Investor Presentation May 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

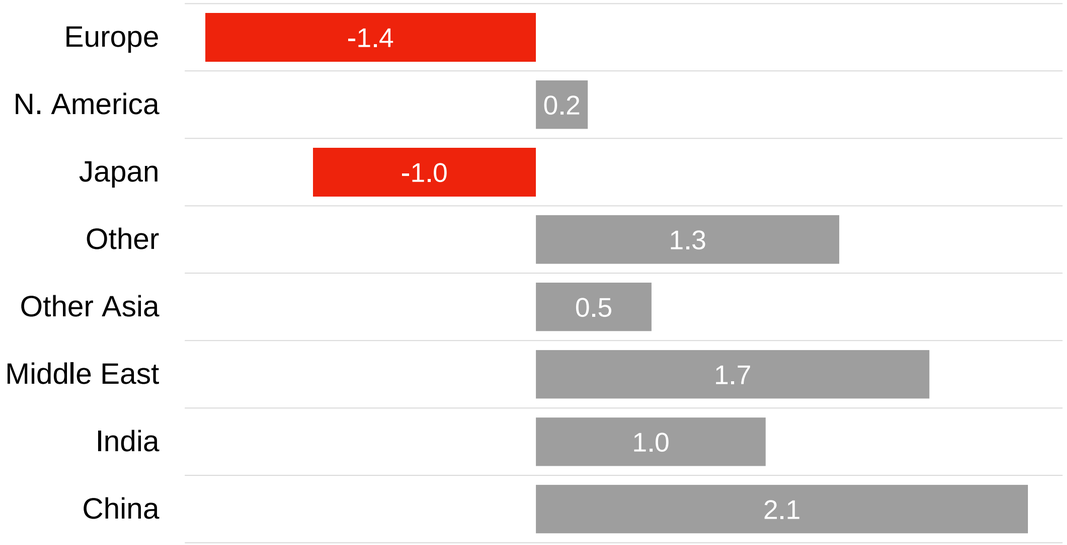
CONS

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

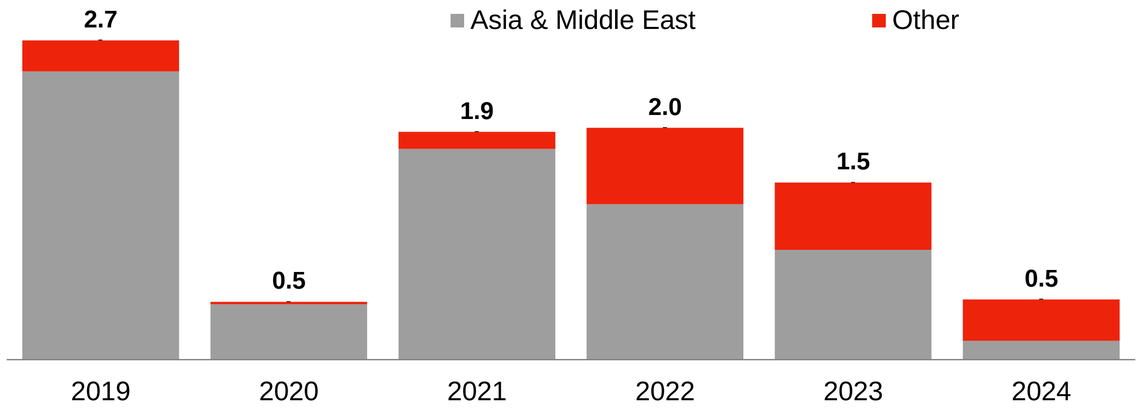
Source : Platts
As of May 7th.

Refinery Capacity Change (mb/d)

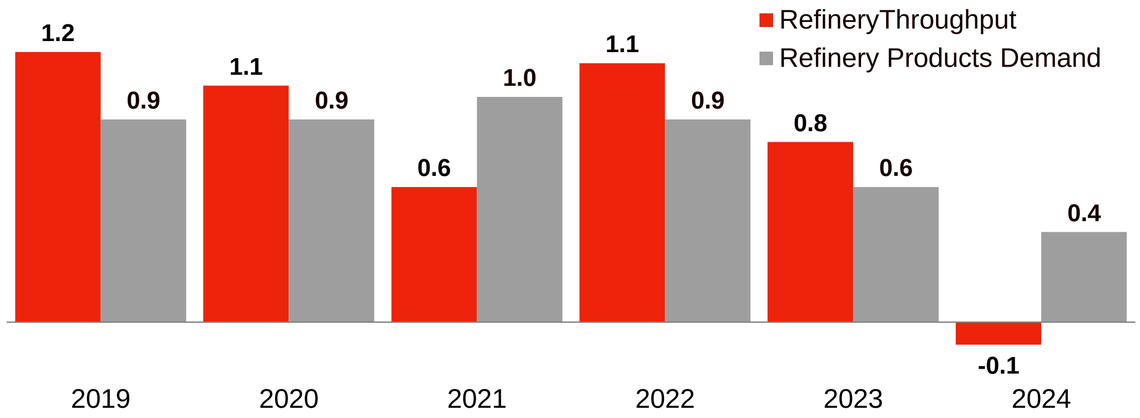
2012-2018 Net Capacity Additions by Region



2019-2024 Net Capacity Additions



2019-2024 Additional Refinery Throughput vs. Demand

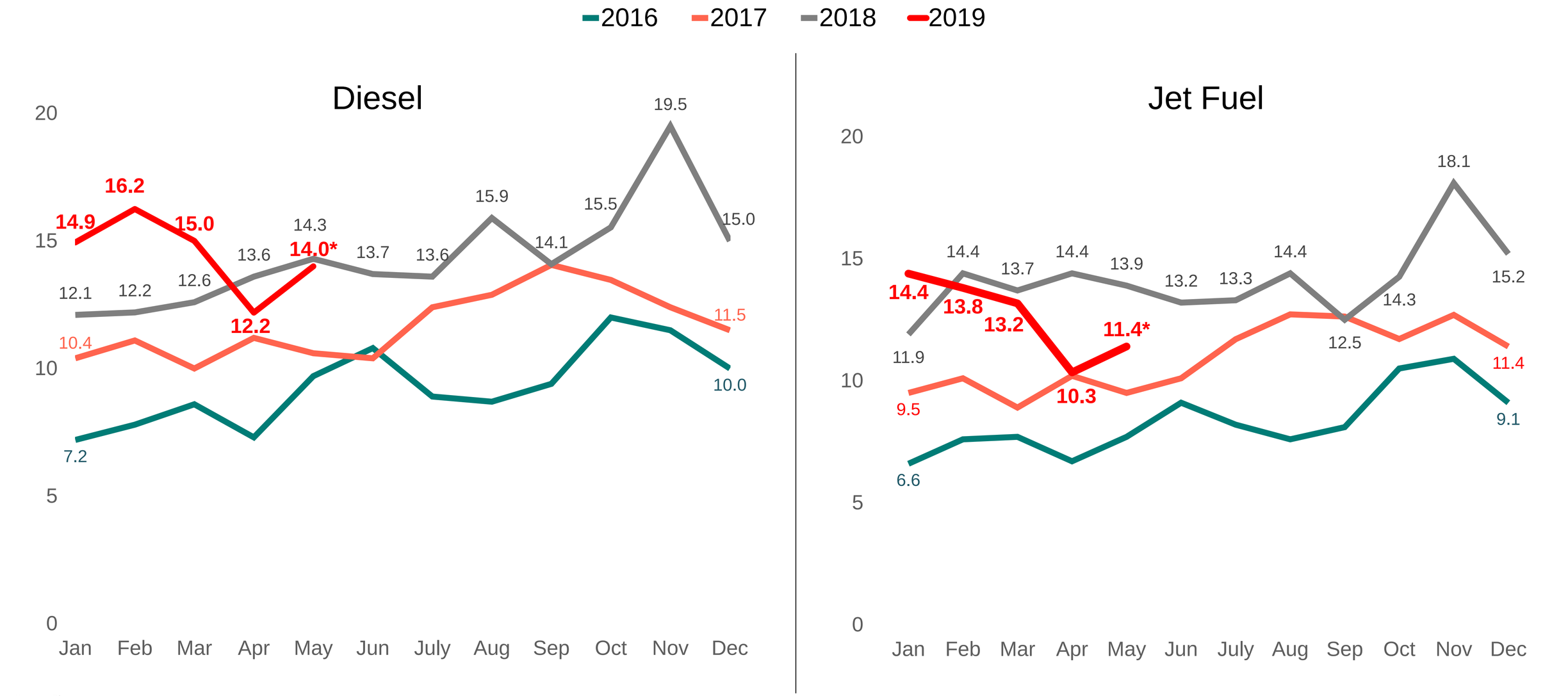


Expectations until 2024:

