Investor Presentation February 2019

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Hizmete Özel / Confidential

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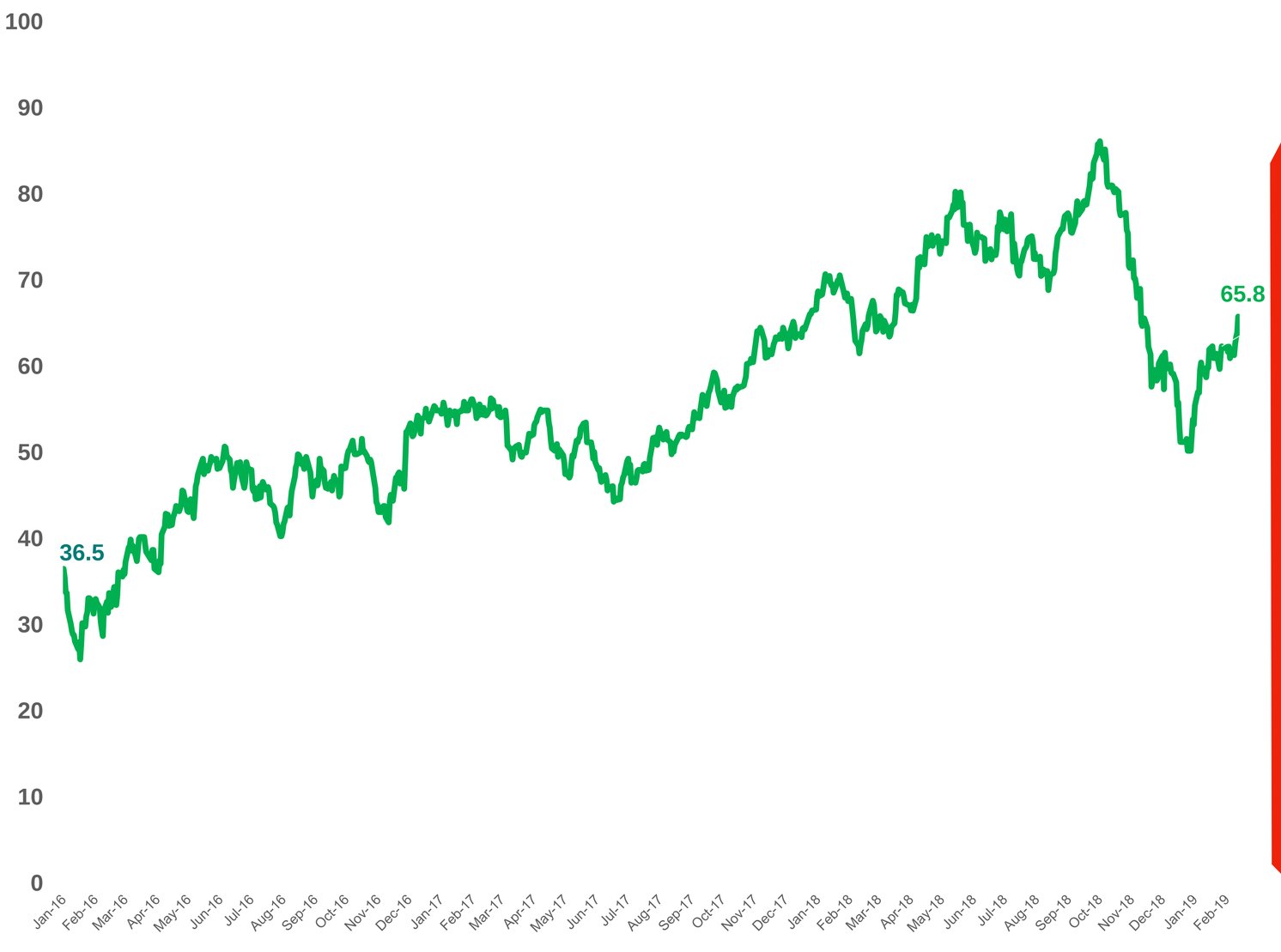
REFINING MARKET

Brent Crude Oil Prices ($/bbl)



PROS

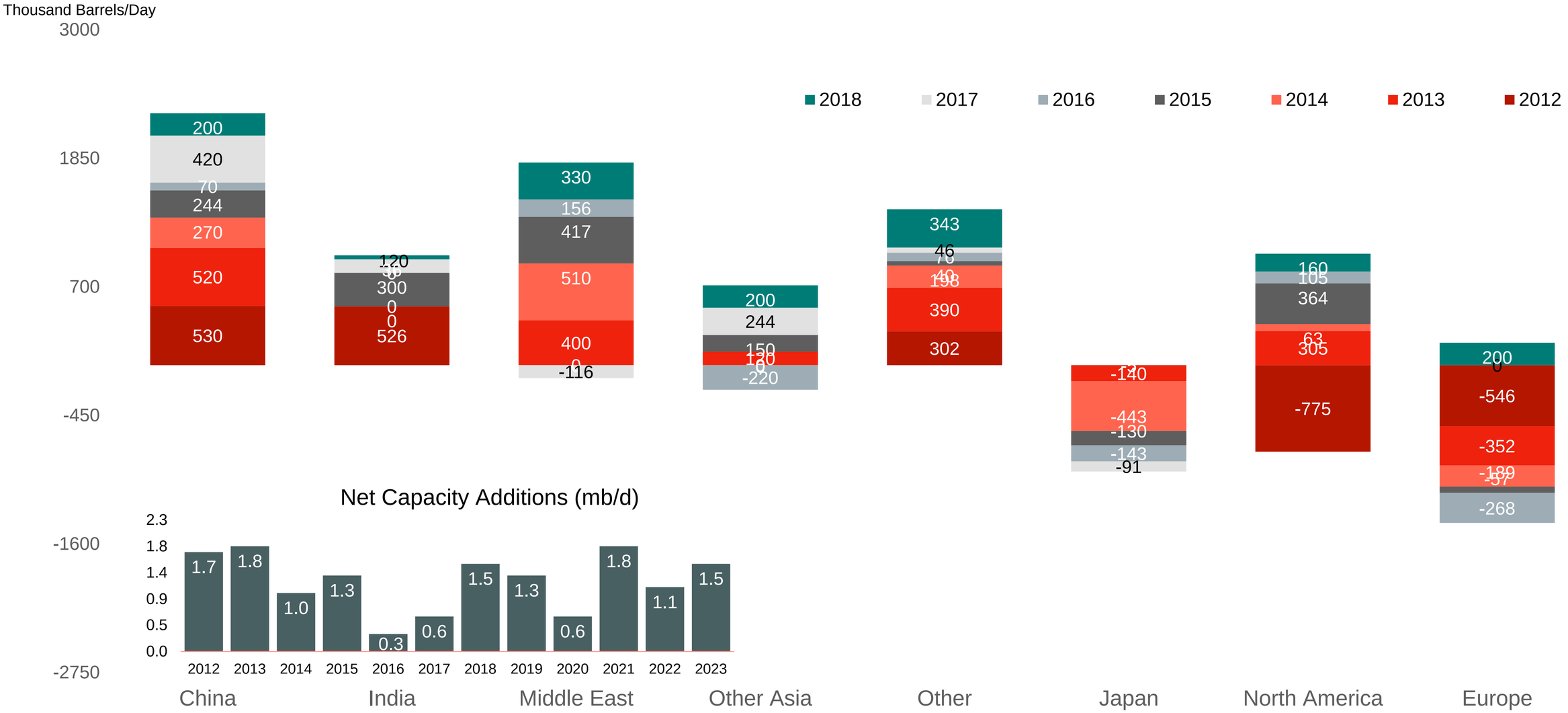
- OPEC+ supply cut through 2018 – 1H 2019
- Political instabilities in Middle East, Africa and Latin America
- Healthy PMI data in developing countries
- Potential impact of sanctions

CONS

- Increase in number of rigs & shale production in US
- Inventory Levels
- Impact of trade tariff negotiations
- Weak PMI in Europe and China

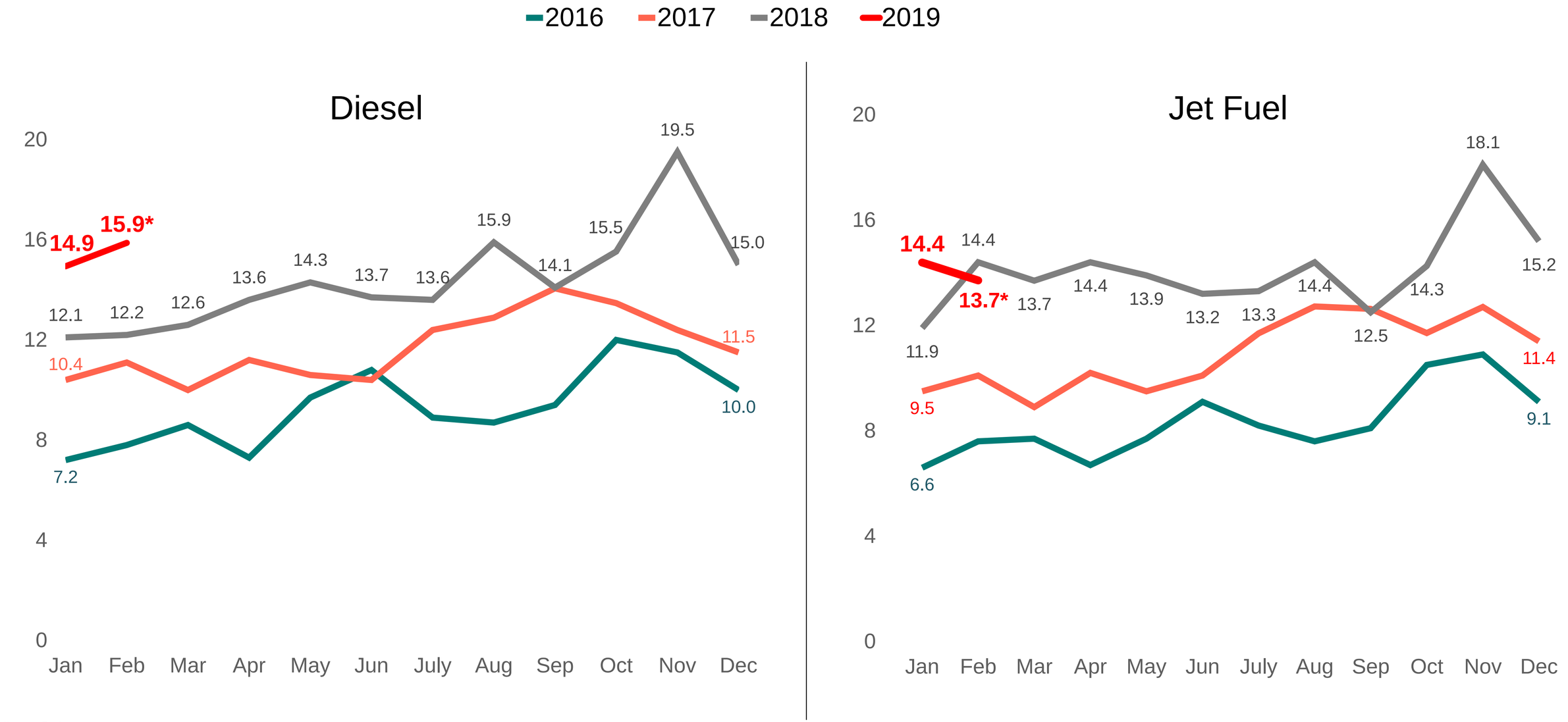
Source : Platts
As of February 15th.

Refinery Capacity Change



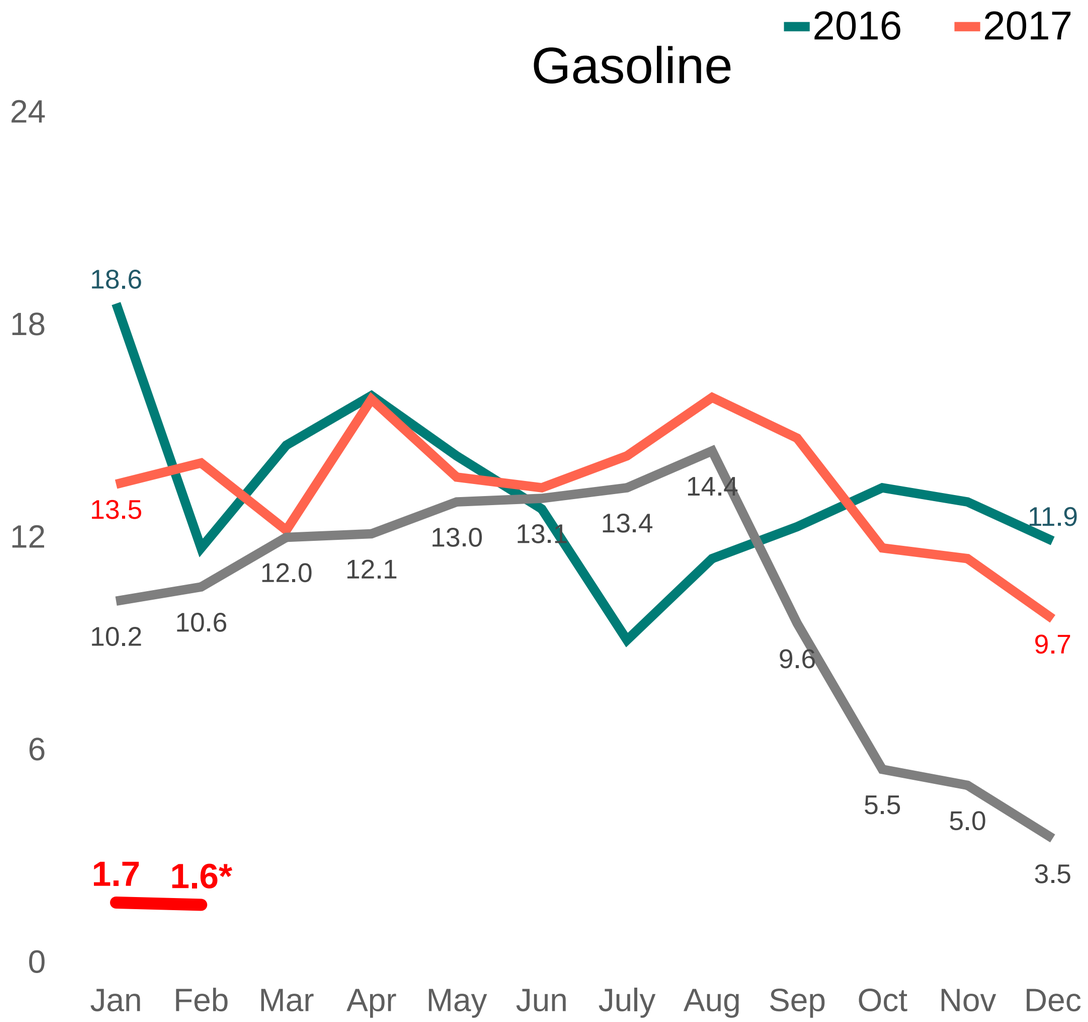
Source:, Reuters, International Energy Agency, Tüpraş, sector reports and news.

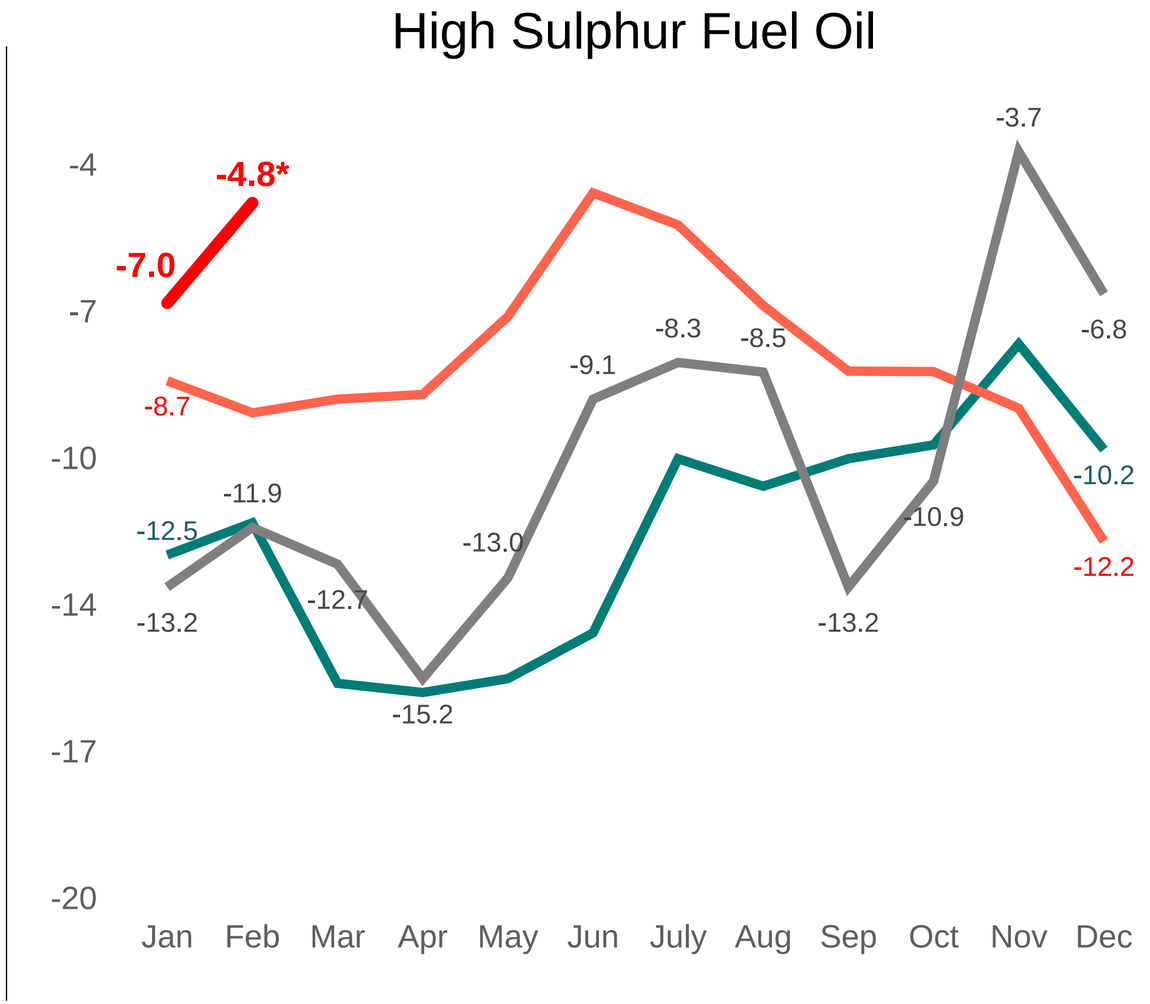
Middle Distillate Cracks ($/bbl)



Source : Platts
As of February 15th.

