95.3		
Total Crack Margin, $/bbl				5.56	4.56
Margin Difference, $/bbl				1.0	
Total Processed, mn bbl				50.5	
Total Effect, mn $				50.5	
Total Effect, mn TL				270.3	

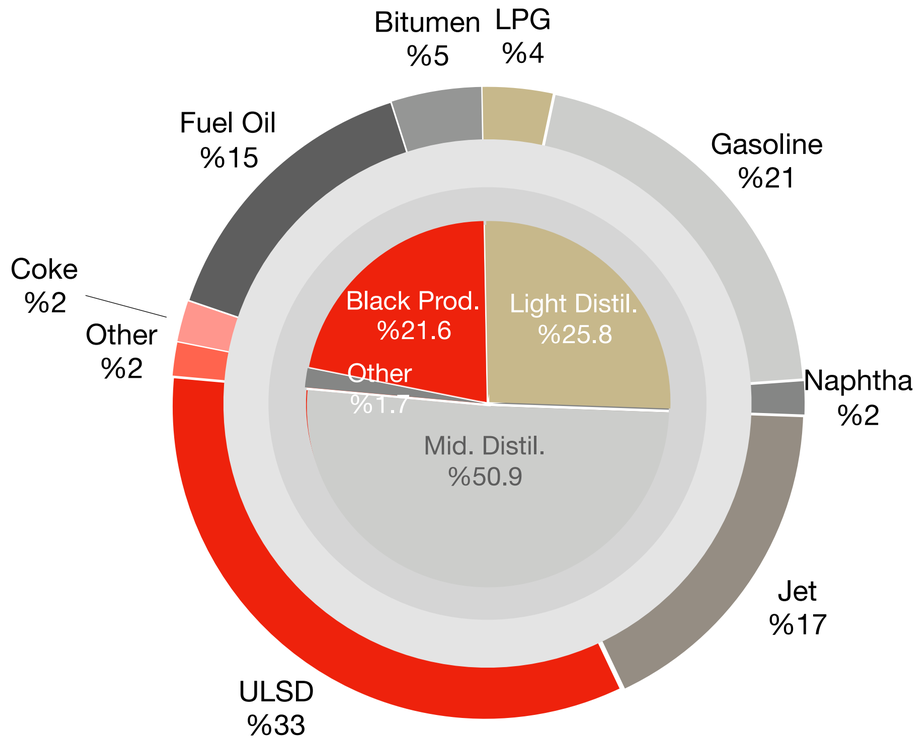