- ~78% of net capacity additions to come from Asia & Middle East
- Global utilization rate to decline from 82% (2018) to 79% (2024)
- Net capacity and demand in Europe to remain roughly unchanged

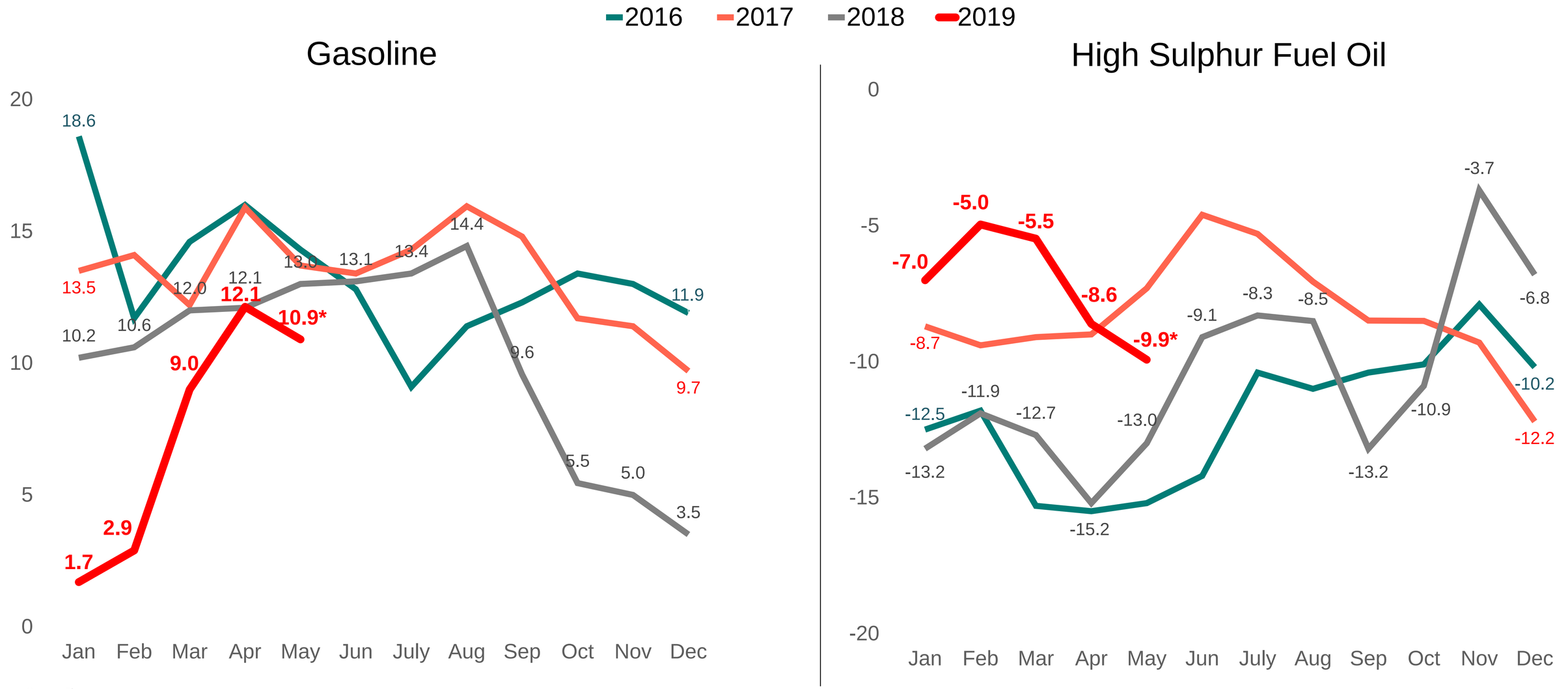
Source:, Reuters, International Energy Agency, Tüpraş, sector reports and news.

Middle Distillate Cracks ($/bbl)



Source : Platts
*As of May 7th

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

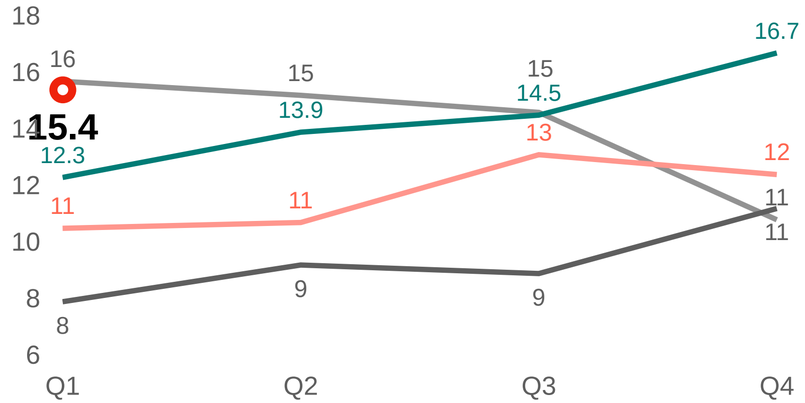


Source : Platts
*As of May 7th

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

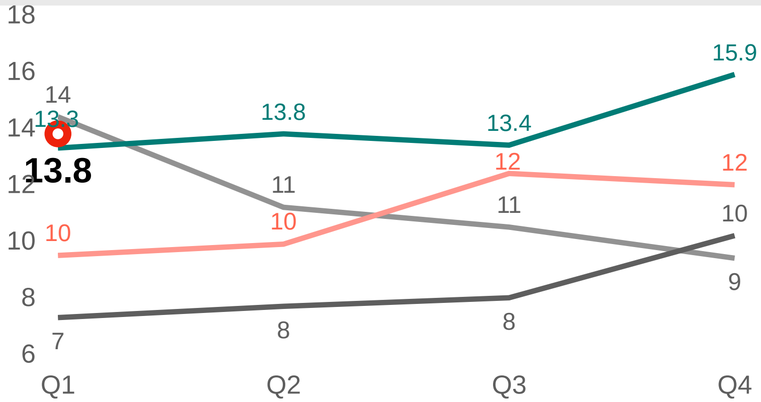
Compared to Q1 2018, mid-distillate and HSFO remained strong in Q1 (Diesel:+25%, Jet: +4%, HSFO: +54%) while Gasoline cracks were weaker (-59%)