Gasoline and High Sulphur Fuel Oil Cracks ($/bbl)

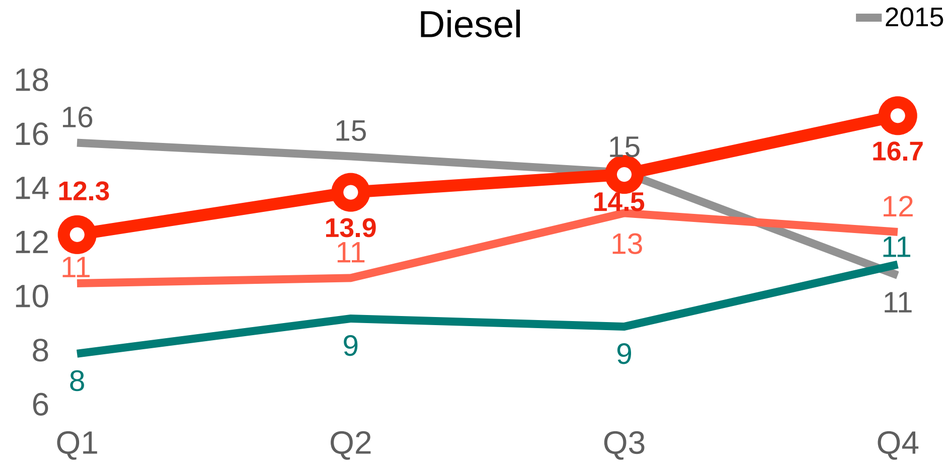


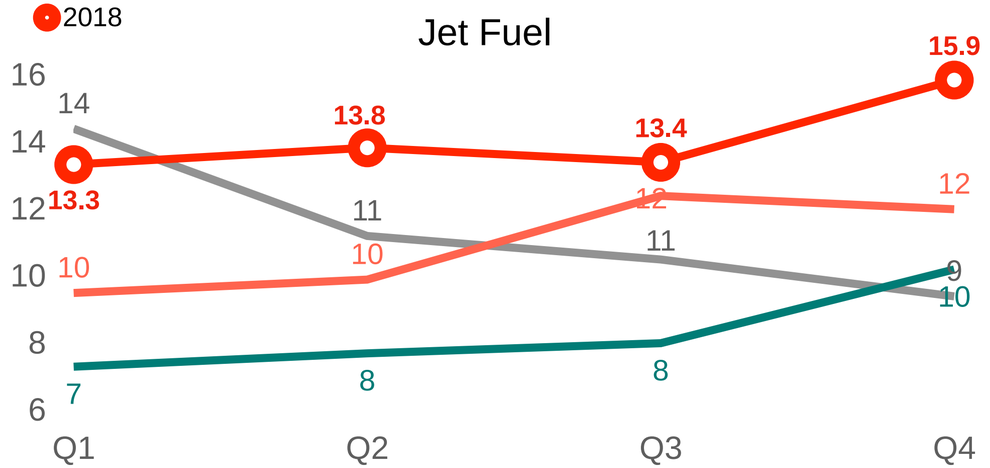


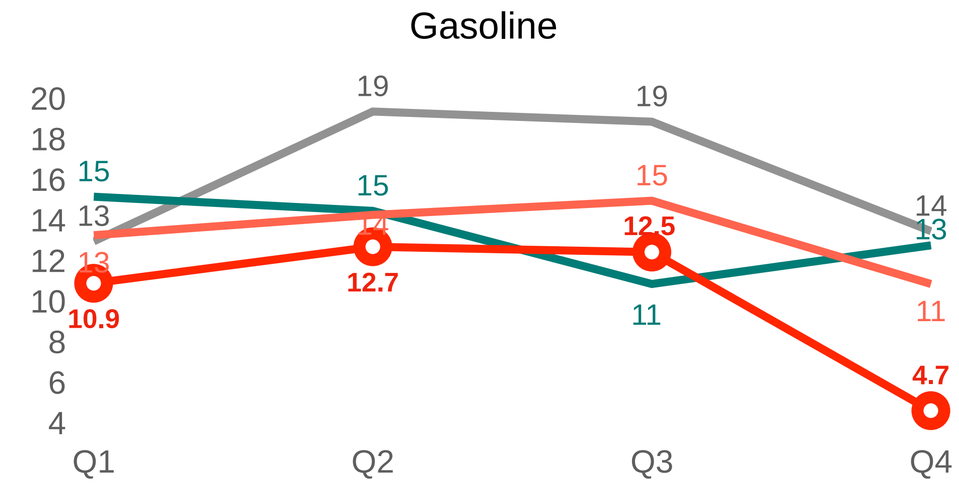
Source : Platts
As of February 15th.

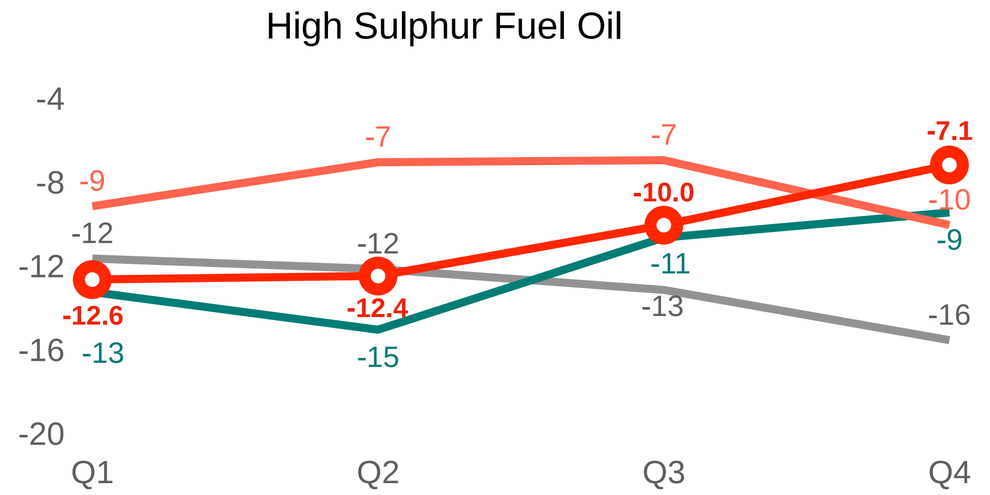
Quarterly Product Crack Margins ($/bbl)

Compared to Q4 2017, healthy mid-distillate environment continued in Q4 (Diesel:+34%, Jet: +33%) supporting cracks, HSFO remained strong (+29%), while Gasoline cracks were weaker (-57%).





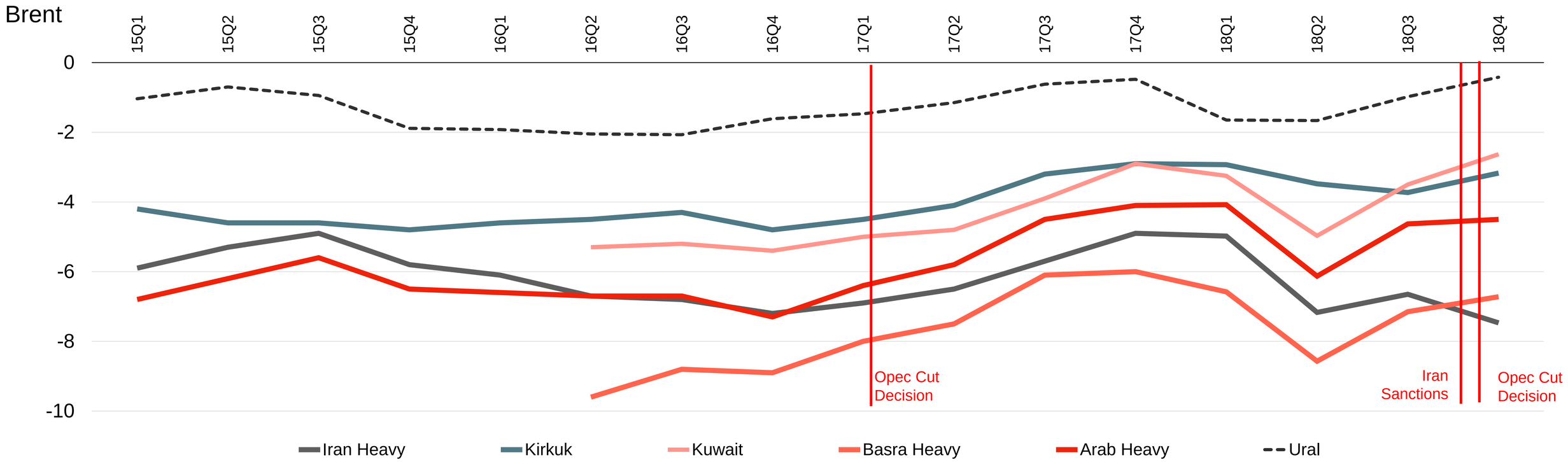




Crude Price Differentials ($/bbl)

Heavy Crude differentials narrowed in Q4 with Iran sanctions, OPEC+ cut decision and higher interest for fuel oil.

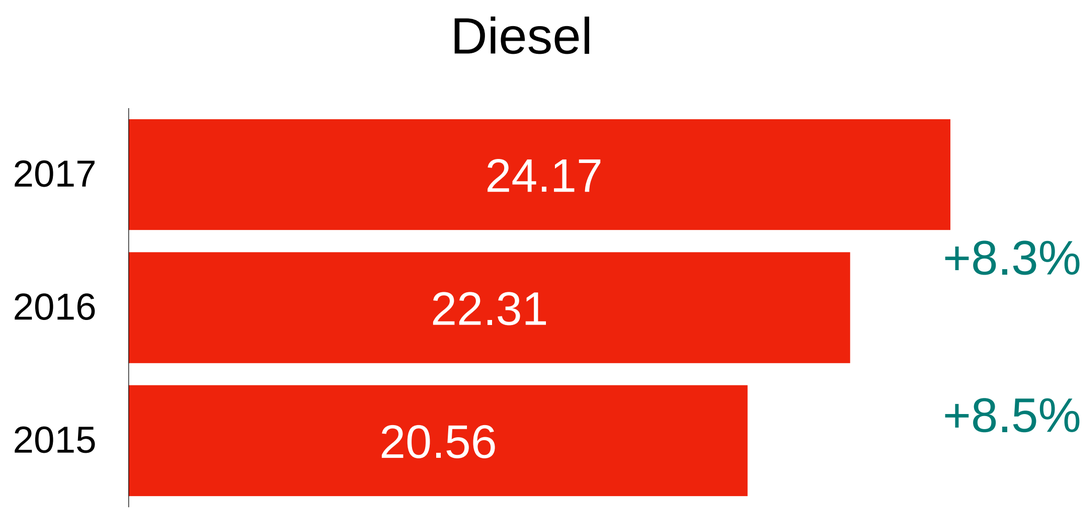
Heavy Crude Price Differentials

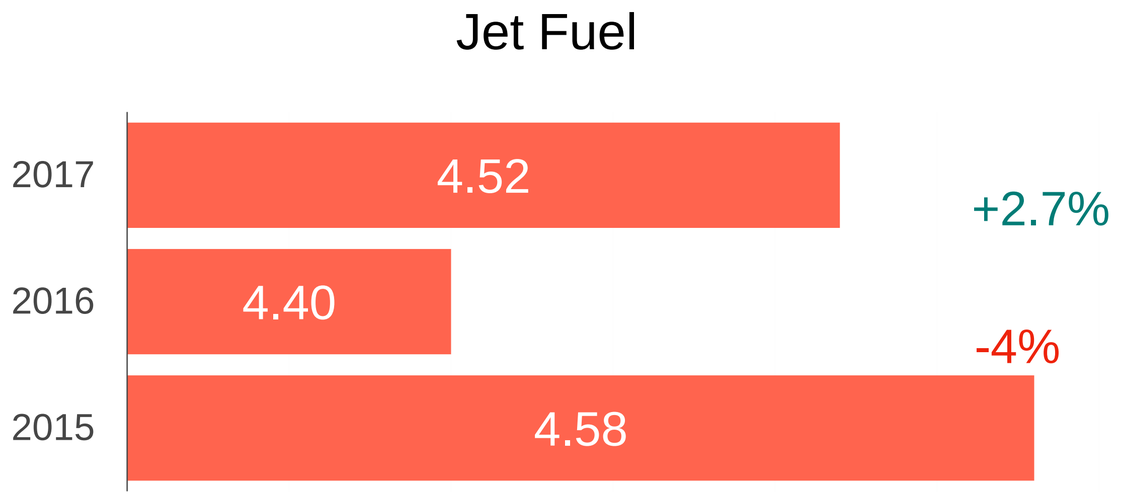


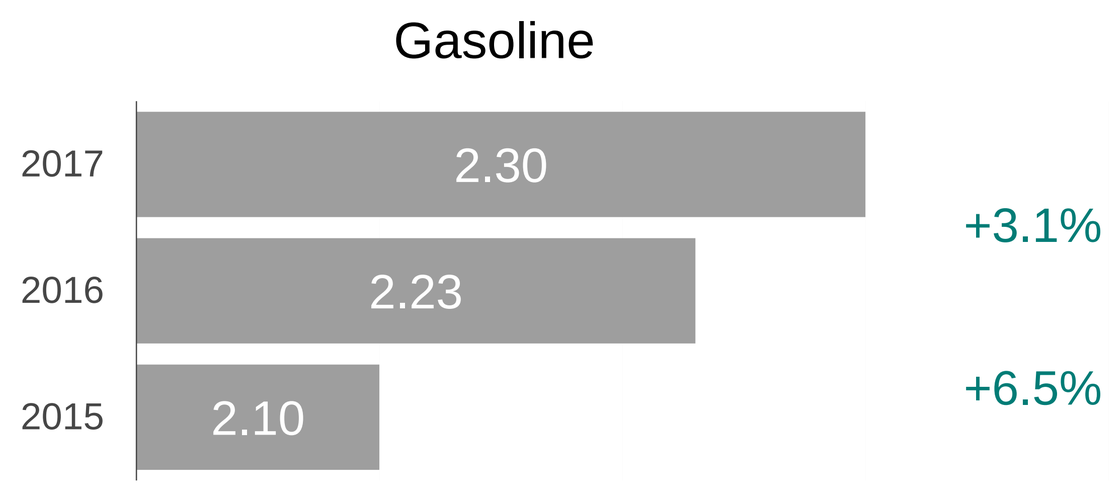
Source : Platts
As of february 15th.

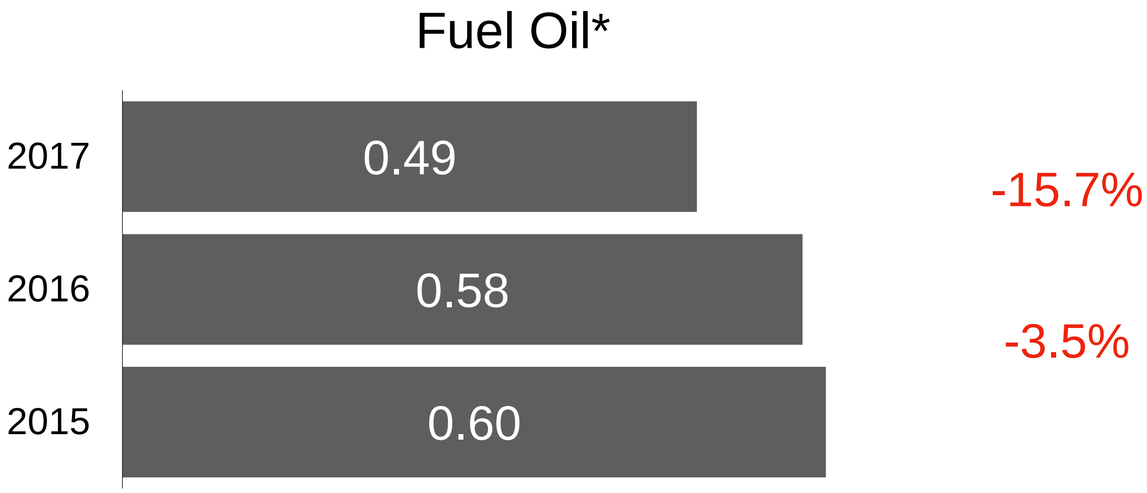
TURKISH MARKET

Turkish Consumption 2015-2017 (Million tons)







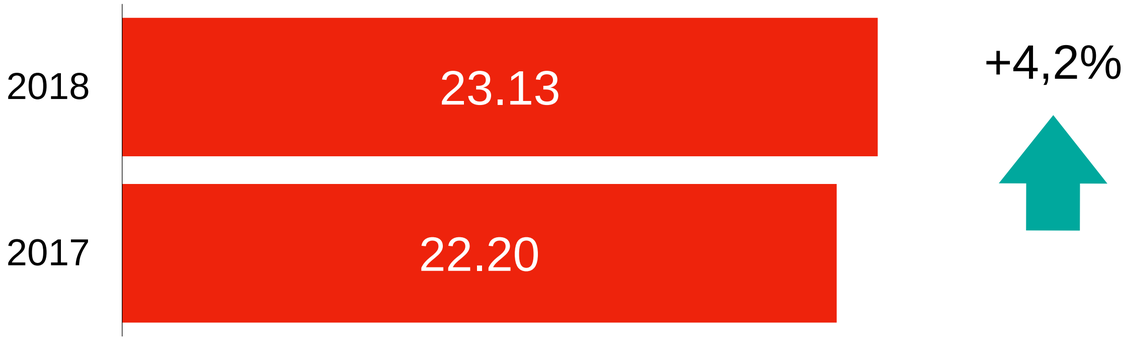


*Bunker excluded.
Source: EMRA

Strong Turkish Market, 11M 2018 (Million tons)

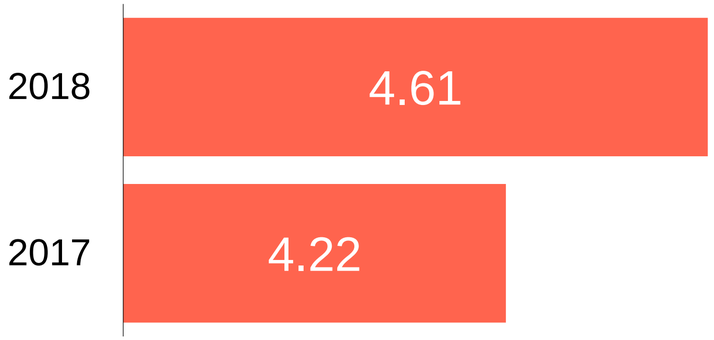
- Tüpraş is well positioned in a growing, short market.
- Diesel and jet fuel consumption in Turkey grew in the first 11 months of 2018 with infrastructure projects and aviation growth.