Q1 Product Yields

2018



White Products	%78.5
Production	5.2 mn tons
API	31.33

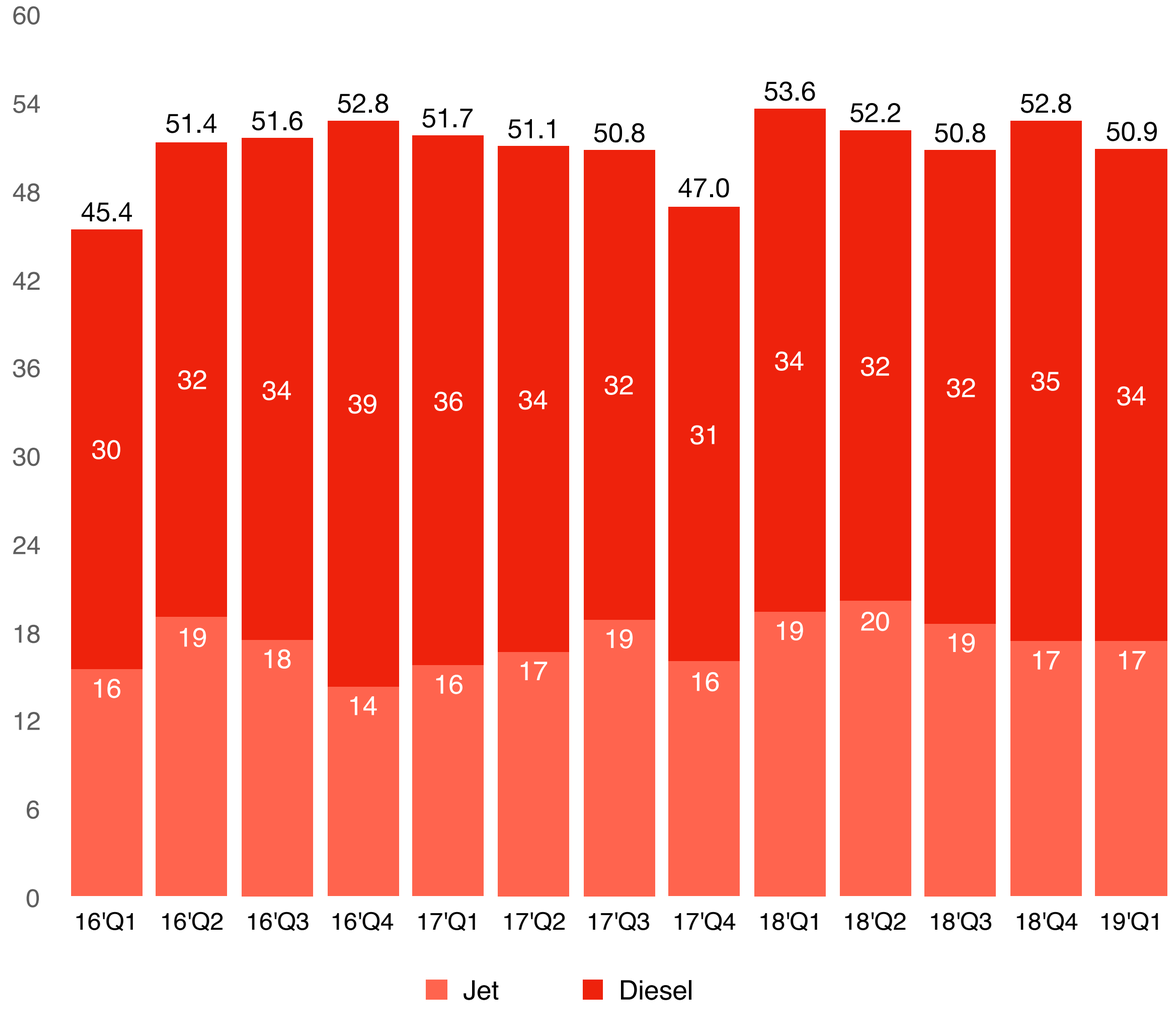
2019



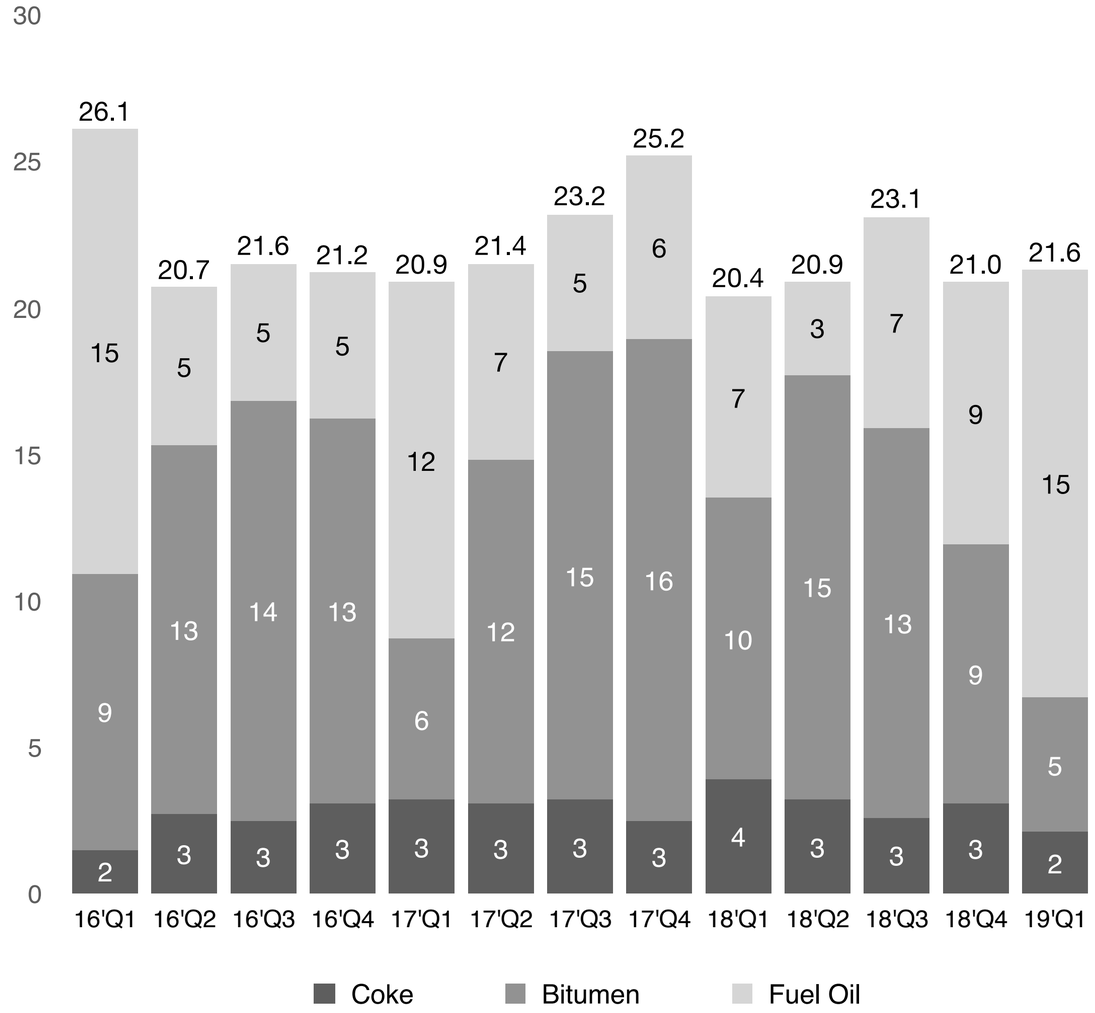
White Products	%77.4
Production	6.7 mn tons
API	32.36