Diesel



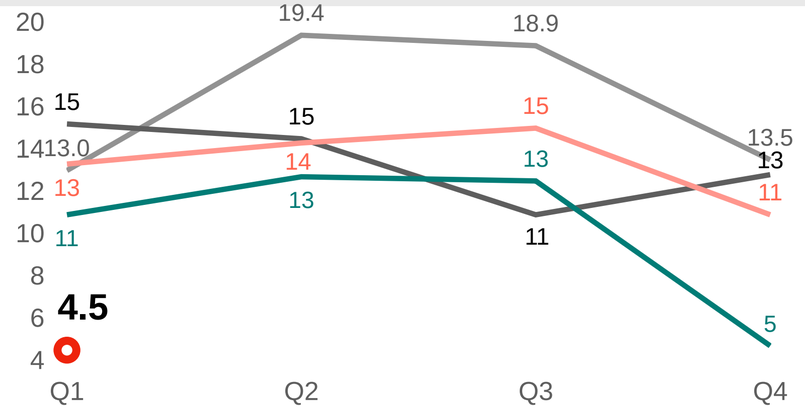
- Low stock levels
- Strong demand growth in both developed and emerging markets

Jet Fuel



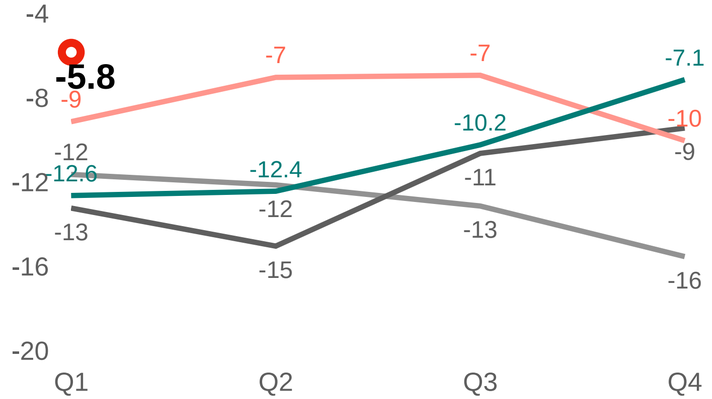
- Low stock levels
- Strong demand growth in Asia

Gasoline



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

High Sulphur Fuel Oil

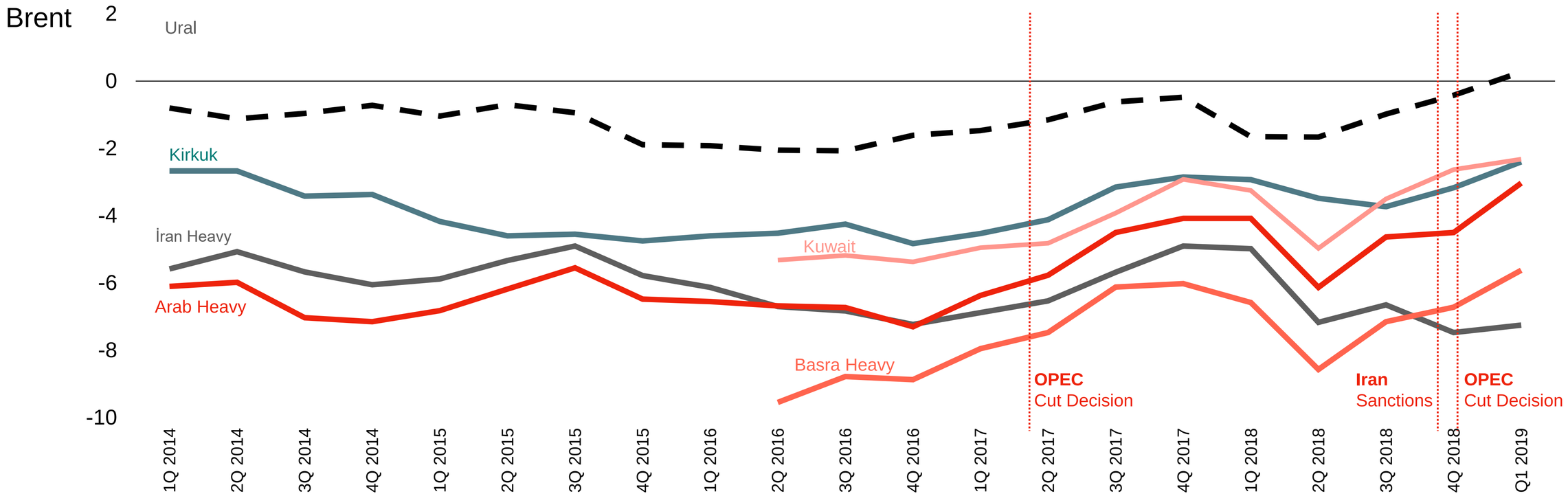


- Limited heavy crude availability post Iran sanctions with OPEC+ production cut curbing HSFO supply
- New fuel oil conversion units starting in Asia & Middle East

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.

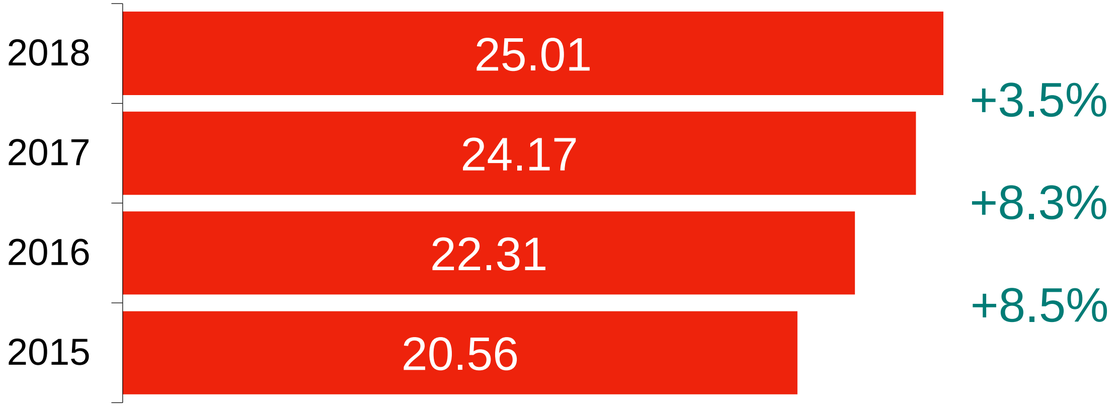
Heavy Crude Price Differentials



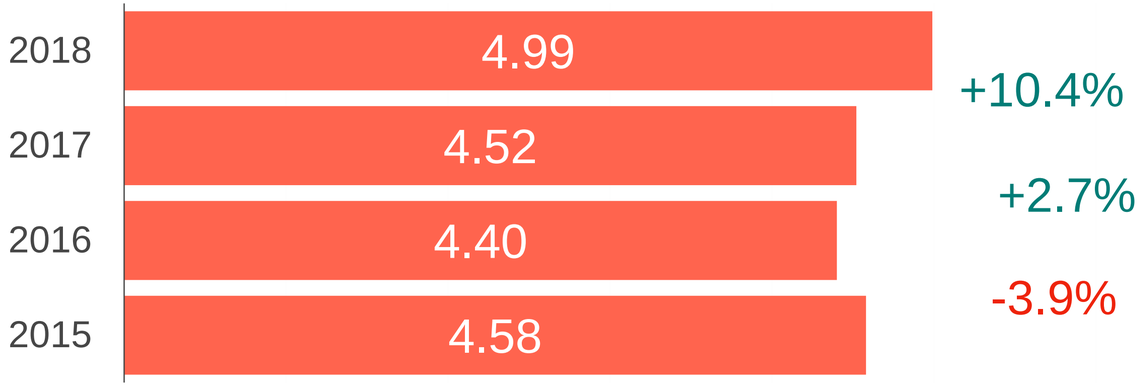
TURKISH MARKET

Turkish Consumption 2015-2018 (Million tons)