Diesel



+4,2%

Jet Fuel

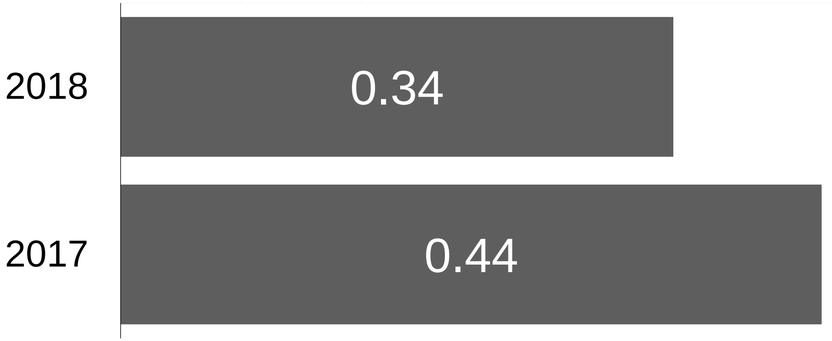


+9,0%

Gasoline

+1,7%

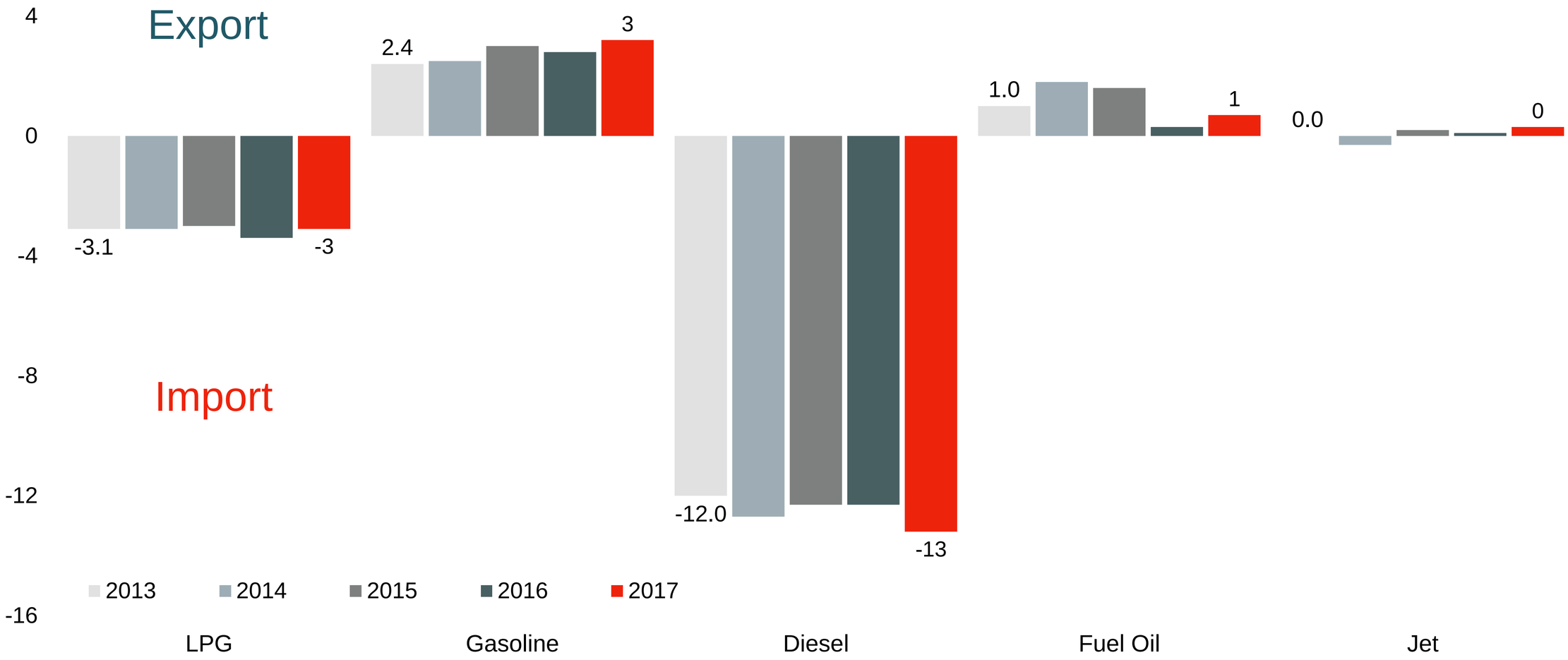
Fuel Oil*



-21.2%

*Bunker excluded.
Source: EMRA

Turkey’s Import / Export Balance (Net) (Million Tons)



Source: EMRA

COMPANY OVERVIEW

Tüpraş Shareholder Structure

Koç Holding **%77**

Aygaz **%20**

Opet **%3**

Energy Investments Inc. (SPV) **%51**

DİTAŞ **%79,98**

Opet **%40**

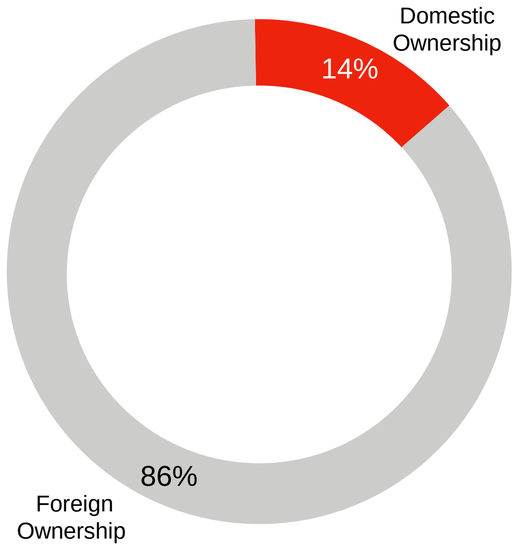
Körfez Ulaştırma A.Ş. **%100**

Tüpraş

Free Float **%49**

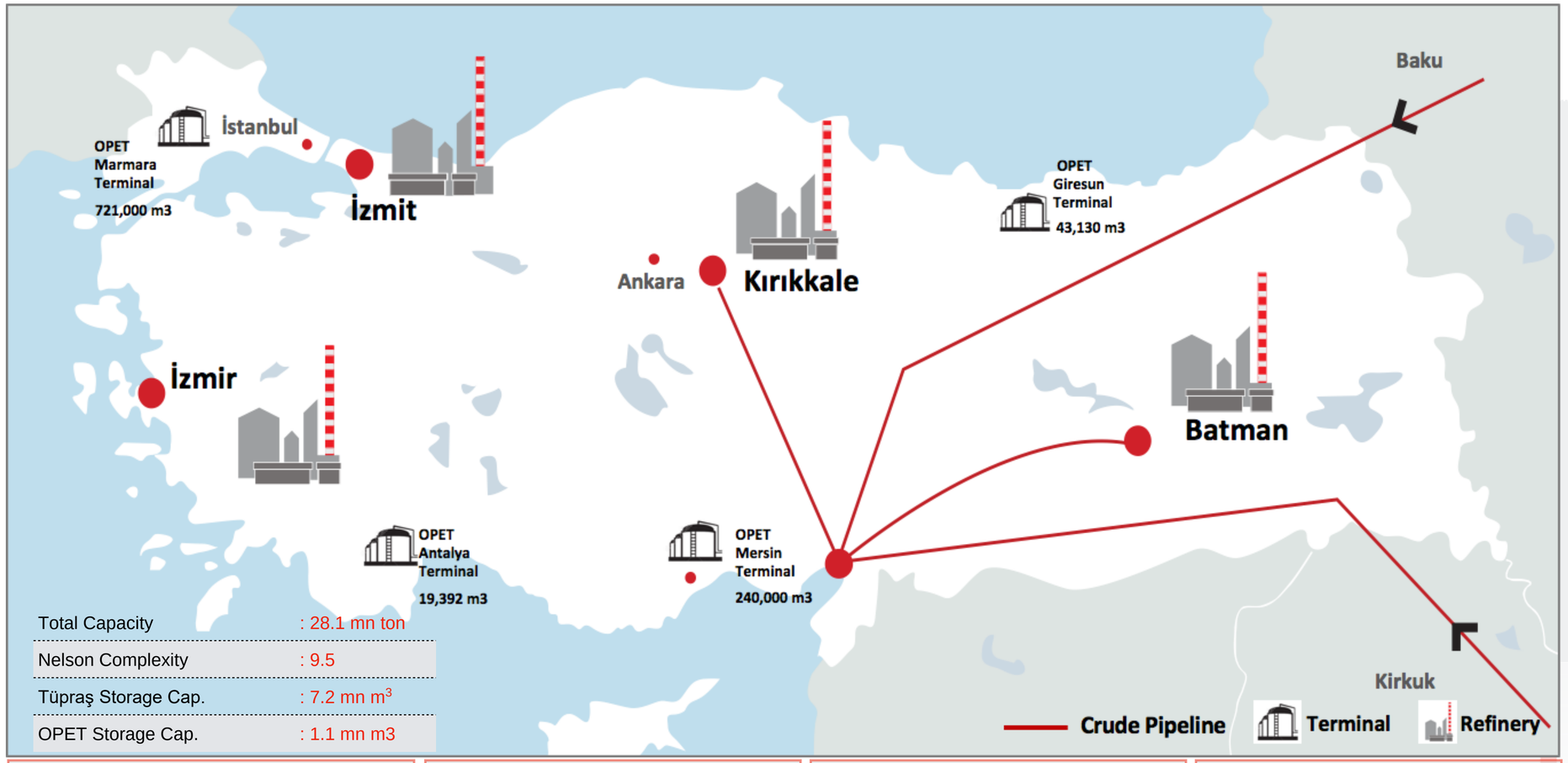
Publicly Traded

*Distribution of Domestic/ Foreign Ownership of Tüpraş Shares



*As of February 15th, 2019.

Tüpraş Refining Assets & Distribution Network



Total Capacity	: 28.1 mn ton
Nelson Complexity	: 9.5
Tüpraş Storage Cap.	: 7.2 mn m^3
OPET Storage Cap.	: 1.1 mn m3

Turkey Storage Capacity

Tüpraş	**: 58%**
Opet	**: 9%**
Other Companies	**: 33%**

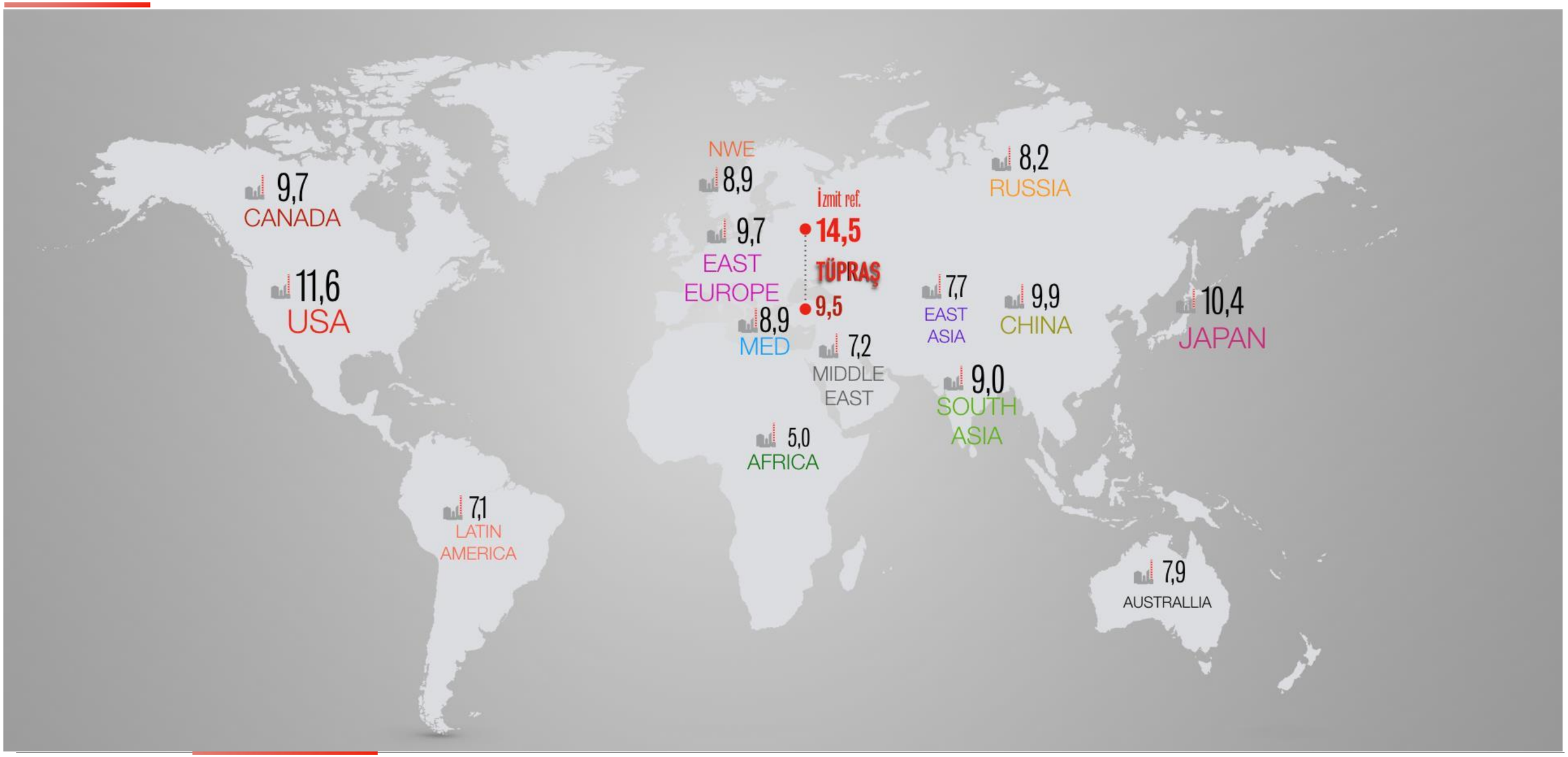
İzmit
- 11.0 MT Capacity
- NC: 14.5
- Storage Capacity: 3.03 mn m^3

İzmir
- 11.0 MT Capacity
- NC: 7.66
- Storage Capacity:2.51 mn m^3
- Base oil 400 k tons

Kırıkkale
- 5.0 MT Capacity
- NC: 6.32
- Storage Capacity: 1.41 mn m^3

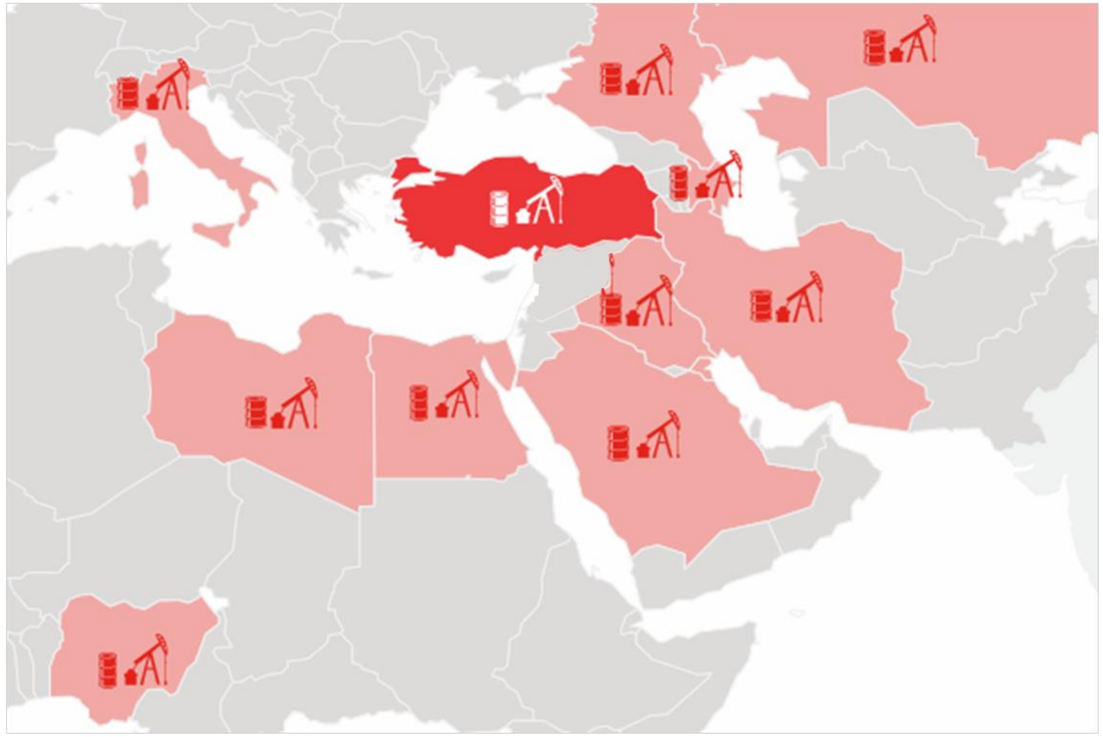
Batman
- 1.1 MT Capacity
- NC: 1.83
- Storage Capacity:0.25 mn m^3

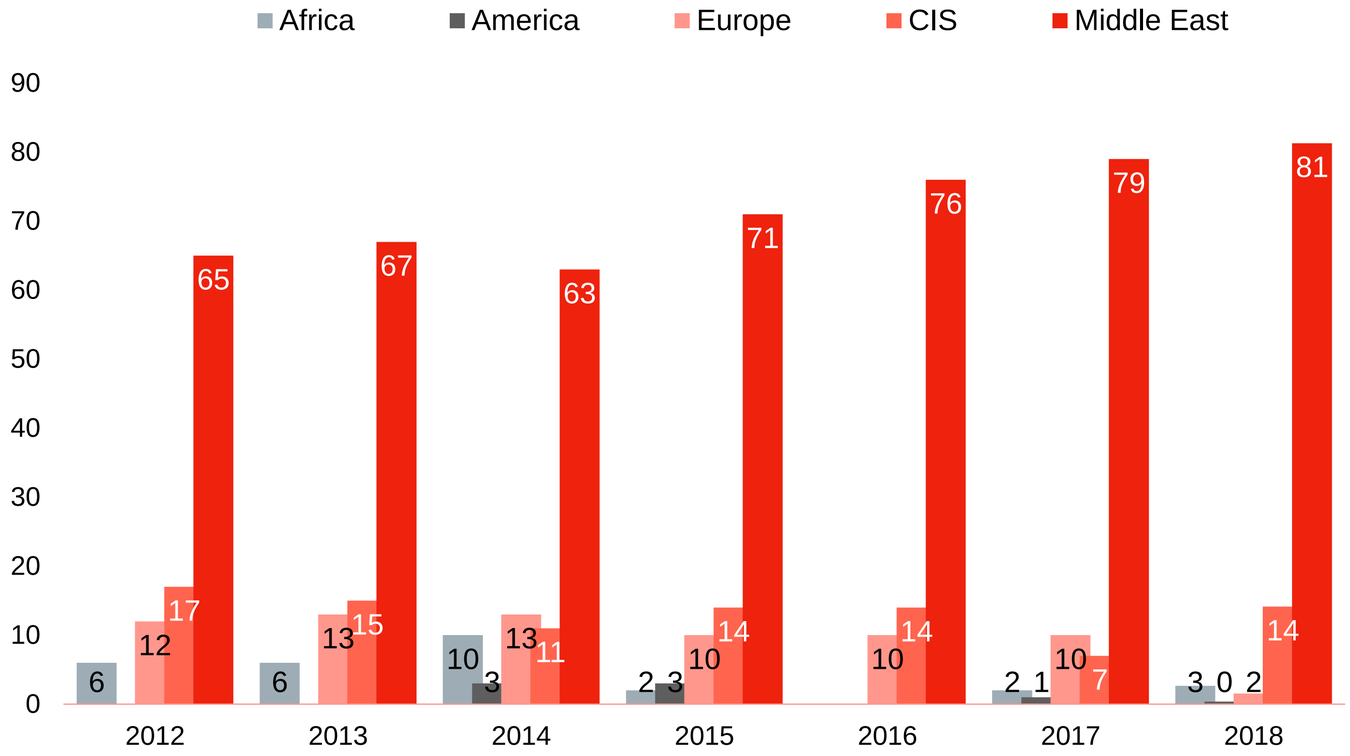
Nelson Complexity of Refining Companies



Crude Suppliers of TÜPRAŞ (Million Tons)

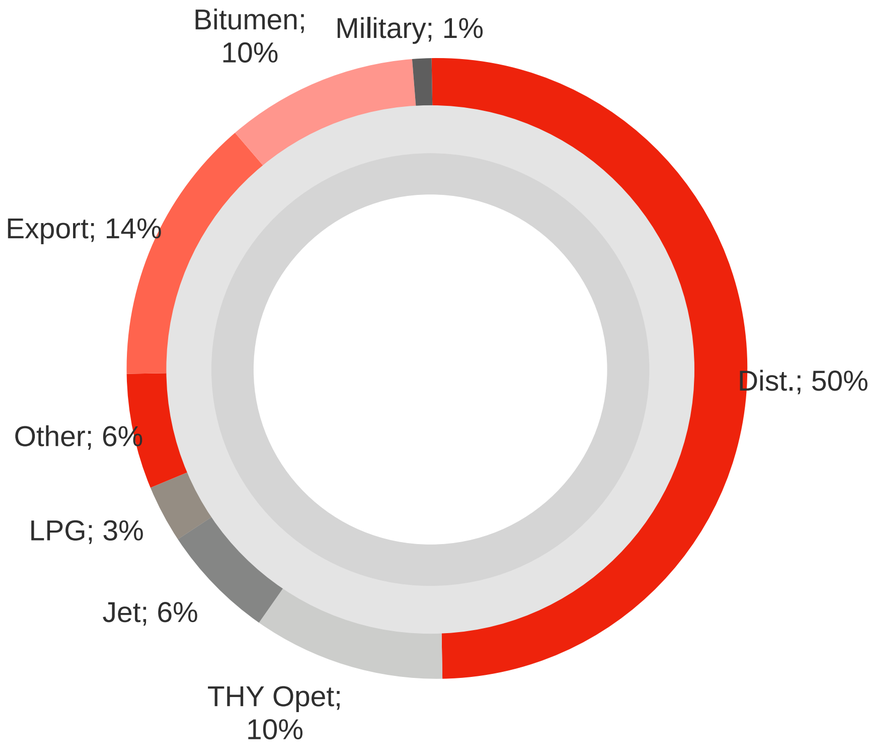
In 2018, Tüpraş purchased 20 different types of crude oil from 12 countries, with gravities ranging between 19-47 API.