Q1 2019 Yield Breakdown (%)

Middle Distillate



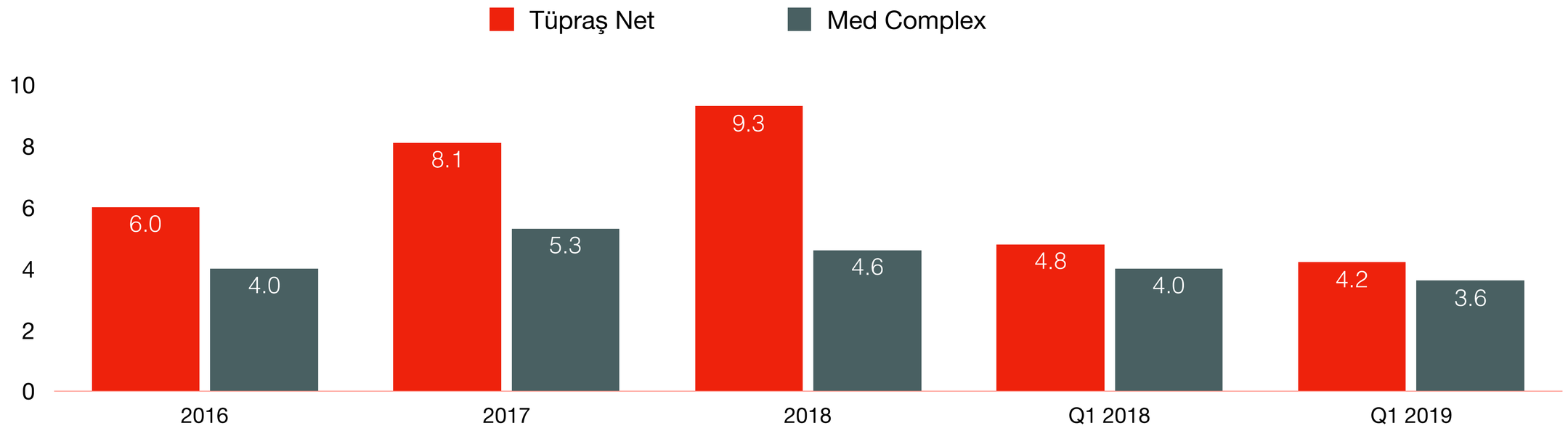
Black Product



Tüpraş Balance Sheet

Million TL	31/03/2019	31/03/2018	Difference	% Difference
Current Assets	**28,062**	**20,962**	**7,100**	**34**
Cash & C. Equivalents	11,329	5,983	5,346	89
Receivables	6,429	5,429	1,000	18
Derivatives	329	176	153	87
Inventories	8,410	6,765	1,646	24
Pre-paid expenses	106	109	-3	-3
Other Current Assets	1,459	2,502	-1,043	-42
Long Term Assets	**25,544**	**19,074**	**6,471**	**34**
Financial Assets & Subsidiaries	1,260	1,271	-11	-1
Fixed Assets	19,298	12,397	6,900	56
Derivatives	210	168	42	25
Pre-paid expenses	365	378	-13	-4
Deferred Tax	2,789	3,566	-777	-22
Other Long Term Assets	1,623	1,293	330	26
Total Assets	**53,606**	**40,036**	**13,570**	**34**
Short Term Liabilities	**25,145**	**15,950**	**9,196**	**58**
Financial Loans	5,555	4,113	1,442	35
Payables	15,214	7,663	7,551	99
Derivatives	272	236	36	15
Deferred Incomes	7	5	2	41
Provisions	183	80	102	127
Other ST Liabilities	3,915	3,852	63	2
Long Term Liabilities	**28,461**	**24,086**	**4,375**	**18**
Financial Loans	16,368	13,836	2,532	18
Payables & Provisions	249	257	-9	-3
Derivatives	23	42	-19	-46
Other LT Liabilities	7	5	2	53
Equity	11,688	9,825	1,864	19
Minority Interests	126	121	5	4
Total Liabilities	**53,606**	**40,036**	**13,570**	**34**

Tüpraş Net Margin and Med Complex Margin Comparison ($/bbl)