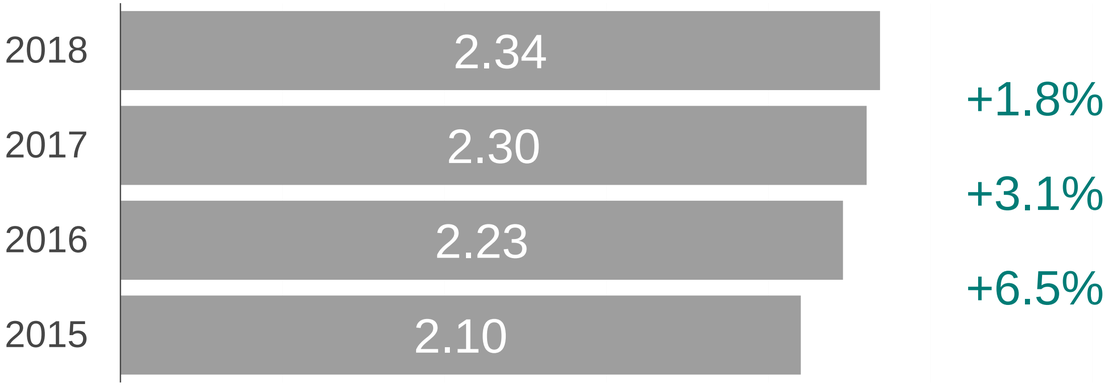
Diesel



Jet Fuel



Gasoline

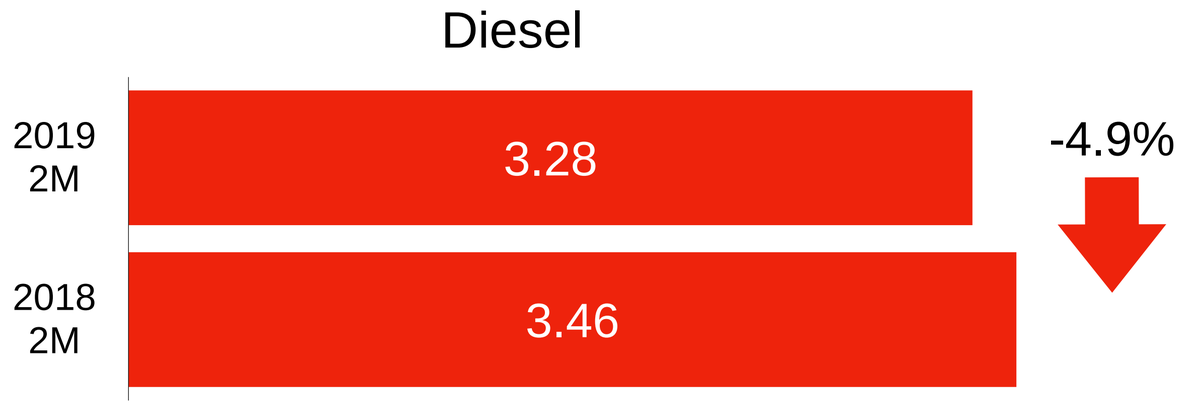


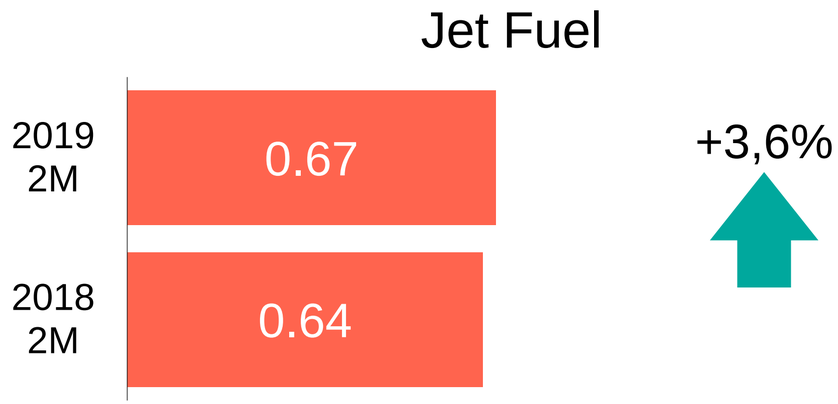
Fuel Oil*

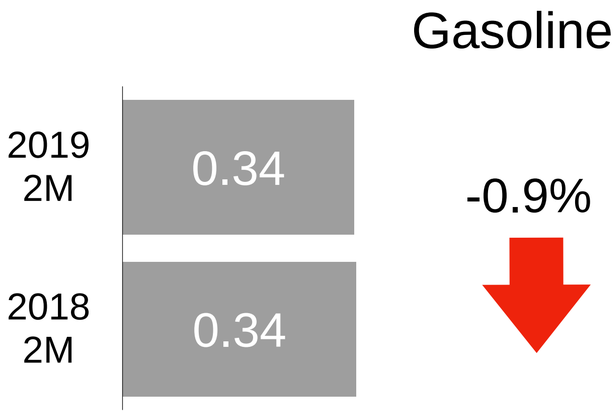
*Bunker excluded.
Source: EMRA

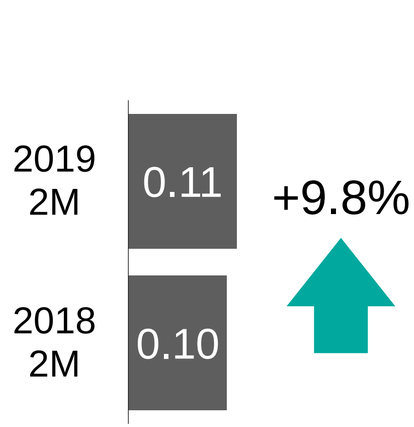
Turkish Market, 2M 2019 (Million tons)