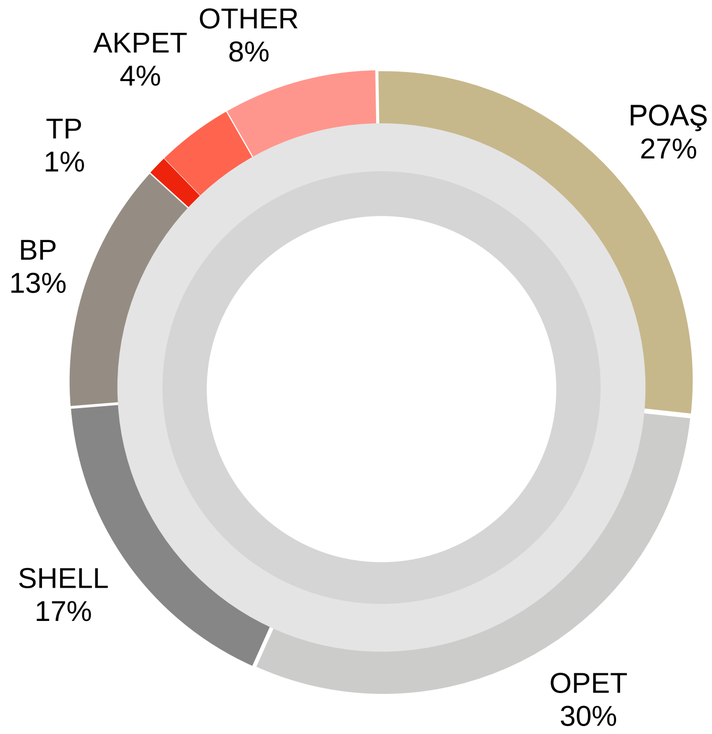
Sales By Customer (2018)

Customer Groups



Total : 29.8 mn tons

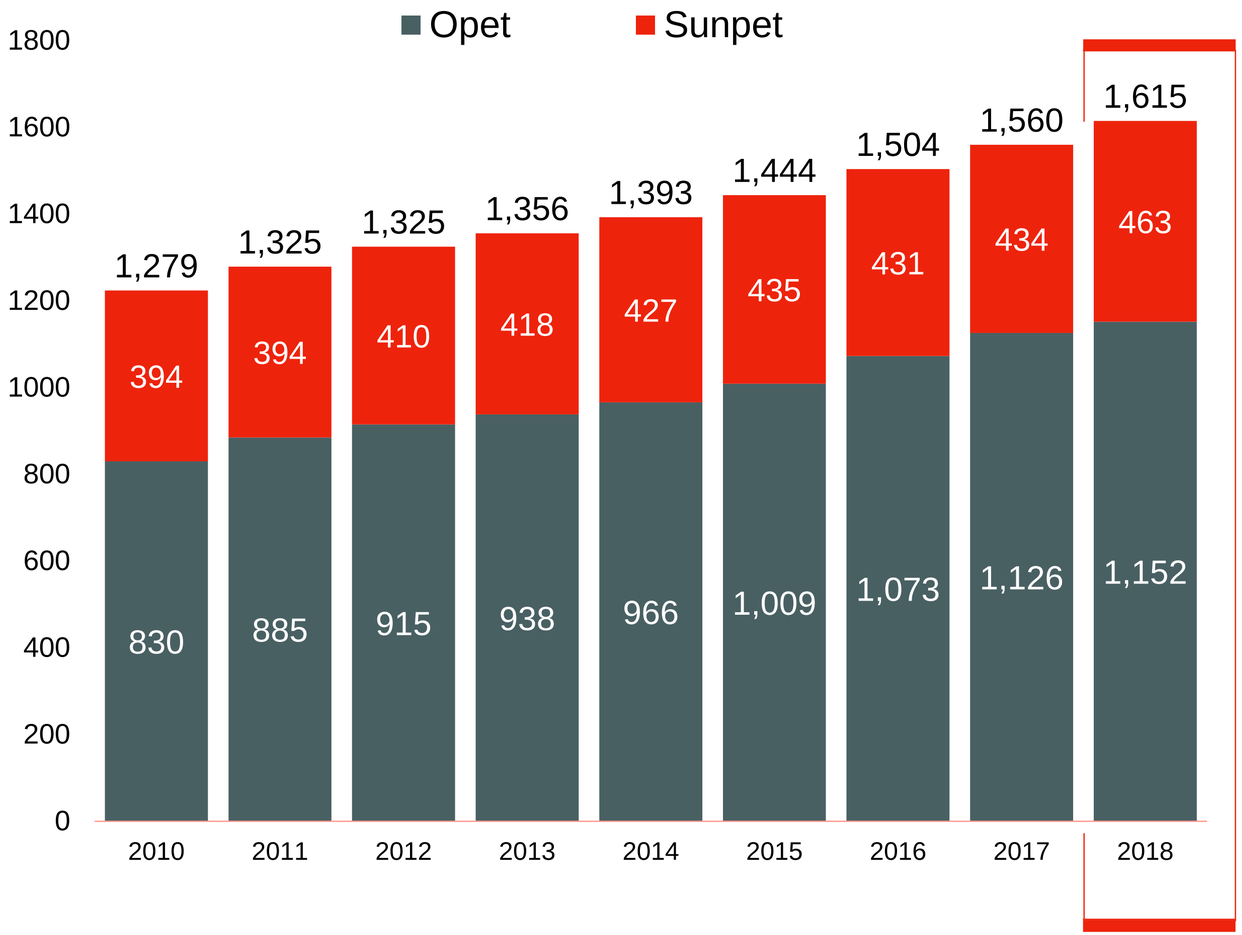
Sales to Distributors



Distributors : 14.8 mn tons

OPET

Opet expanded its retail footprint from 1,560 stations in December 2017 to 1,615 stations in December 2018.



Market share as of November 2018

17.78%

White Product

36.18%

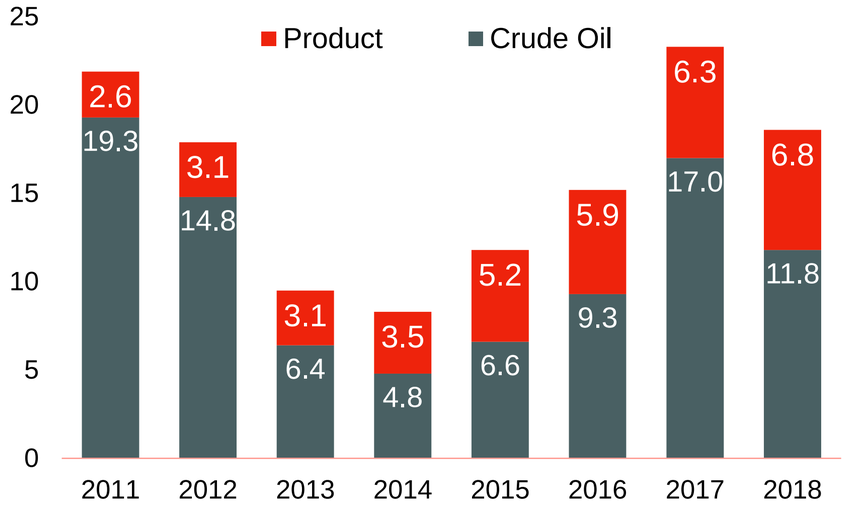
Black Product

DİTAŞ, Marine Transport -Tüpraş Share 79.98%

3 Crude Oil Tanker: 479,765 DWT
1 Crude Oil - Product Tanker: 51,532 DWT
7 Product Tanker: 90,534 DWT

11 tugboats
7 mooring boats
2 service boats
1 pilot boat

- One of the biggest Turkish marine transportation companies of crude oil and petroleum products.
- Carries mainly Tüpraş' crude oil purchases and makes the transfer operations of product and semi-products.



213.5 mn $
Net Sales

69.1 mn $
Op. Profit

Körfez Ulaştırma A.Ş.- Tüpraş Share 100%

Körfez Ulaştırma A.Ş.

Turkey's First
Private Railway Operator

- On 16/06/2018, Freight Train Operator Certificate.
- On 20/09/2018, Safety Management Certificate received.
- Operates with 491 cistern wagons and 5 diesel locomotives.
- Ordered 5 locomotives to be delivered for Q2-2019.

  - *2018 Körfez Rail Transport = 0.5 mn tons*
  - *2018 Total Rail Transport = 1.7 mn tons (*)*

  - *2019 Total Rail Transport > 2 mn tons(*)*

~7% Market Share in
Turkish Rail Freight Market

(*) including TCDD.

Enhancing our Trading Capabilities

We have opened a trading office in London to:

Closely monitor international market opportunities,

Support import and export operations,

Create additional value from supply chain and sales activities.

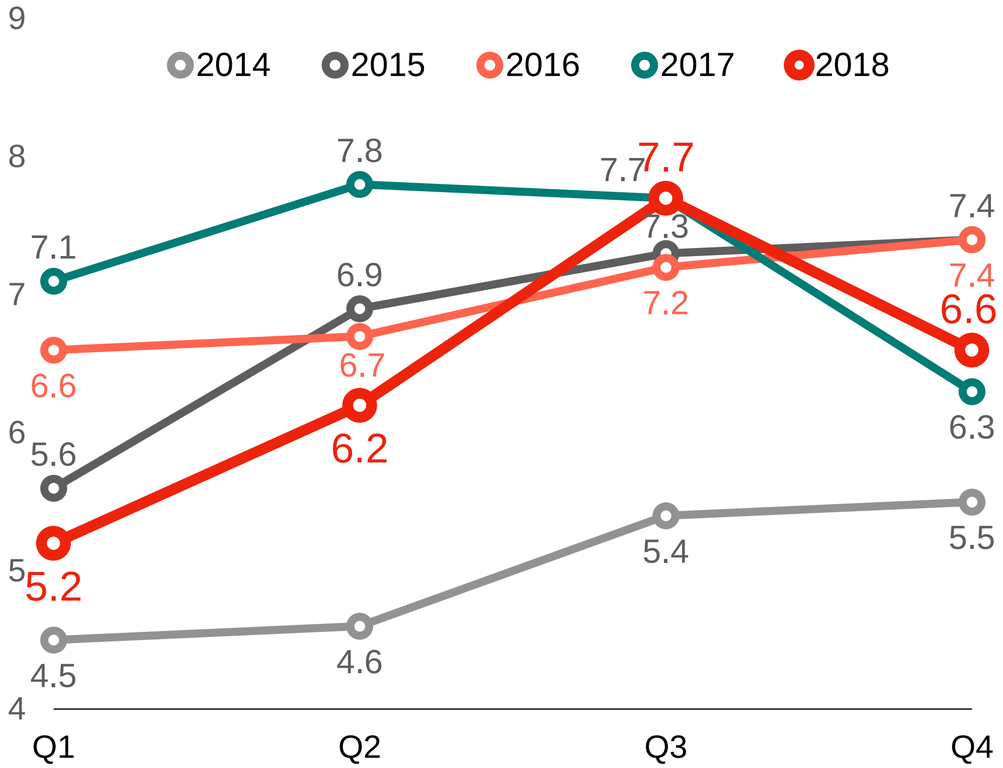
Trading office will be an important step in Tüpraş's integration to global energy market.

OPERATIONS

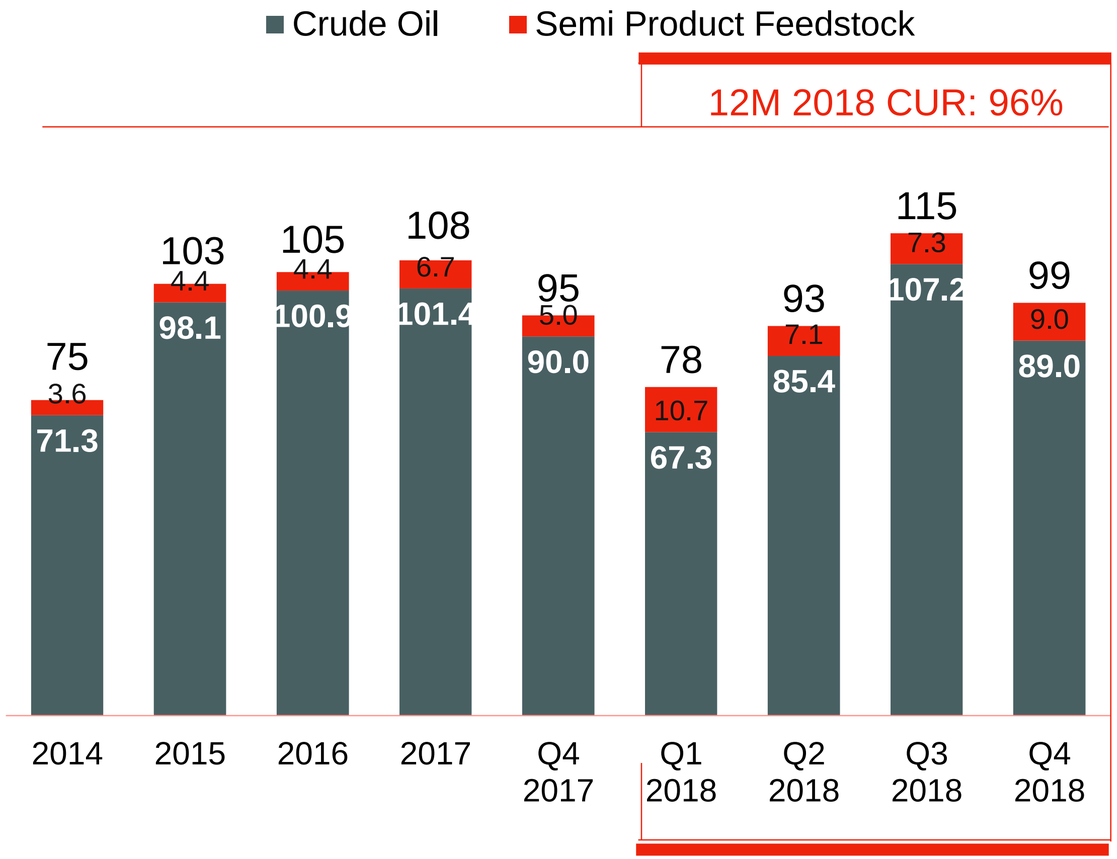
Capacity Utilization and Quarterly Production Volume

99% Capacity Utilization in Q4 2018 (95% in Q4 2017), 96% for the whole year.

Quarterly Production (Million Tons)



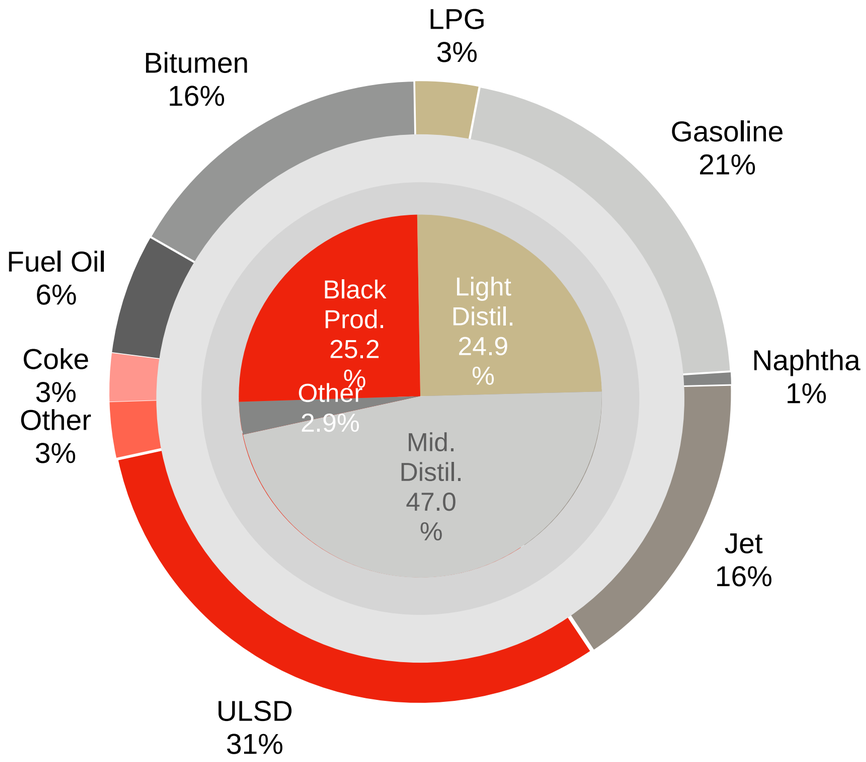
Capacity Utilization* (%)



*Nameplate capacity calculated by standard 330 days of operations.