$ / bbl	Gross Margin	Inventory Effect	Clean Gross Margin	Clean NET Margin	Med Margin
2019 Q1	9.86	0.84	9.02	4.16	3.60
2018 Q1	11.58	2.16	9.42	4.80	4.01
2018 12M	14.68	2.33	12.34	9.25	4.56

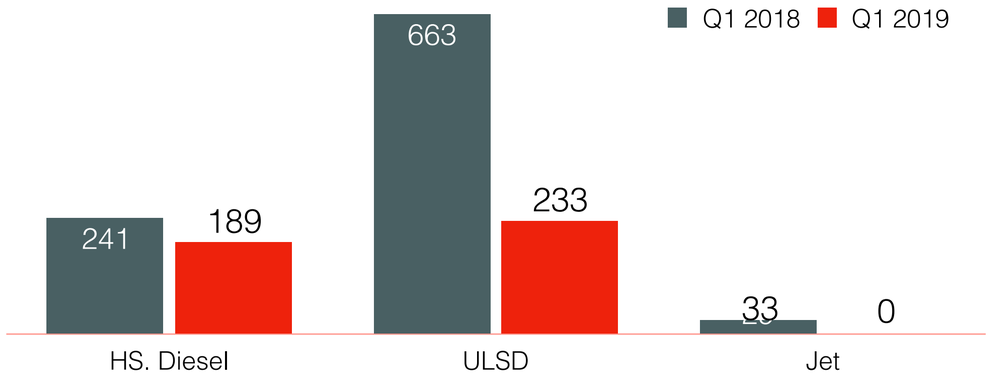
*Effect of hedging operations excluded from above calculations.

Finished Product and Semi Product Imports

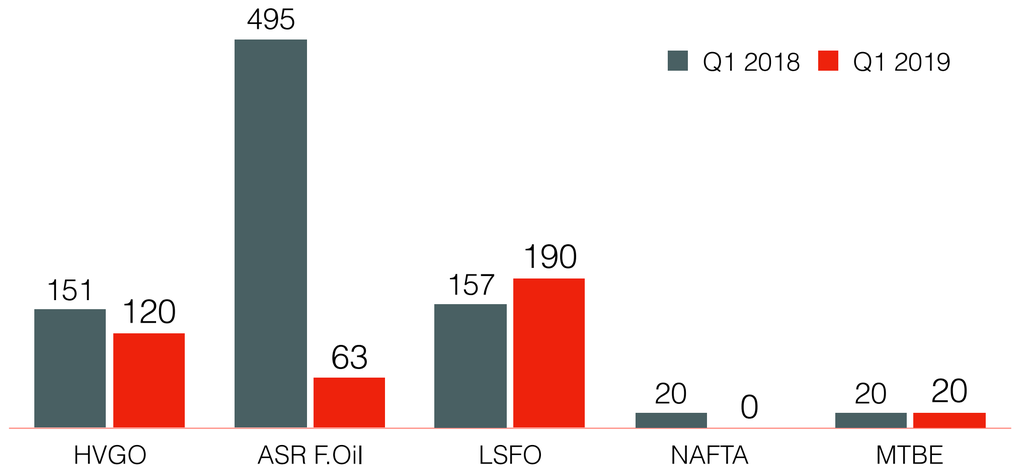
Lower Finished Product Imports thanks to high capacity utilization.

Atmospheric Straight Run Fuel Oil imports decreased due to RUP maintenance.

Product Imports (Thousand Tons)

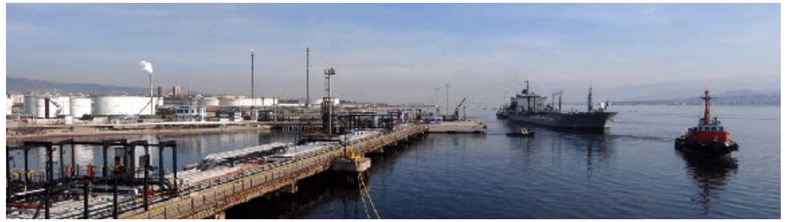


Intermediate Imports (Thousand Tons)



Tüpraş: Growing, Resilient, Profitable

Tüpraş is a compelling investment case with strong sales growth, resilient and profitable operational and financial structure.



Growing

- Operating in a diesel short market (supplies 45% of the market) , along with strong jet growth
- Well poised to capture future opportunities including IMO 2020 with its output complexity
- Continuous investment in logistics, infrastructure and trading capabilities

Resilient

- Strong balance sheet with no immediate rollover requirement.
- Secure receivables portfolio, tight working capital management
- Pricing mechanism in place to address commodity and FX fluctuations

Profitable

- Benefits from full system optimization given high complexity, procurement and logistics flexibility
- Prudent hedging practices to ensure stable earnings outlook
- High dividend pay-out ratio annually

Tüpraş

Koç