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



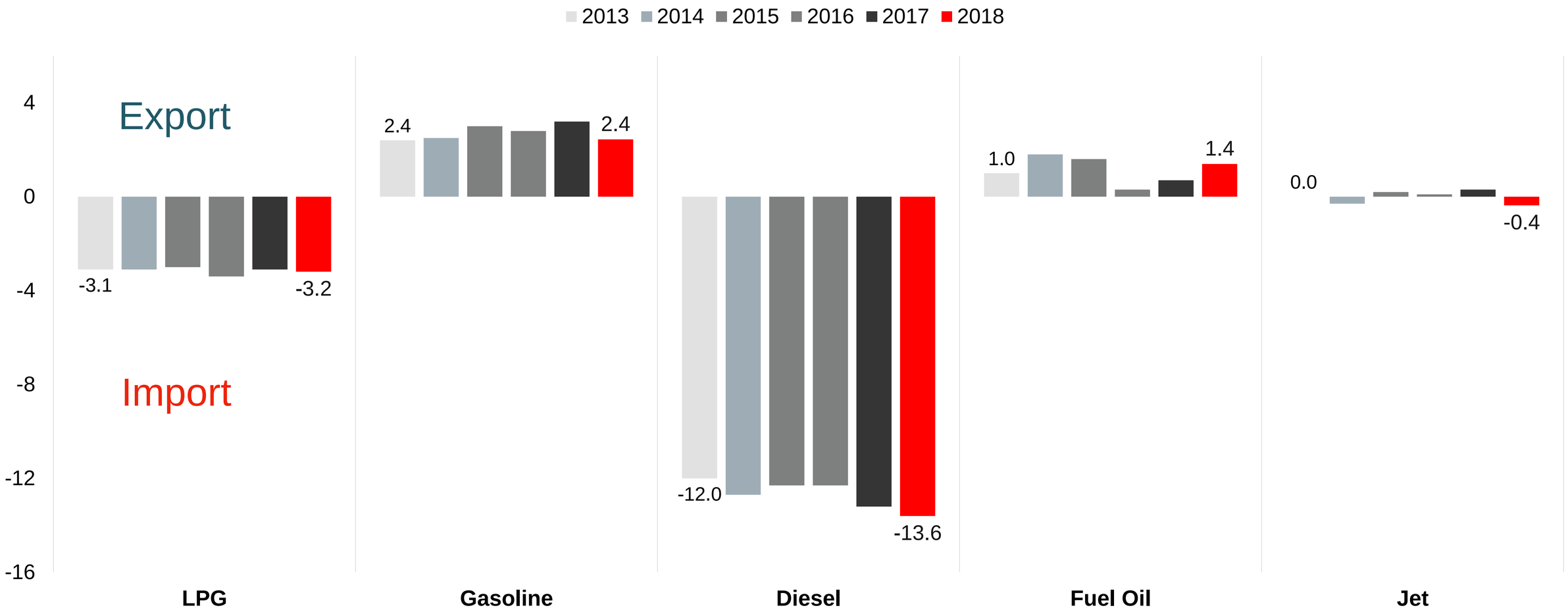






*Bunker excluded

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



COMPANY OVERVIEW

Tüpraş Shareholder Structure

Koç Holding **%77**

Aygaz **%20**

Opet **%3**

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

DİTAŞ **%79,98**

Opet **%40**

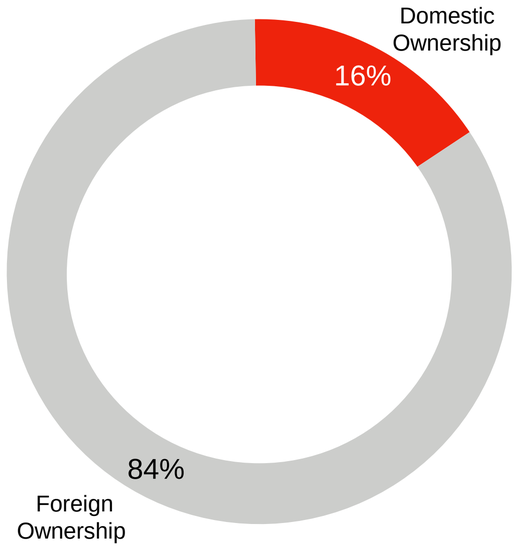
Körfez Ulaştırma A.Ş. **%100**

Tüpraş

Free Float **%49**

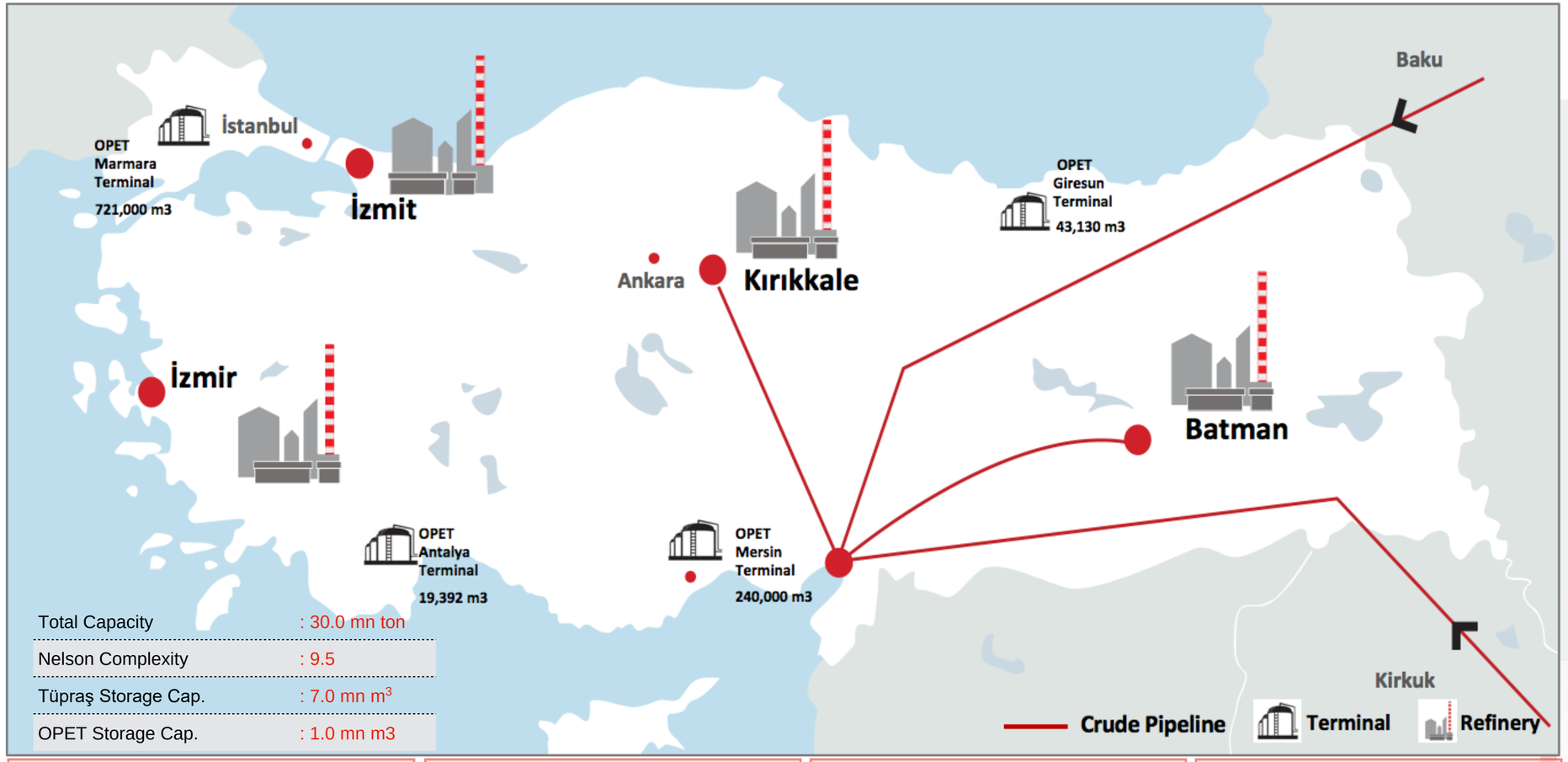
Publicly Traded

*Distribution of Domestic/ Foreign Ownership of Tüpraş Shares



*As of December 31st, 2018.

Tüpraş Refining Assets & Distribution Network



Total Capacity	: 30.0 mn ton
Nelson Complexity	: 9.5
Tüpraş Storage Cap.	: 7.0 mn m^3
OPET Storage Cap.	: 1.0 mn m3