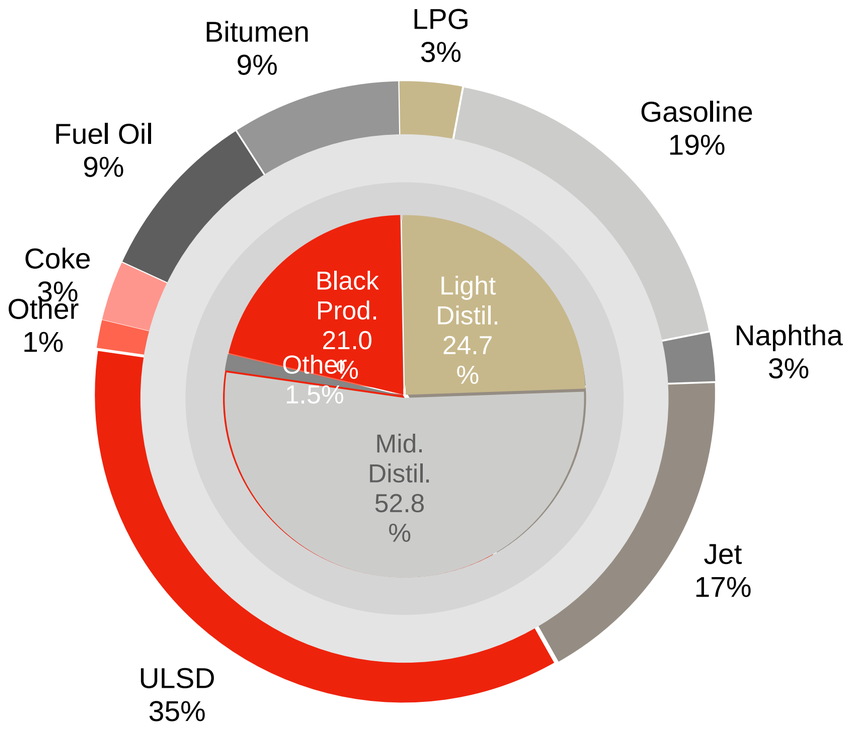
Q4 2018 Product Yields

2017



White Products	%73.74
Production	6.3 mn tons
API	30.0

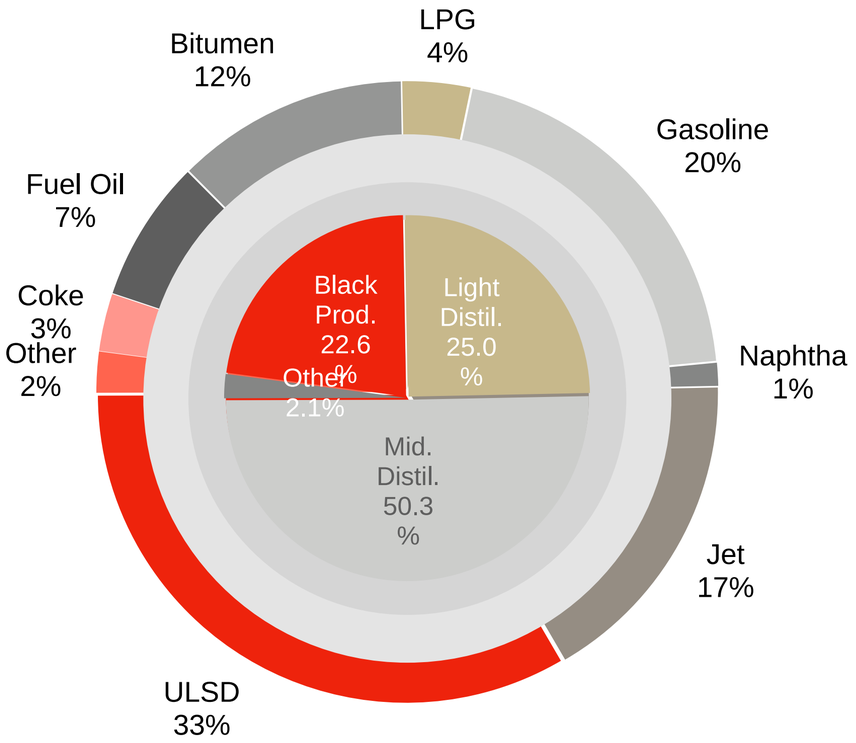
2018



White Products	%77.85
Production	6.6 mn tons
API	31.1

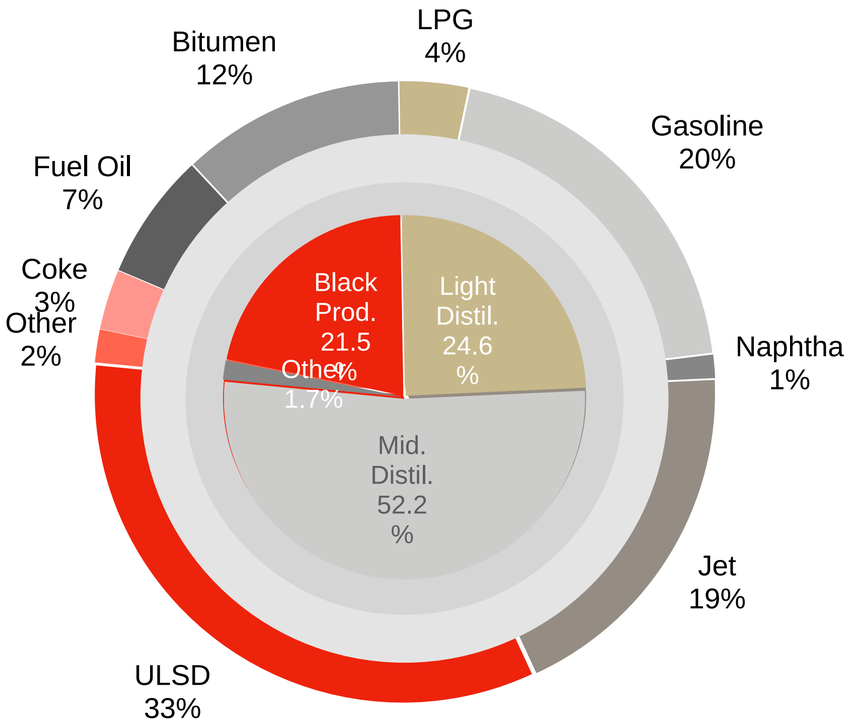
2018 Product Yields

2017



White Products	%76.27
Production	28.9 mn tons
API	30.3

2018

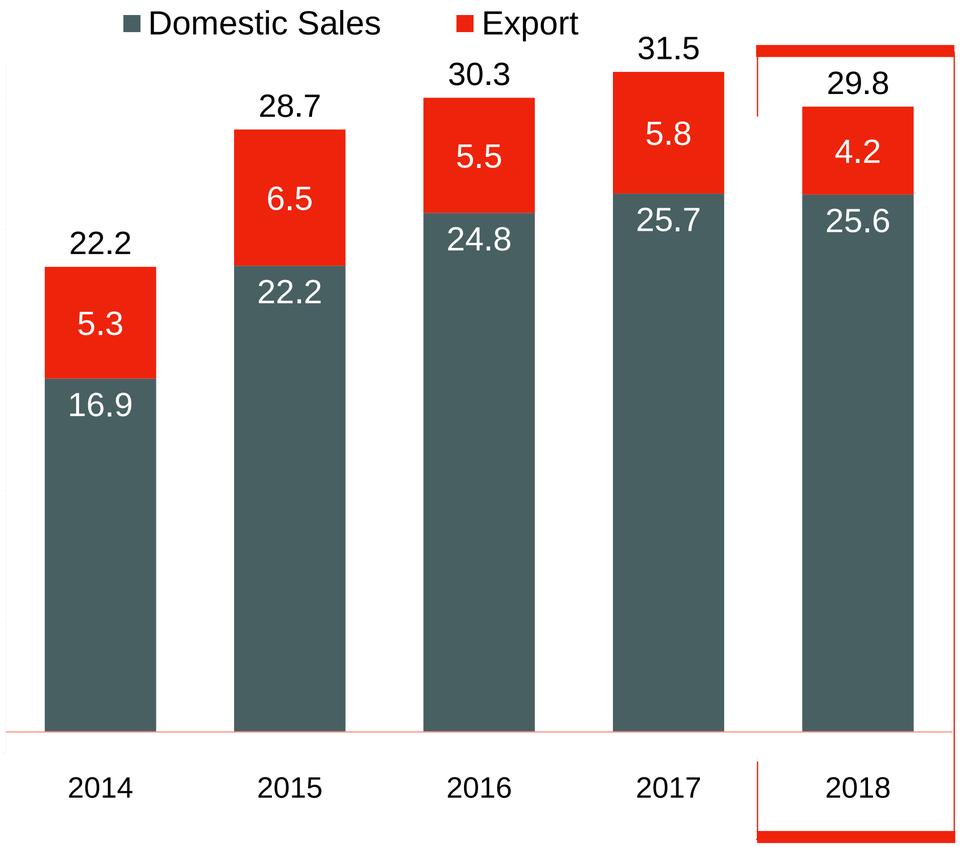


White Products	%77.39
Production	25.7 mn tons
API	30.99

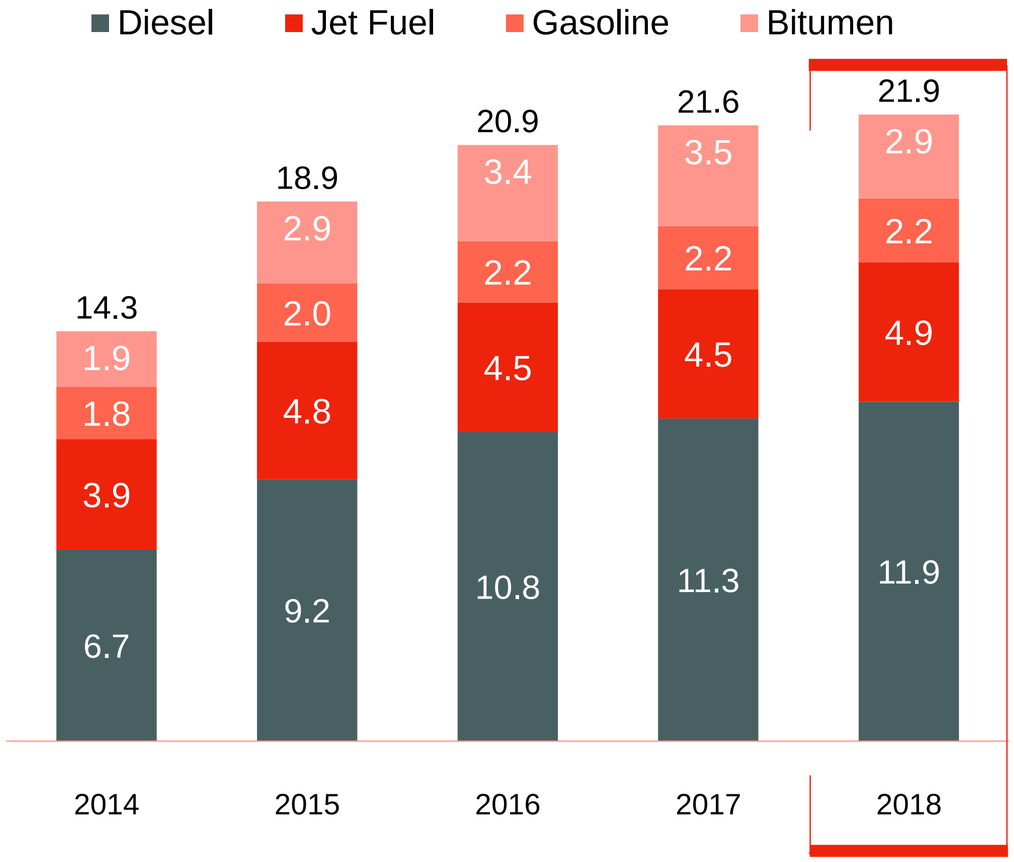
Domestic Sales (Million Tons)

We generated 29.8 million tons of total sales 2018. Jet fuel and diesel sales increased by 7.4% and 5.3% compared to 2017, respectively.

Total Sales

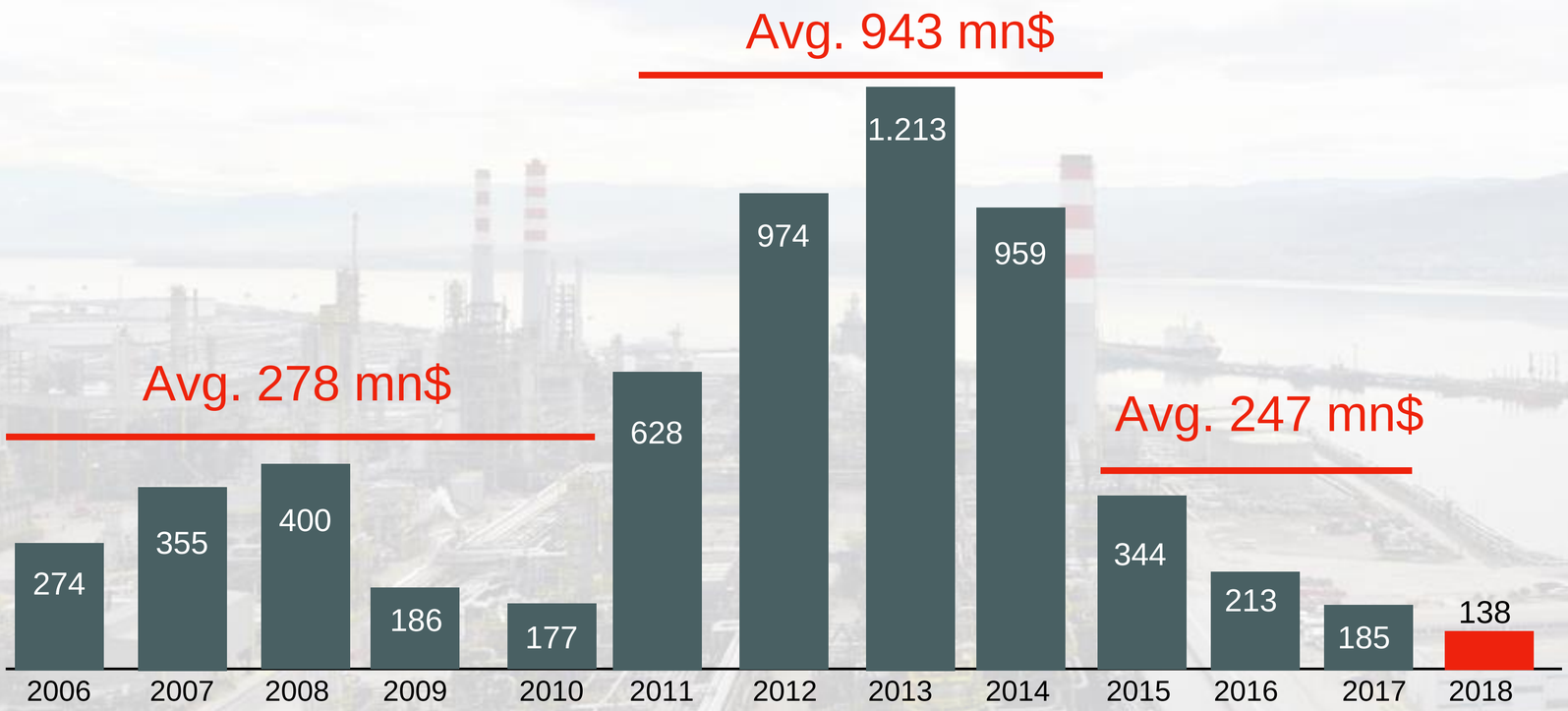


Domestic Sales of Key Products



Investments (Million $)

- 9.5 Nelson complexity
- High white product yield
- Process more heavier and sour crudes
- Run all refineries with 100% capacity utilization
- 6 bn USD investments since privatization

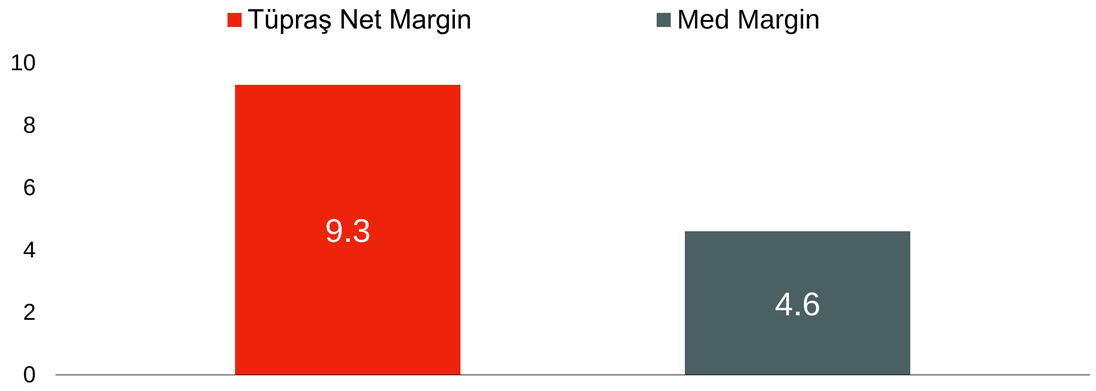


Ongoing Projects

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

2018 Results

Refining Margins ($/bbl)



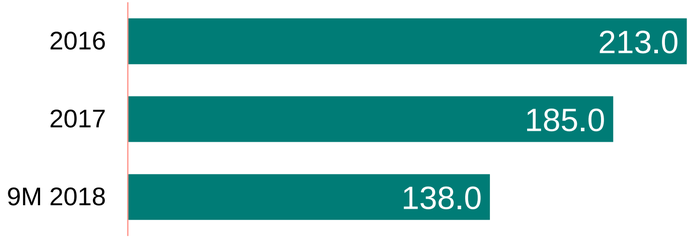
Capacity Utilisation (%)

- 96% Total Capacity Utilization in 2018

2018 Operational (mn ton)

- 29.8 mn tons of sales and 25.7 mn tons of production in 2018

Capex (mn $)



- 138 mn $ CAPEX in 2018

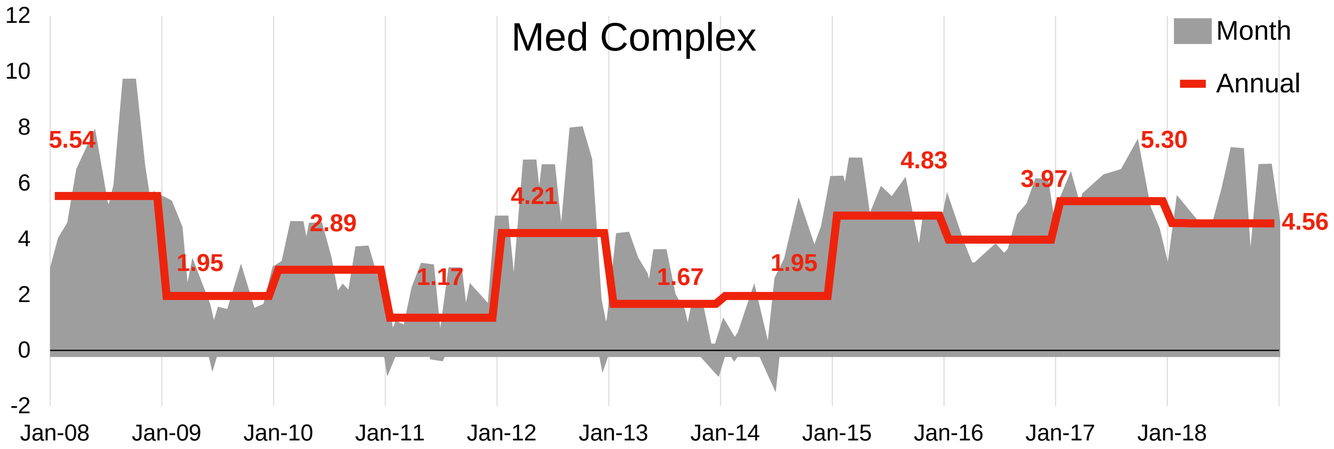
KEY FINANCIALS

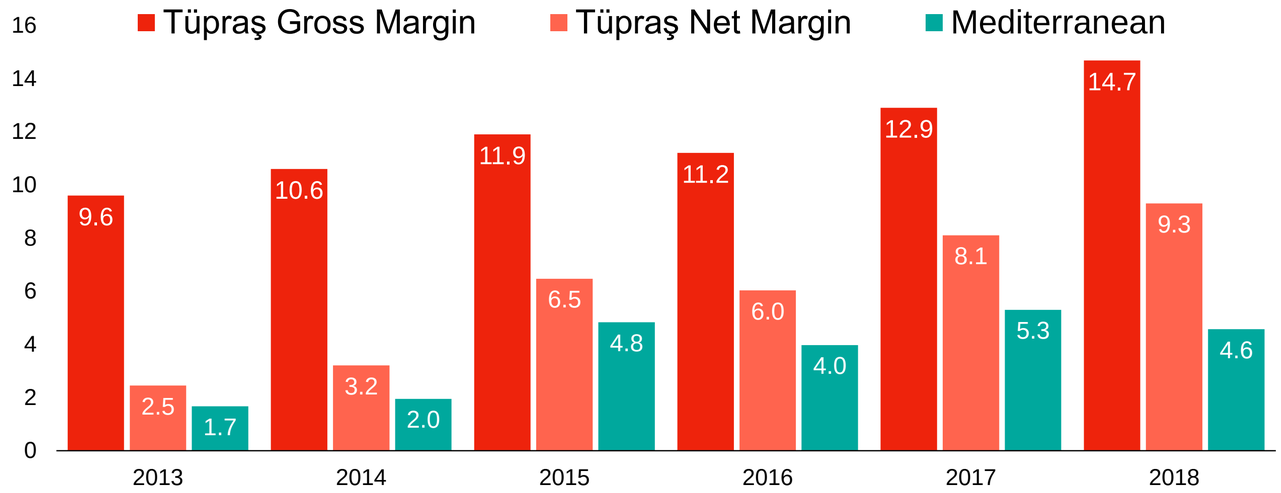
Margin Environment ($/bbl)

Tüpraş' 9.3 $/bbl Net Refining Margin in 2018 was higher than 4.7 $/bbl Med Complex margin.