Turkey Storage Capacity

Tüpraş	**: 50%**
Opet	**: 7%**
Other Companies	**: 43%**

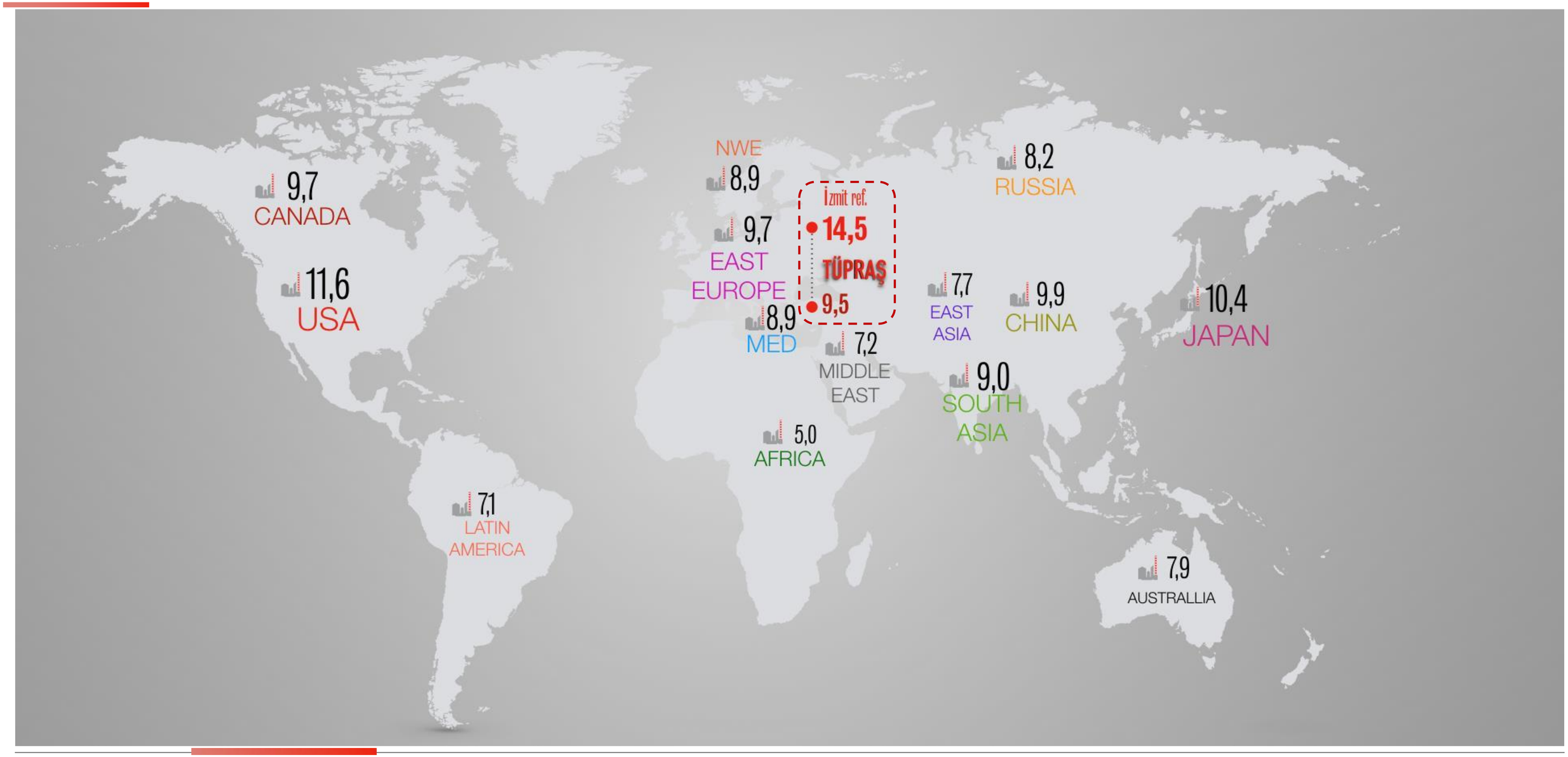
İzmit
- 11.3 MT Capacity
- NC: 14.5
- Storage Capacity: 2.99 mn m^3

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

Kırıkkale
- 5.4 MT Capacity
- NC: 6.32
- Storage Capacity: 1.27 mn m^3

Batman
- 1.4 MT Capacity
- NC: 1.83
- Storage Capacity:0.27 mn m^3

Nelson Complexity of Refining Companies

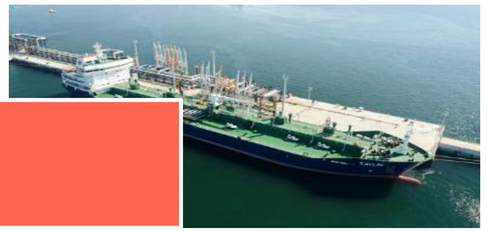


Tüpraş Subsidiaries

OPET, Distribution, Tüpraş Share: 40%

- 1,634 stations as of 31 March 2019
- As of February 2019 Market share: 18.3% in white products; 32.5% 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
- 7 Product Tanker: 90,534 DWT“

Körfez Ulaştırma, Railway Transport, Tüpraş Share: 100%

- ~7% share in Turkish rail freight market
- Operates with 491 cistern wagons and 5 diesel locomotives.
- Ordered 5 locomotives to be delivered for Q2-2019.

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

- 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.

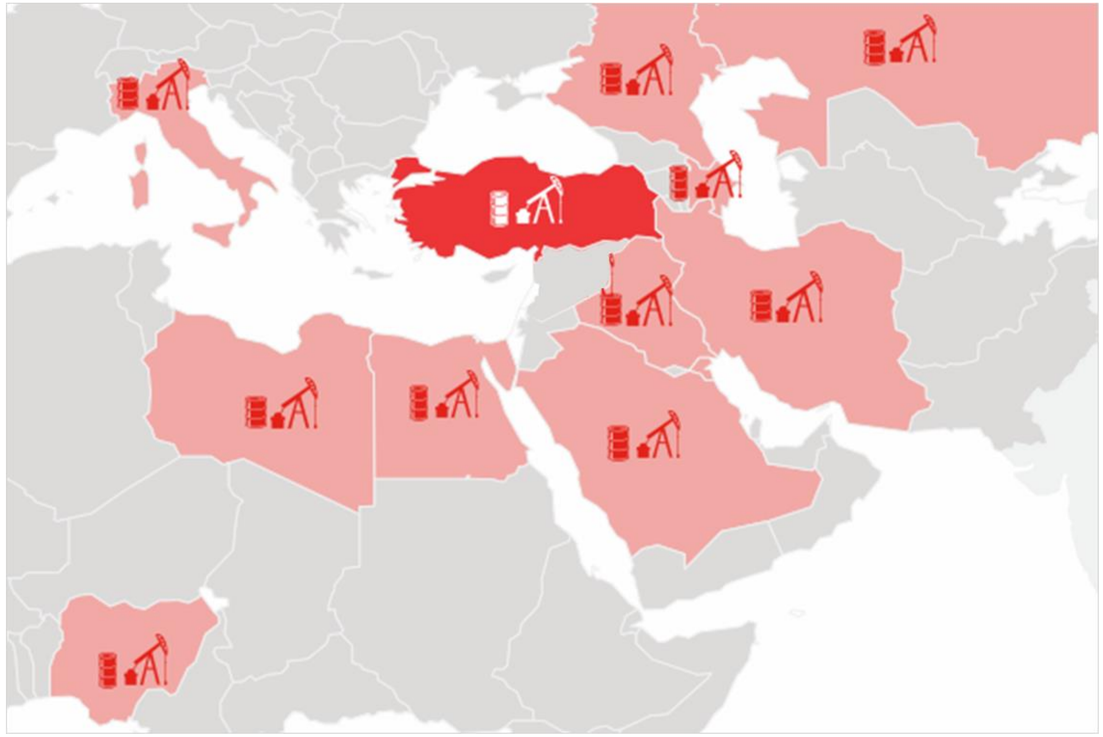
- Trading office will be an important step in Tüpraş’s integration to global energy market.