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

- Refined products deficit characteristic to the Turkish market
- Access to cheaper sources of crude oil
- Ability to use heavier and sour crudes
- Proximity to major suppliers
- Reduces transport costs
- Implemented cost reduction measures
- Energy efficiency programs
- Capacity to produce higher value added range of refined products
- Direct pipeline connections with domestic clients
- High export capability





Income Statement

Strong EBITDA generation continued in Q4 2018, Net Income supported further with FX and tax revaluation gains.

Million TL	Q4 2018	Q4 2017	%	12M 2018	12M 2017	%
Net Sales	24,803	14,604	70	88,552	53,948	64
COGS	-22,778	-13,204	73	-79,328	-47,734	66
Gross Profit	2,025	1,400	45	9,224	6,214	48
Operating Expenses	-438	-357	23	-1,307	-1,150	14
Income/Loss from other operations	1,591	-265	-699	-2,181	-206	958
Operating Profit	3,178	778	308	5,736	4,857	18
Income/Loss from equity investment	72	61	18	257	234	9
Operating Profit Before Fin. Income/Loss	3,249	839	287	5,993	5,092	18
Financial Income /Expense	-1,600	-85	1.786	-2,268	-618	267
Profit Before Tax	**1,649**	**754**	**119**	**3,724**	**4,474**	**-17**
Net Profit (including minority interest)	**1,789**	**501**	**257**	**3,761**	**3,841**	**-2**

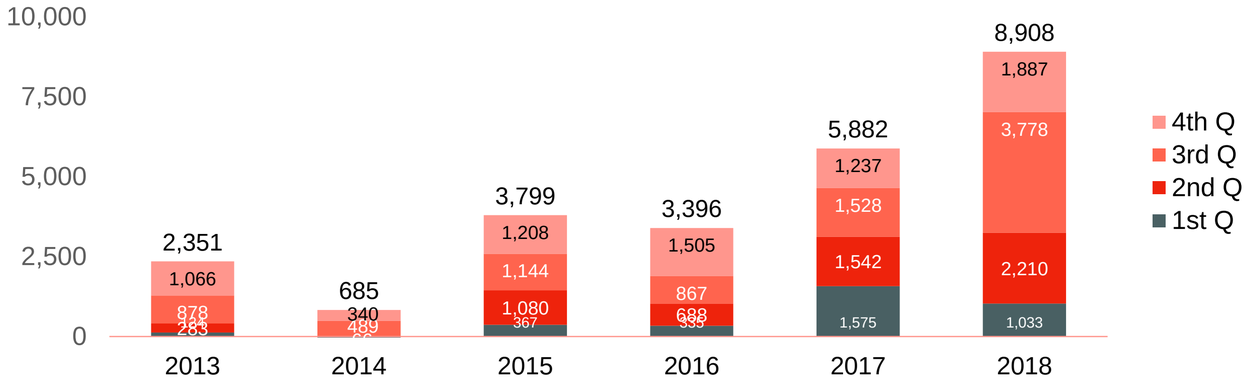
EBITDA (*)	1,887	1,237	53	8,908	5,882	51
Inventory Gain/Loss	-212	341	-162	2,741	612	348
EBITDA CCS (*)	2,100	896	134	6,167	5,270	17

* 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.

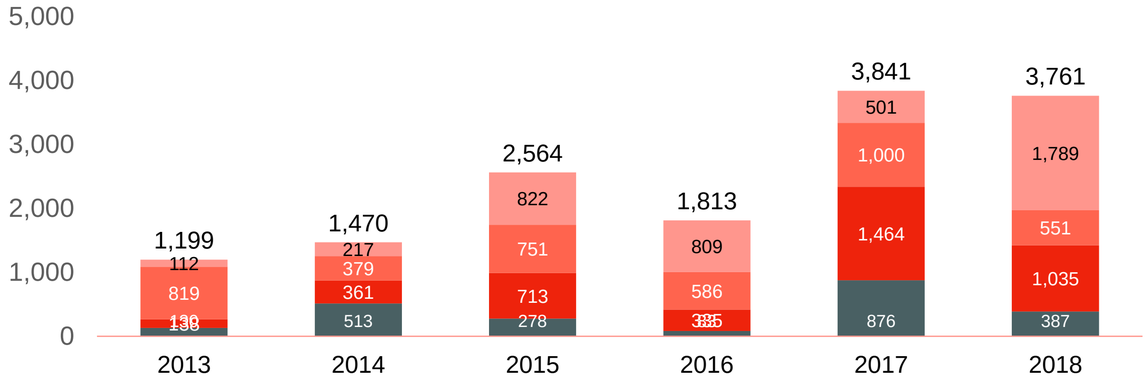
Financial Highlights (Million TL)

Tüpraş achieved 1,887 MTL EBITDA in Q4 2018 with high capacity utilization and inventory gain.

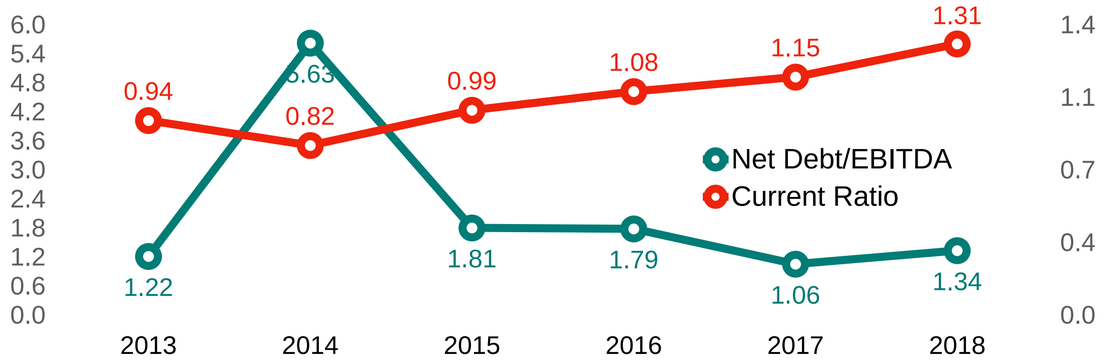
EBITDA



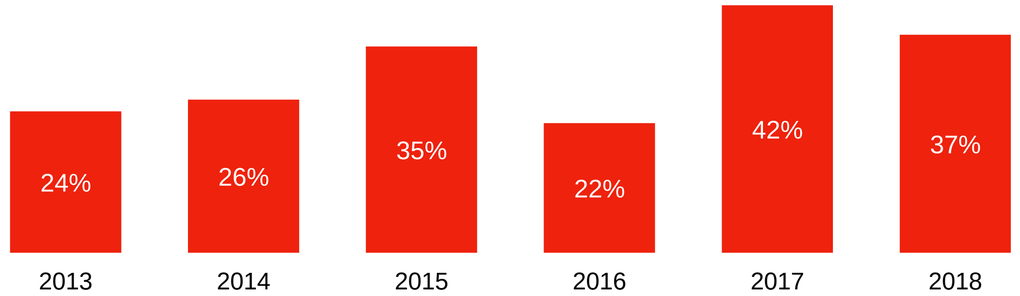
Net Income



Current Ratio & Net Debt/ EBITDA



Return of Average Equity

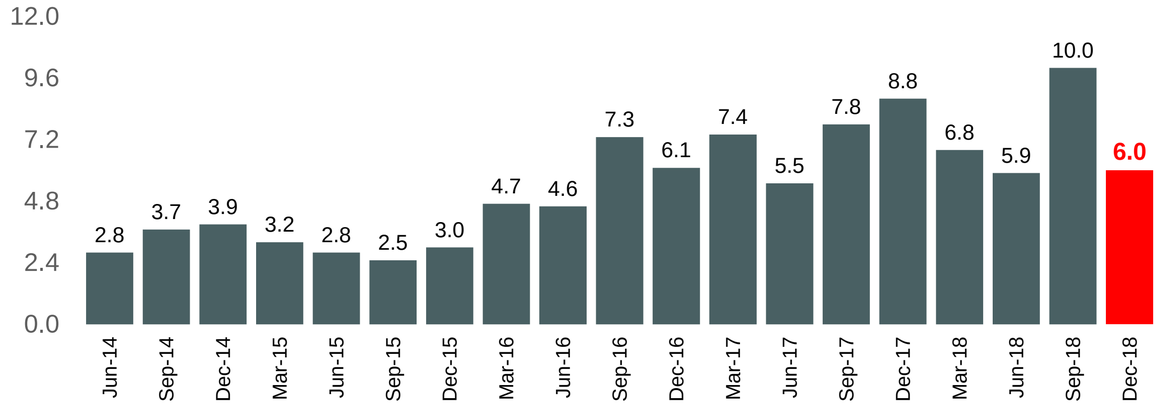


*Rolling EBITDA is calculated with dollar terms.

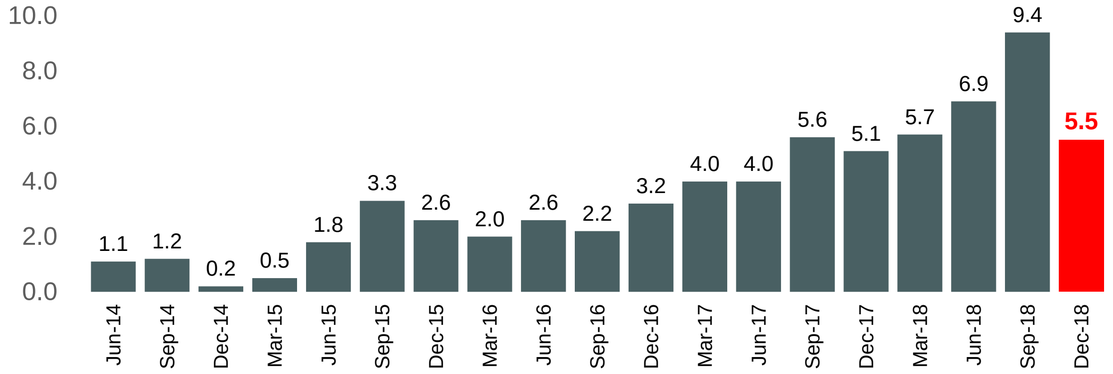
Balance Sheet Analysis (Billion TL)

Strict financial management policies improved current ratio to 1.3x.

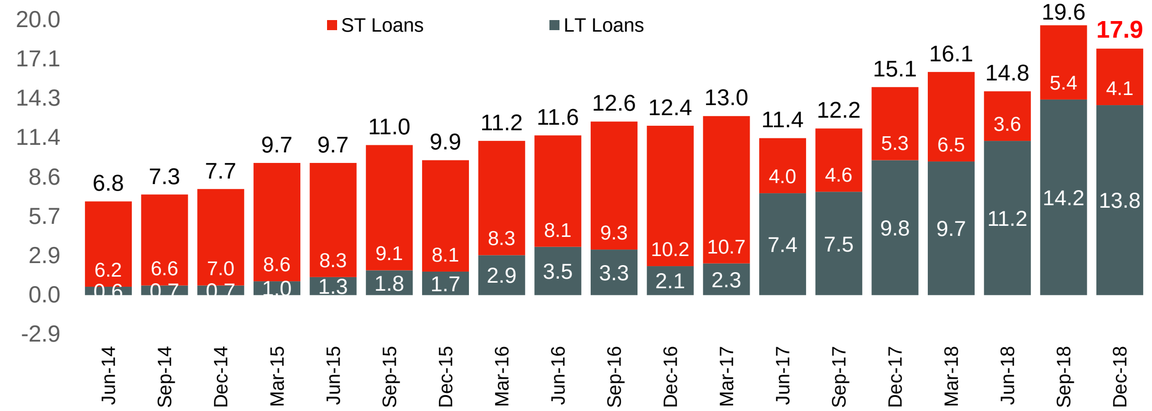
Cash & Cash Equivalents



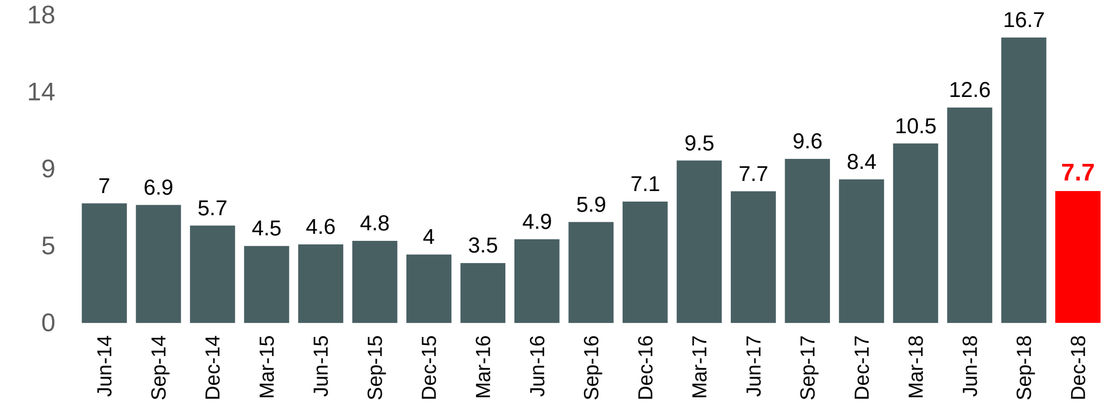
Receivables



Financial Loans



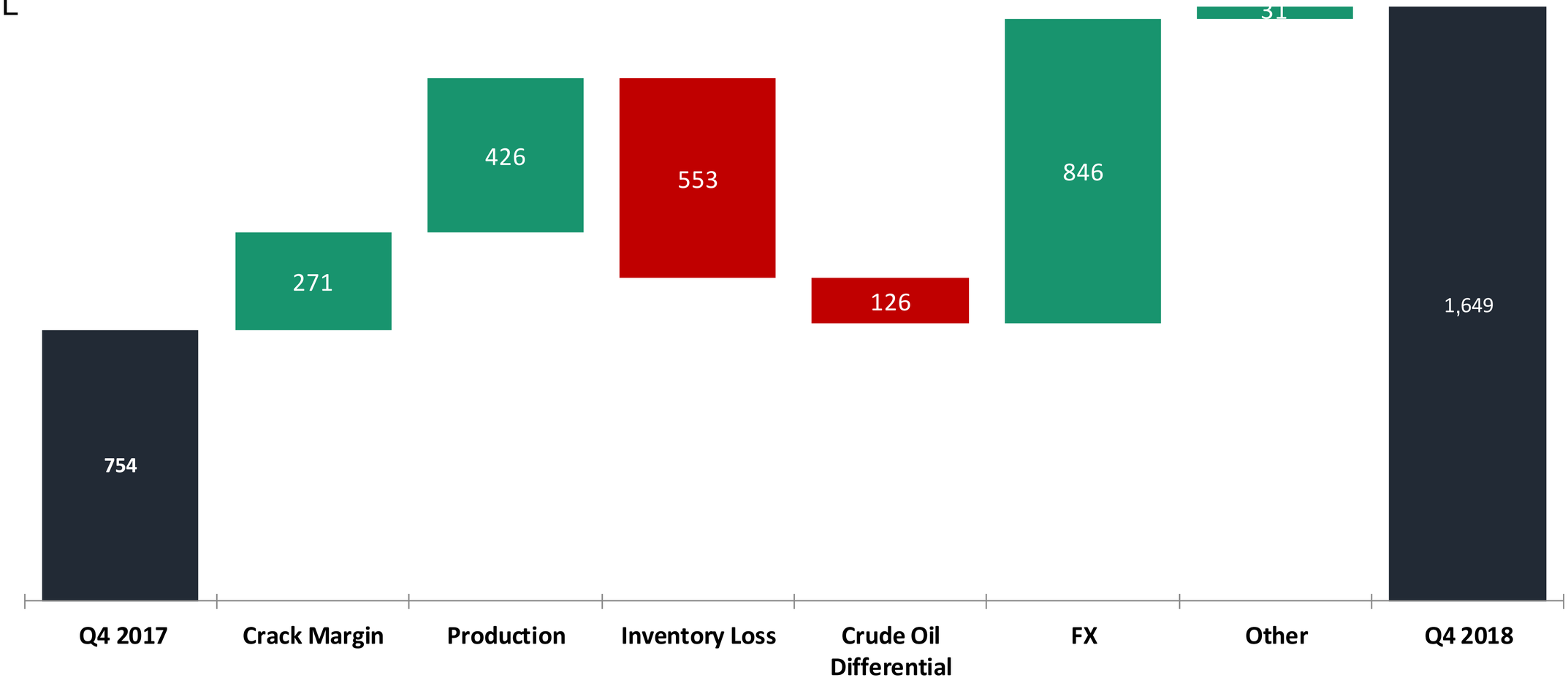
Payables



Q4 Profit Before Tax Bridge (2017-2018)

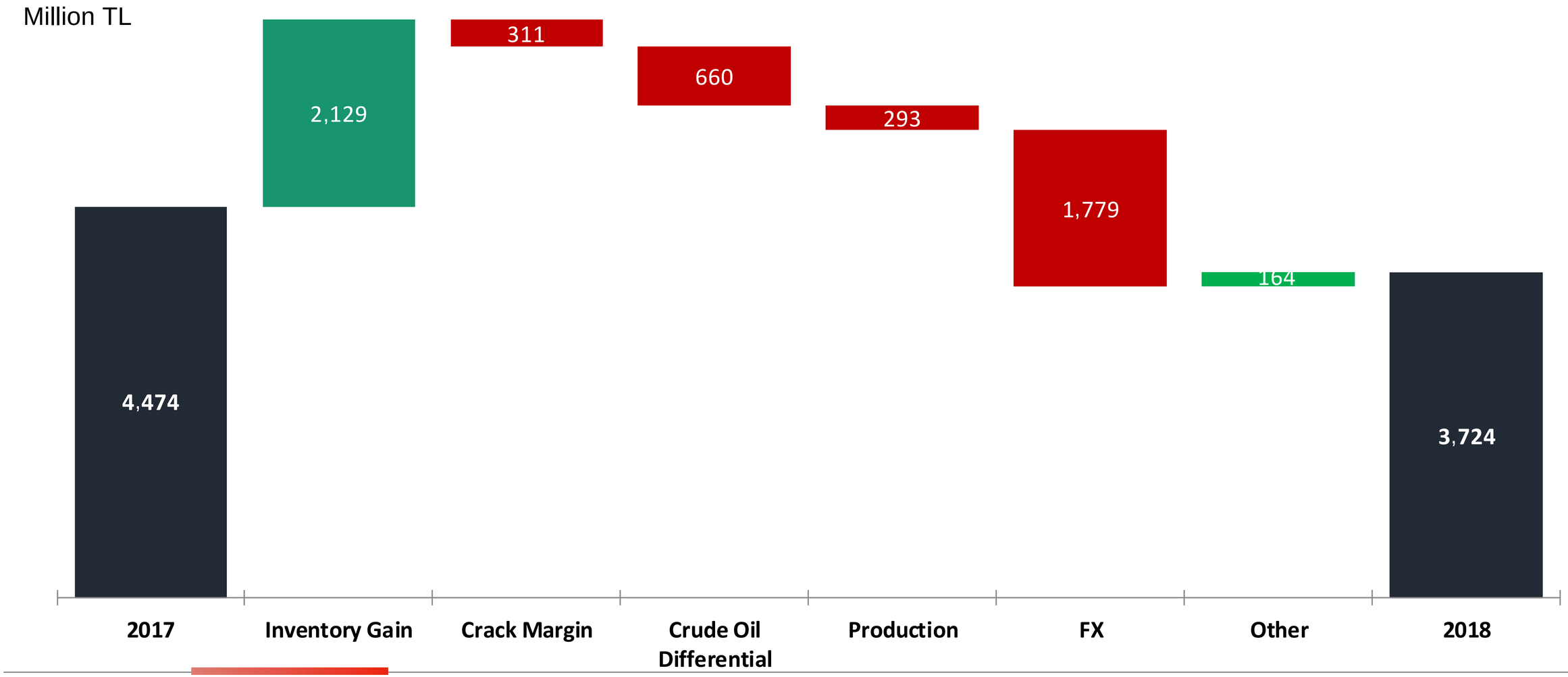
Q4 PBT growth driven by strong FX gain, higher white product yield and better crack margins.