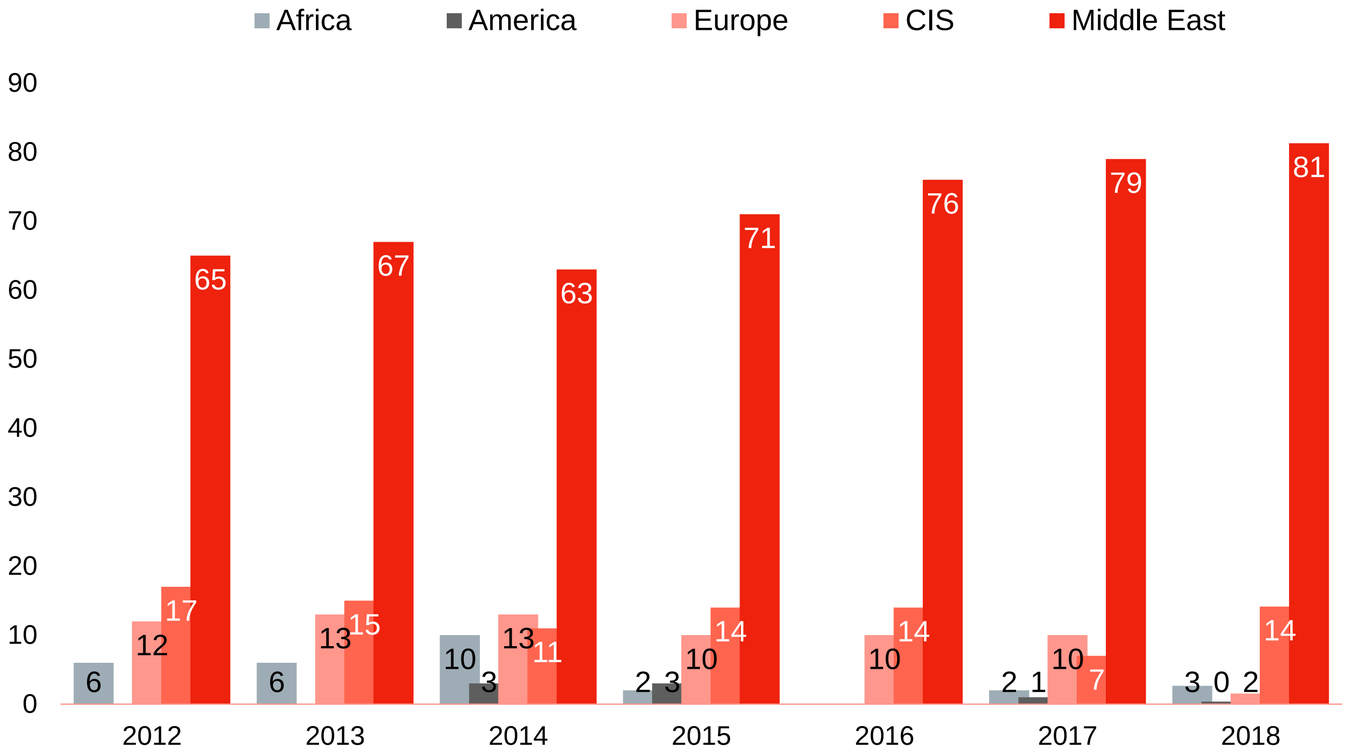
* Tüpraş Trading UK is a direct branch of Tüpraş

OPERATIONS

Crude Suppliers of Tüpraş (Million Tons)

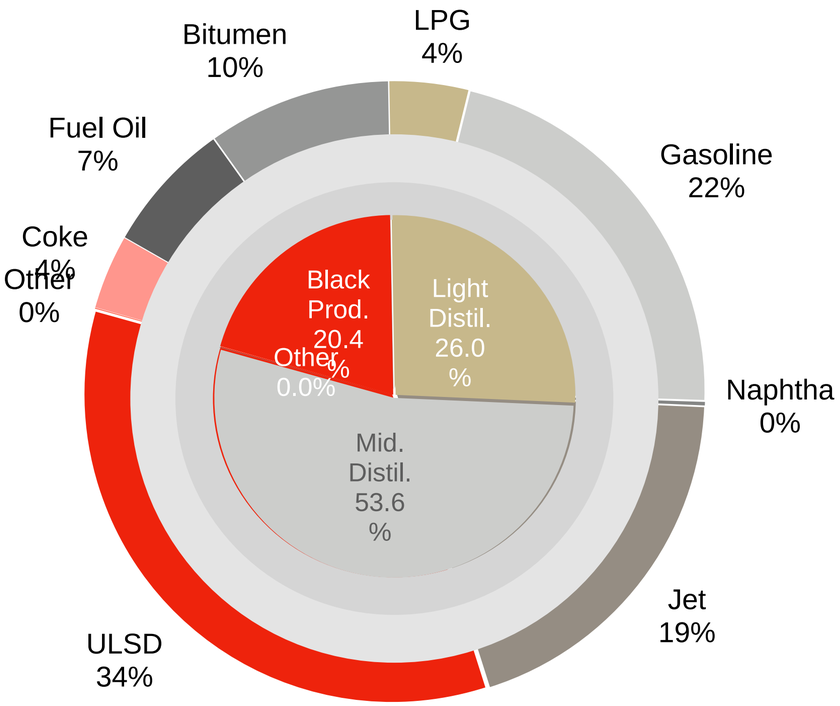
In 2018, Tüpraş purchased 20 different types of crude oil from 12 countries, with gravities ranging between 19-47 API.