Million TL

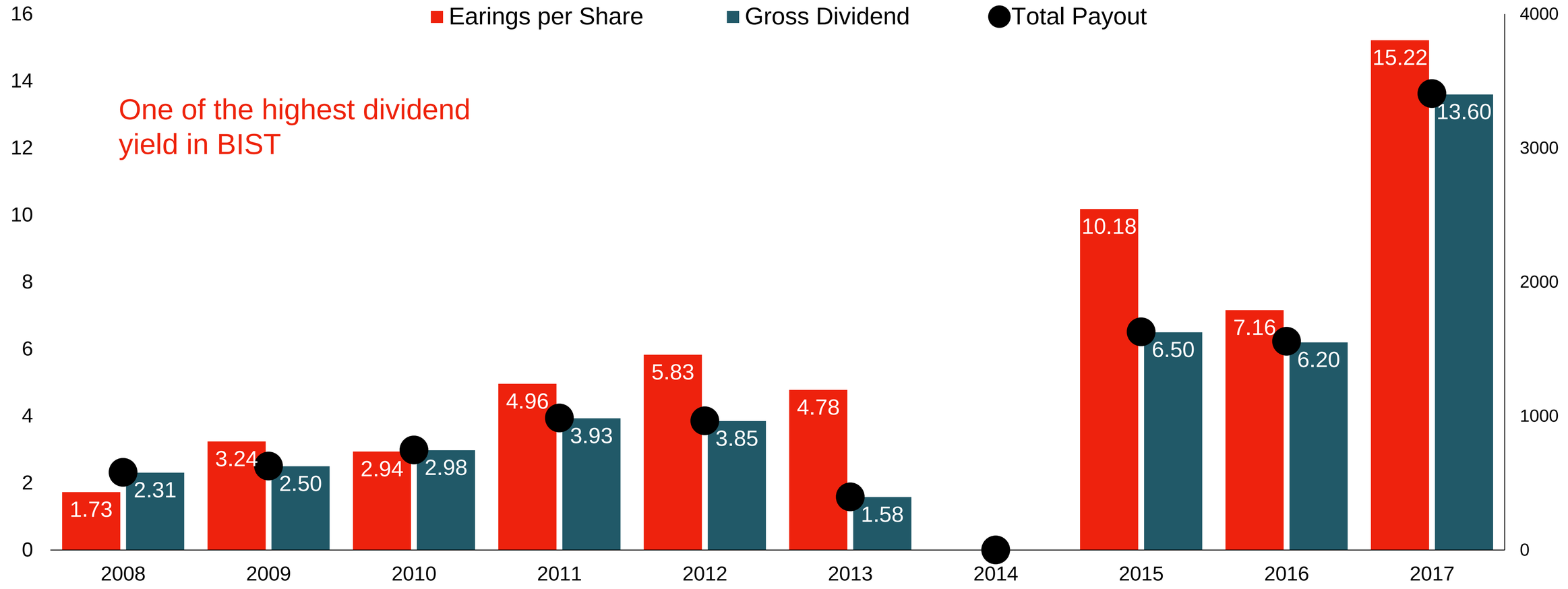


2018 Profit Before Tax Bridge

2018 PBT was lower mainly due to Crude Oil Differential and Crack Margin impacts. With the help of FX based pricing, FX losses incurred from payables were recovered with Inventory Gains.



Dividend (TL)



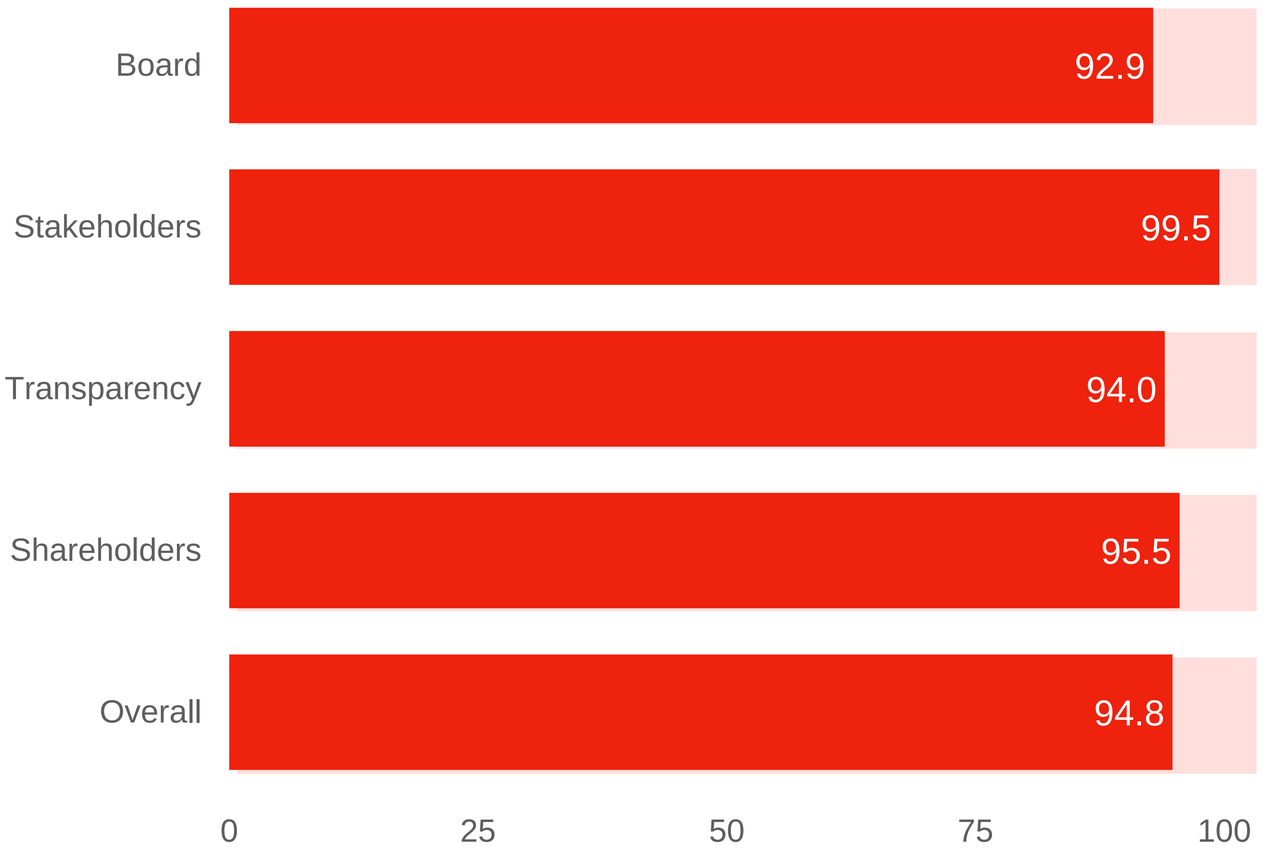
2012/2013 EPS includes the tax incentive.

Tüpraş Balance Sheet

Million TL	31/12/2018	31/12/2017	Difference	% Difference
Current Assets	20,962	20,366	596	3
Cash & C. Equivalents	5,983	8,802	-2,819	-32
Receivables	5,429	5,027	402	8
Derivatives	176	347	-171	-49
Inventories	6,765	5,291	1,474	28
Pre-paid expenses	109	62	46	74
Other Current Assets	2,502	837	1,665	199
Long Term Assets	19,074	17,797	1,277	7
Financial Assets & Subsidiaries	1,271	1,148	123	11
Fixed Assets	12,397	12,369	29	0
Derivatives	168	101	68	67
Pre-paid expenses	378	99	279	281
Deferred Tax	3,566	3,068	498	16
Other Long Term Assets	1,293	1,013	280	28
Total Assets	40,036	38,163	1,873	5
Short Term Liabilities	15,950	17,676	-1,726	-10
Financial Loans	4,113	5,274	-1,160	-22
Payables	7,663	8,370	-707	-8
Derivatives	236	177	59	33
Deferred Incomes	5	20	-16	-76
Provisions	80	90	-10	-11
Other ST Liabilities	3,852	3,745	107	3
Long Term Liabilities	24,086	20,487	3,599	18
Financial Loans	13,836	9,777	4,059	42
Payables & Provisions	257	224	34	15
Derivatives	42	3	39	1,156
Other LT Liabilities	5	5	-1	-13
Equity	9,825	10,373	-549	-5
Minority Interests	121	104	17	16
Total Liabilities	40,036	38,163	1,873	5

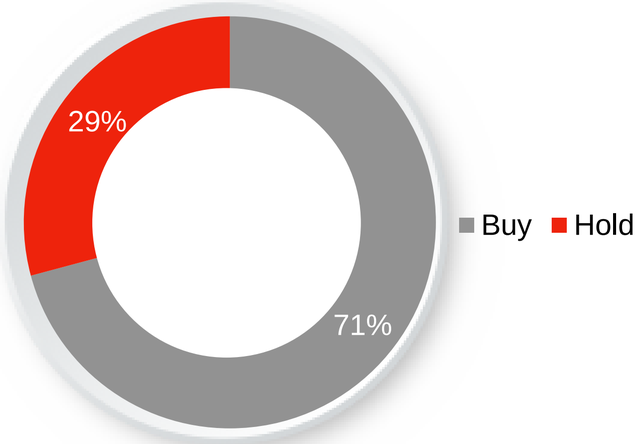
Creating Competitive & Sustainable Shareholder Value

Tüpraş has one of the highest Corporate Governance Ratings.



Foreign Currency Long Term	FitchRatings	Moody's	S&P Global Ratings
Tüpraş	BB+(Neg.)	Ba2 (Negative)	
Türkiye	BB (Neg.)	Ba3 (Negative)	B+ (Stable)
Koç Holding		Ba2 (Negative)	BB- (Stable)

Analyst Recommendations



Financial Policy

Financial Discipline: Risk management policies focusing on areas such as leverage, liquidity, counterparty risk, commodity, interest 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.
- 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.

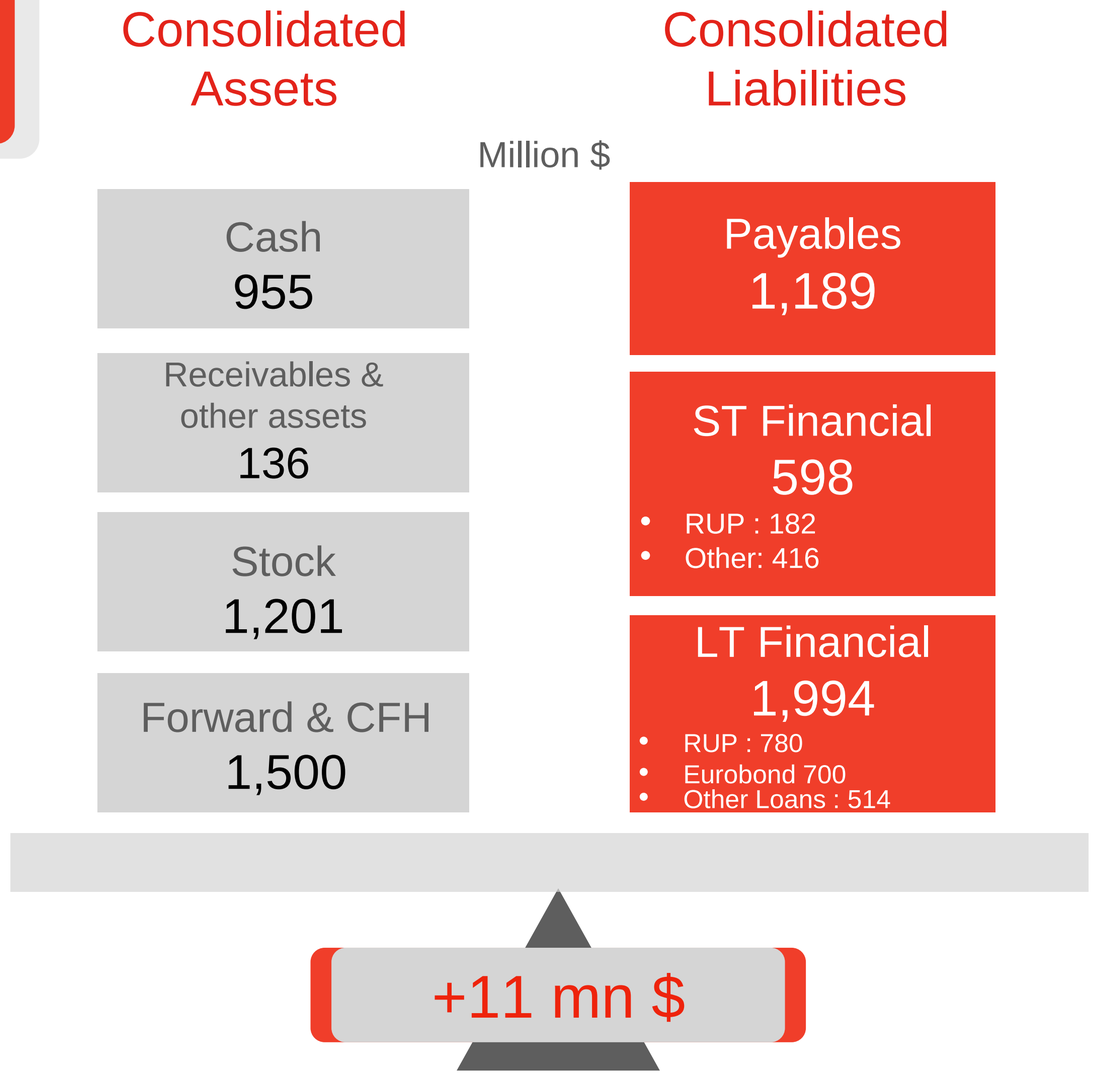
Crack Margin Hedging Policy:

- Financial hedge: Crack margin (gasoline, diesel, jet fuel, fuel oil) risk mitigation by using derivatives.
- Statistical / mechanical approach: Historical average prices + standard deviations.
- Hedge ratio between %0-%50 with up to 1 year hedge tenor.

FX Exposure Management (31 December 2018)

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

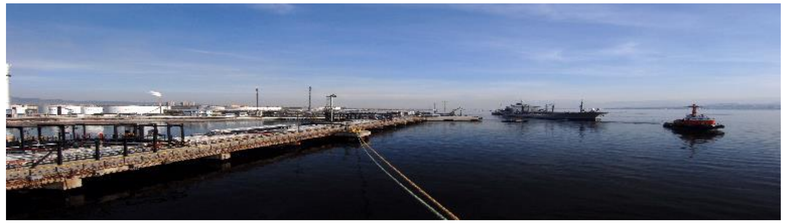
- A significant portion of the Group's crude oil and refined product purchases are denominated in US Dollars. In addition, the Group finances its capital expenditures mostly through borrowings denominated in US Dollars.
- Natural Hedge: The Group is able to mitigate some of the impact of volatility in 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 accounting : 874 mn $

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.

OUTLOOK

2019 Refinery Maintenance Schedule

RUP Maintenance to start on February 26, 2019.

	Unit	Quarter	Duration (weeks)	Reason
İzmir	Plt 100 Crude Oil	Q4	2-3	Periodic Maintenance
	Plt 9200 CCR	Q1	2-3	Periodic Maintenance
İzmit	RUP	Q1&Q2	12-13	Detailed Maintenance
	Plt 2 Crude Oil & Vacuum Unit	Q4	7-8	Periodic Maintenance
	Plt 7 FCC	Q4	5-6	Periodic Maintenance
Kırıkkale	-	-	-	-
Batman	Plt 1100 Crude Oil & Vacuum Unit	Q1&Q2	*3-4	Periodic Maintenance

RUP Maintenance

Preparation and planning phase: 2018

Maintenance Start: Feb 26

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

Completion: planned as late May 2019

* Total duration allocated among quarters

2019 Expectations

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

Competition # 1 (SOCAR-STAR Refinery)

- Goldman Sachs has acquired a 13% stake in SOCAR Turkey for $1.3 billion.
- Goldman Sachs has the right to resell 10% of its stakes to Socar, and the remaining 3% to 'Sermaye Investments Limited' owned by SOCAR within 6 years at the same price.

Credit	:	3.3 Billion $
Equity	:	2.4 Billion $
Total Investment	:	5.7 Billion $

- 3.3 billion $ credit agreement. First 4 years grace period total 15-18 years term.
- Project finance is supplied to company (1.5 Billion $).
- It is operational as of 2019.

Star Refinery Production Numbers (k ton)

Fuels

Diesel	4,500
Jet Fuel	1,600
Sulphur	158
Petrocoke	698

Petrochemical Feedstock

LPG	260
Naptha	1,600
Mixed xylene	460
Reformate	524

STAR Refinery (Total Cap. 10 mn ton)

2019 mn ton	Production			Turkish Demand	Balance
	Tüpraş	Star	Total		
LPG	1.1	0.3	1.4	4.1	-2.7
Petchem Feeds	0.2	2.6	2.8		
Gasoline	6.1		6.1	2.4	3.7
Jet Fuel	5.2	1.6	6.8	5.2	1.6
Diesel	10.7	4.5	15.2	26.5	-11.3
Coke	0.8	0.7	1.5	4.6	-3.1
Fuel Oil	1.8		1.8	1.3	0.5
Bitumen	3.1		3.1	3.1	

Competition # 2 (Regional Competition)

- Tüpraş is competing 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.

Mediterranean

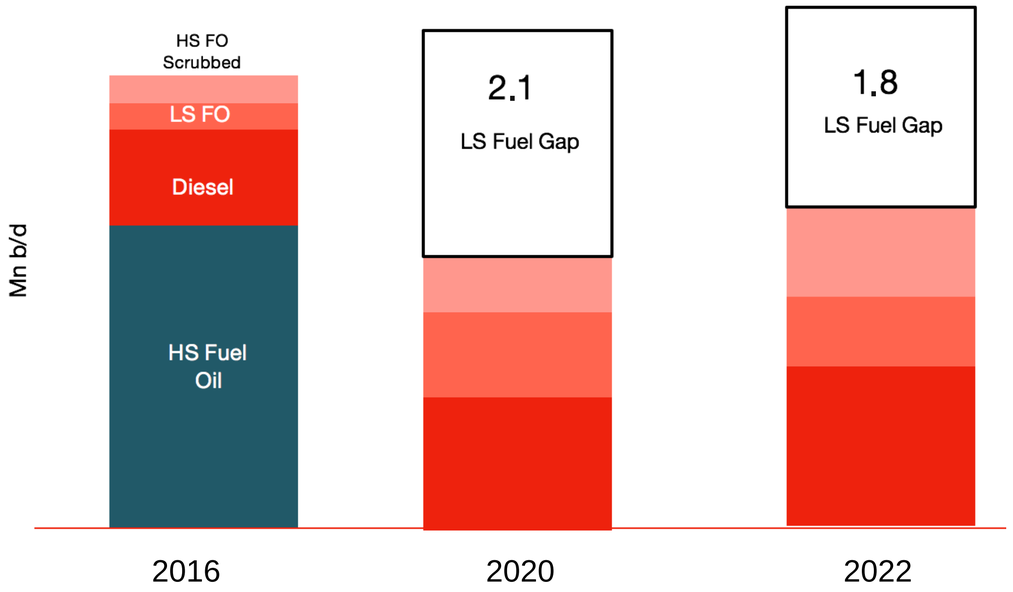
54 Refineries
7.8 mn bpd

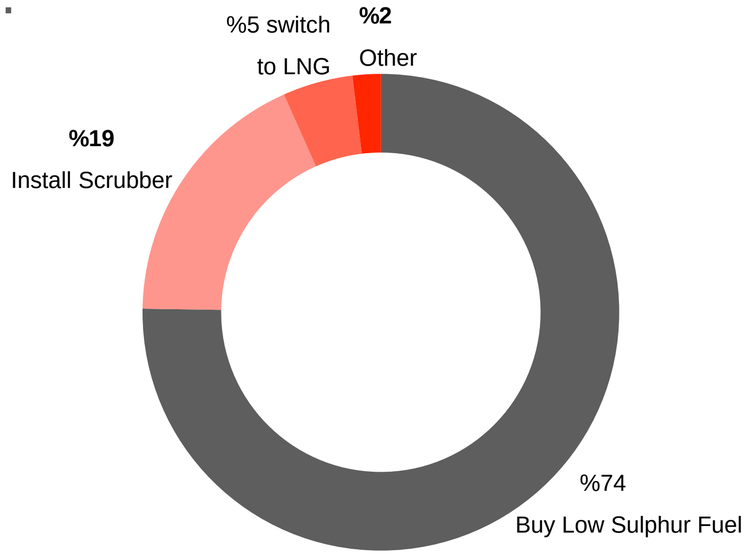
Black Sea

17 Refineries
1.8 mn bpd

Marine Bunker Specification Changes and Its Effects

IMO, at the meeting held in October 2016, lowered the sulphur emission cap from marine bunkers from 3.5% to 0.5% (5000ppm): Effective from 1 January 2020.





Ship Owners Intention Survey

Requirements of spec change can be achieved through;

- Use of lower sulphur blend stocks like ULSD (Diesel)
- Low Sulfur Fuel Oil production with light crudes
- Sulphur Fuel Reduction Systems (Scrubber)
- LNG

- 80% of global trade is done via marine transportation.
- 50.000 vessels are in operation.

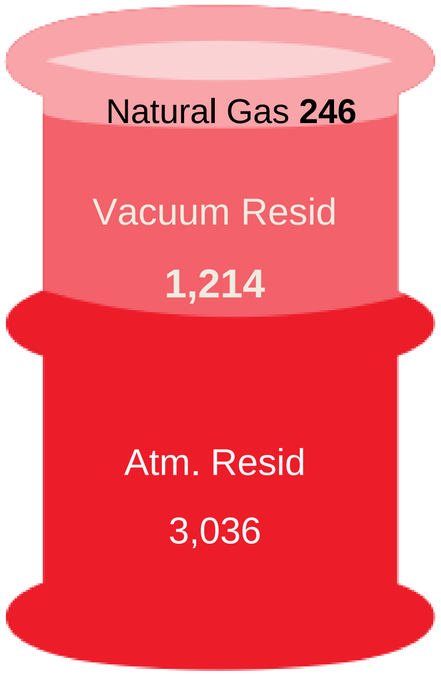
Bunker fuels account for;

- ~5% of global oil demand
- 40% of oil related sulphur emissions.

Appendix

High Complexity (Resid Upgrading Units Production-(Thousand Tons)

Raw Materials



Total Feed **4,496**

Products

Diesel
2.883

Gasoline
522

LPG
69

PetroCoke
690

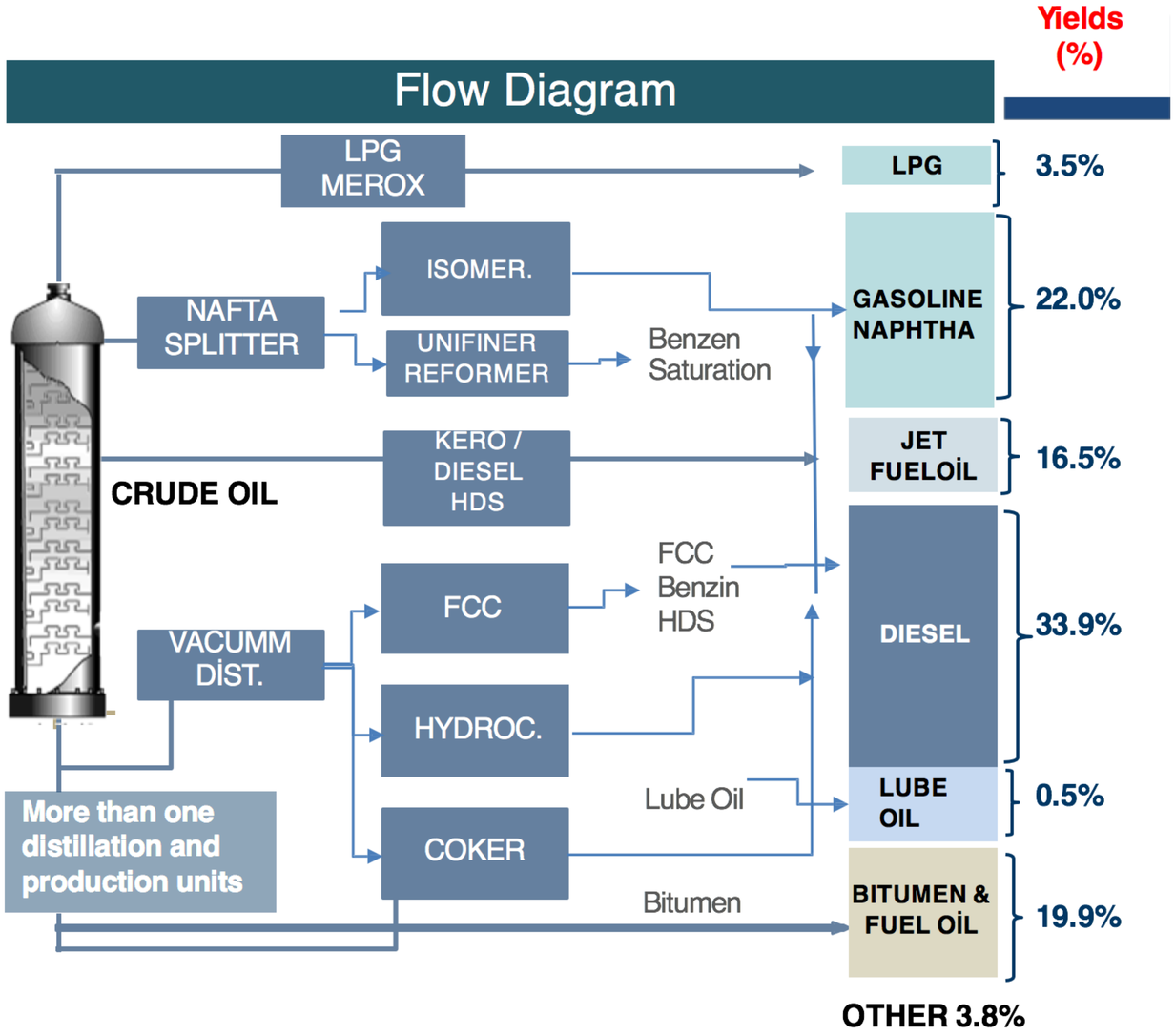
Sulphur
86

Total Production
4,250

Flexibility & Reliability; Multiple routes to maksimum capacity

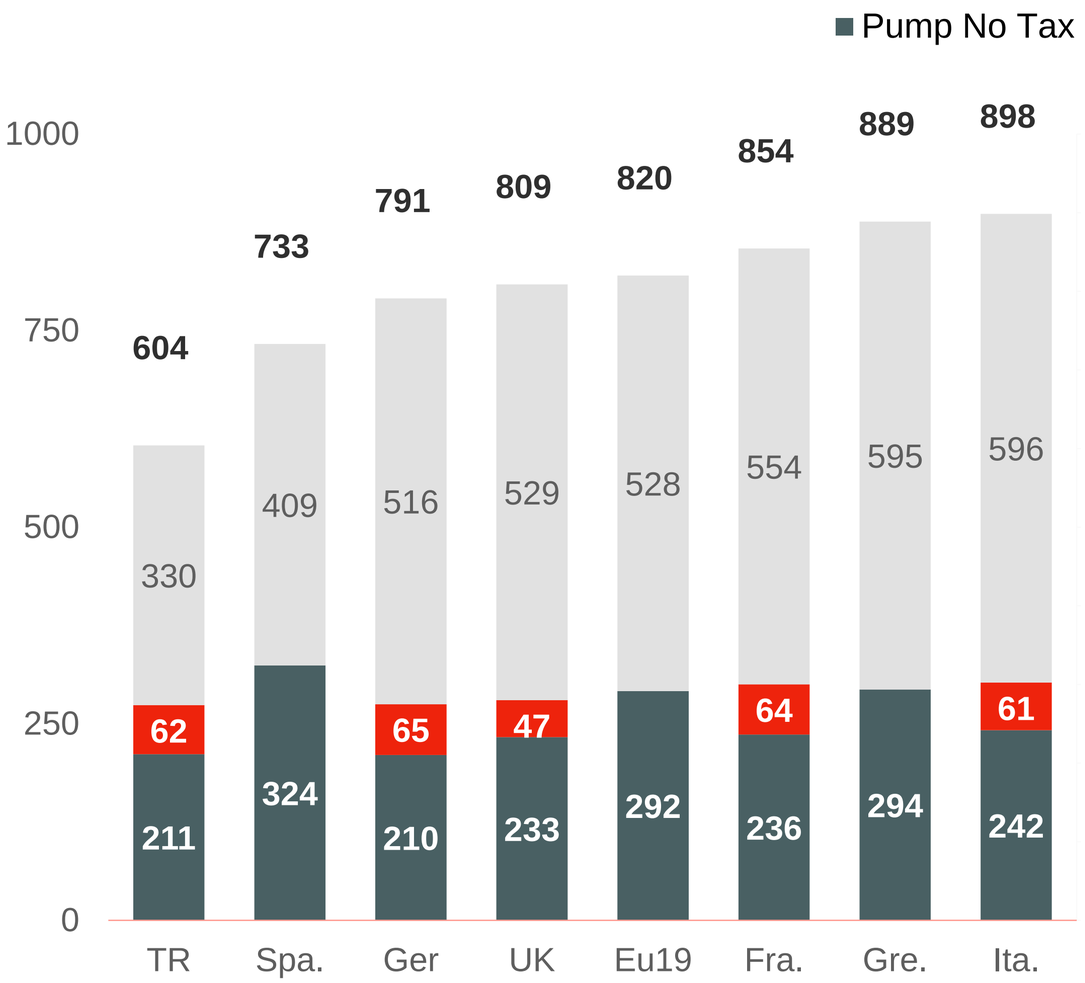
- Increased conversion capacity
- Strong integration among refineries

Key units	Number of units	Capacity (m3/d)
CRUDE OIL	8	97000
VACUUM	8	42320
HYDROCRACKER	4	18200
ISOMERISATION	3	6400
UNIFINER REFORMER	7	16900
KERO/DIES EL (HDS)	10	37300
FCC	2	4700
COKER	1	8200
NAPHTHA SPLITTER	8	
LPG MEROX	6	

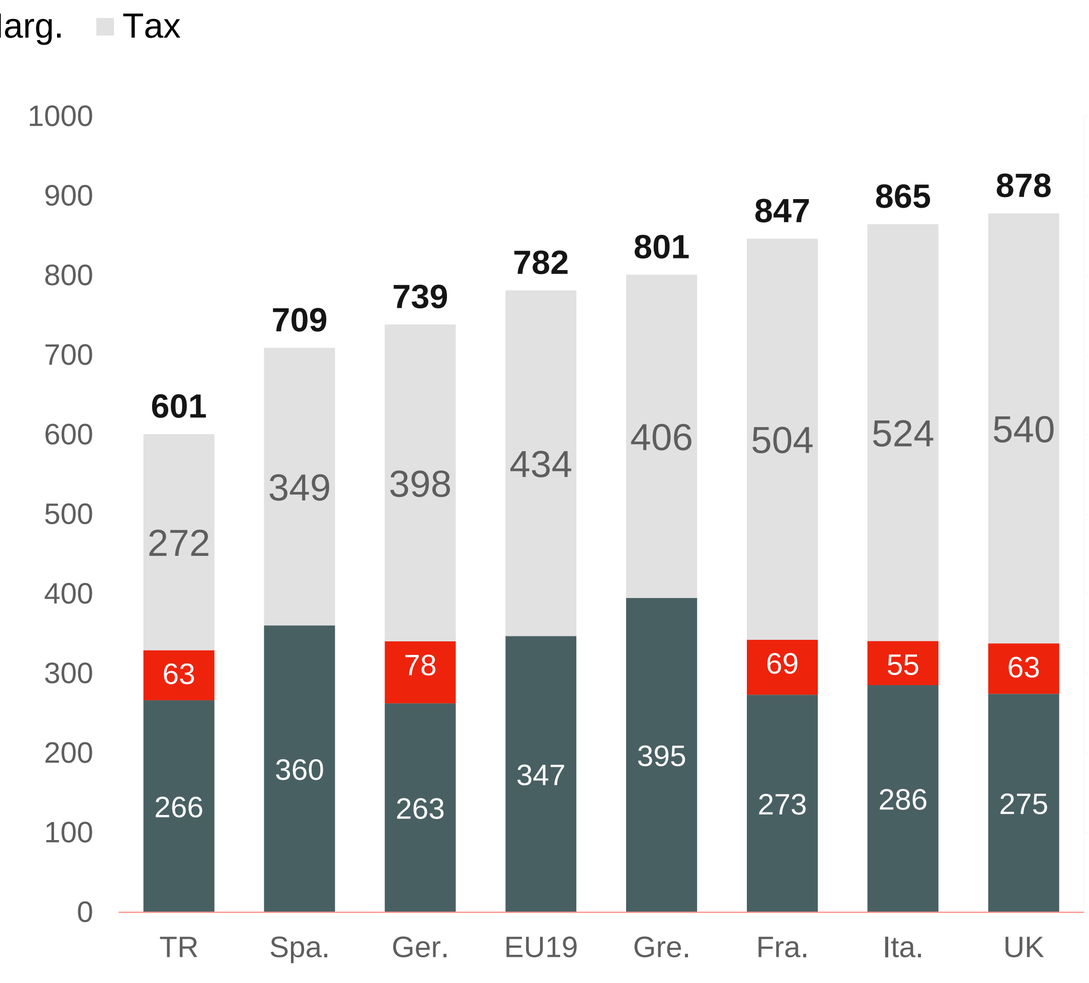


Competition (European Pump Price Comparison)

Gasoline (Krş / Lt)

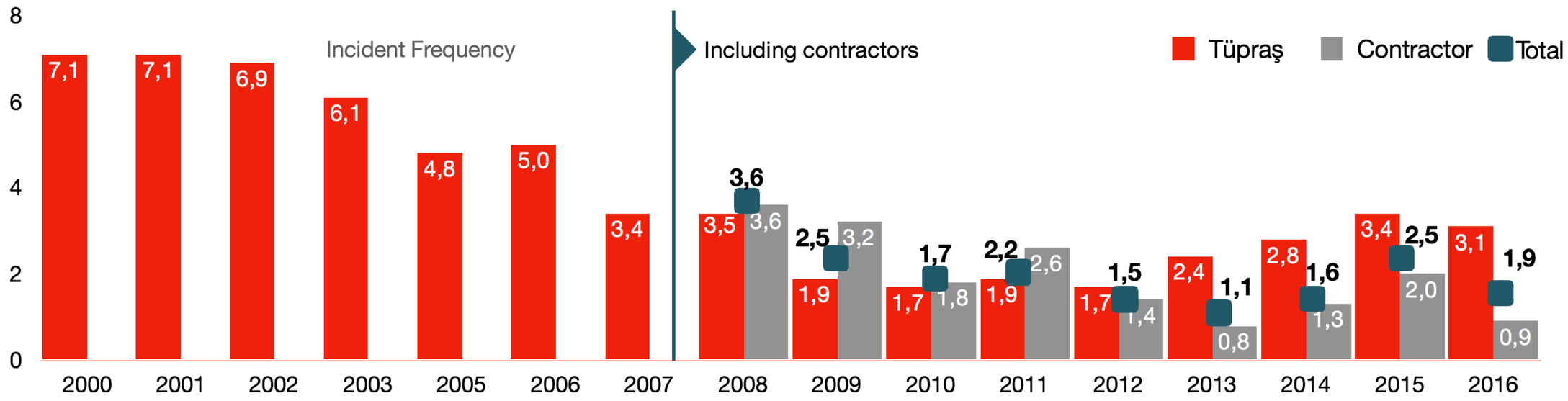


Diesel 10 (Krş / Lt)



Not: Prices valid on 11 February 2019.

Tüpraş HSE KPI: Loss Time Incident Frequency and Severity Frequency Ratios



Loss Time Severity Frequency Rate	2008	2009	2010	2011	2012	2013	2014	2015	2016
Tüpraş	92	44	40	53	65	61	59	719	101
Contractor	116	101	81	118	424	17	378	51	551
Total	**105**	**73**	**57**	**83**	**290**	**26**	**308**	**315**	**354**

loss time incident freaquency rate =number of incident *1000000/man hours

loss severity frequency rate = loss time*1000000/man hours

Koç Holding

Turkey’s Leading Investment Holding Company

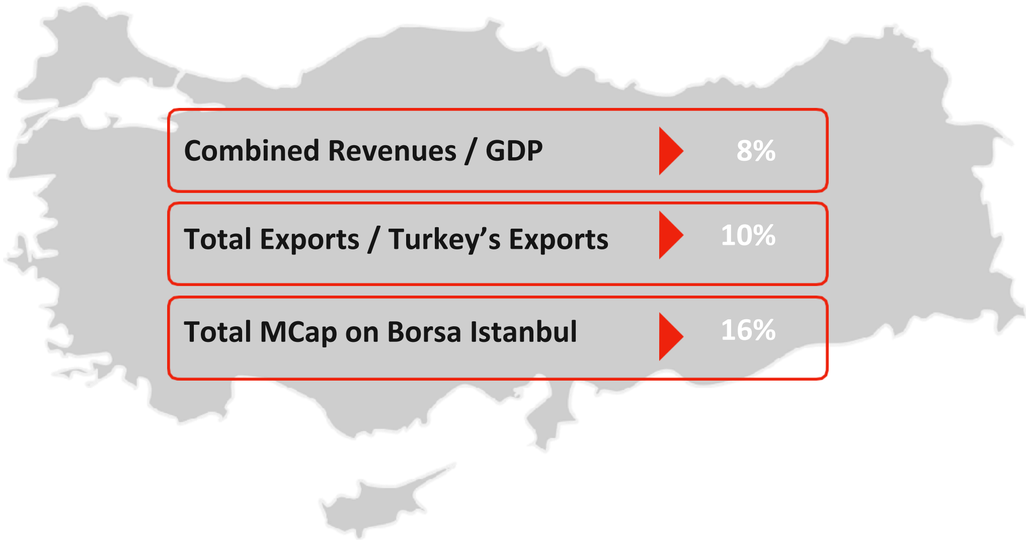
Turkey’s largest industrial and services group in terms of revenues, exports, employees, taxes paid and market capitalization.

Turkey’s Leading Investment Holding Company

- The only Turkish company in Fortuna 500[1].
- 20% CAGR in consolidated profit[2] the last five years.

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 YE18, 2018 GDP reflects the projection of Turkish government’s New Economic Program.

(1) 2018 Report

(2) In TL terms between 2014-18

Tüpraş

Koç