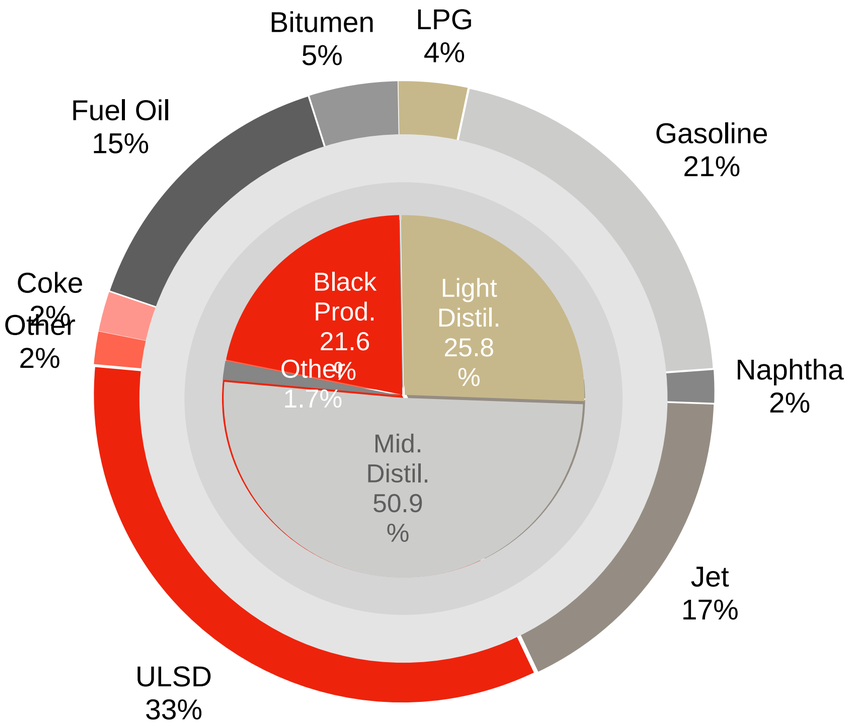
Q1 Product Yields

2018



White Products	%78.5
Production	5.2 mn tons
API	31.33

2019

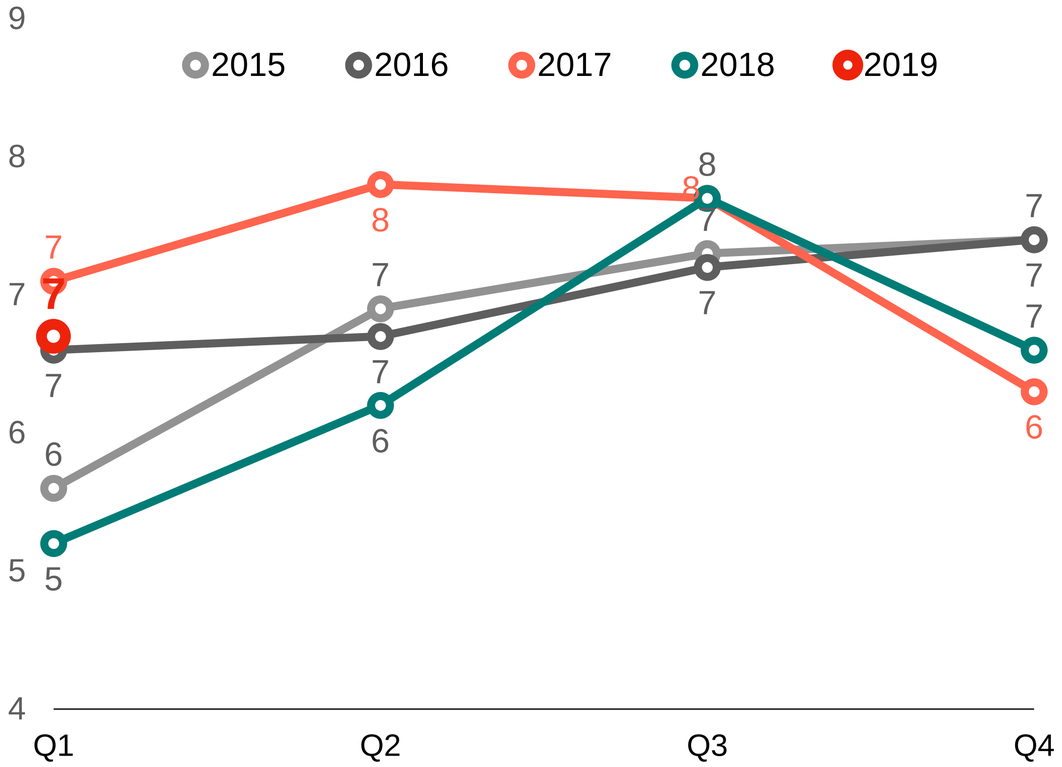


White Products	%77.4
Production	6.7 mn tons
API	32.36

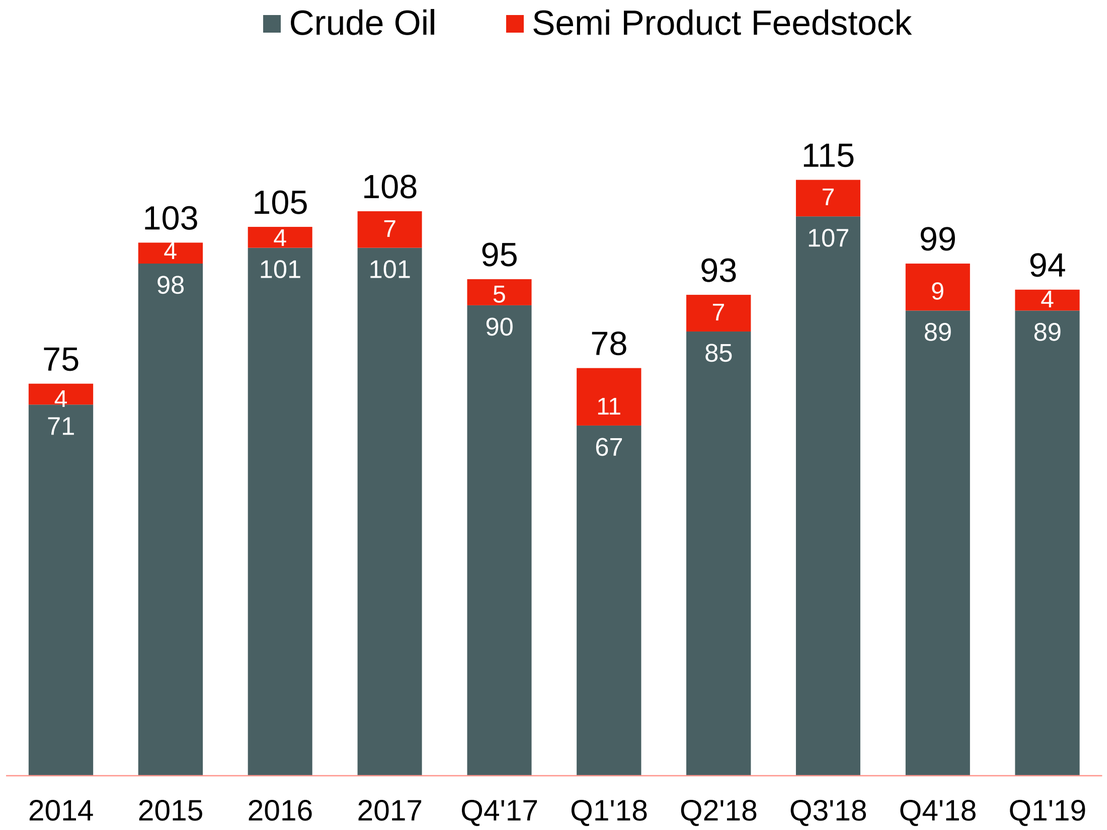
Capacity Utilization and Quarterly Production Volume

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

Quarterly Production (Million Tons)



Capacity Utilization* (%)

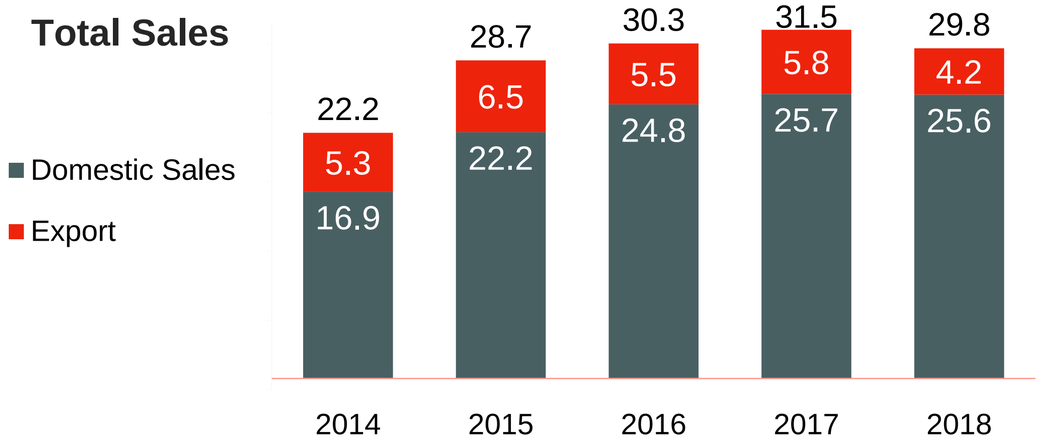


*Capacity utilization calculation is based on 30 mn tons for Q1 2019 and onwards.

Sales (Million Tons)

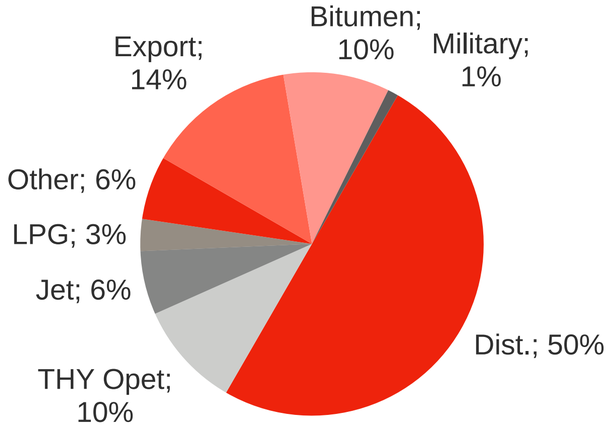
Tüpraş generated 29.8 million tons of total sales 2018. Jet fuel and diesel sales increased by 7.4% and 5.3% compared to 2017, respectively.

Total Sales

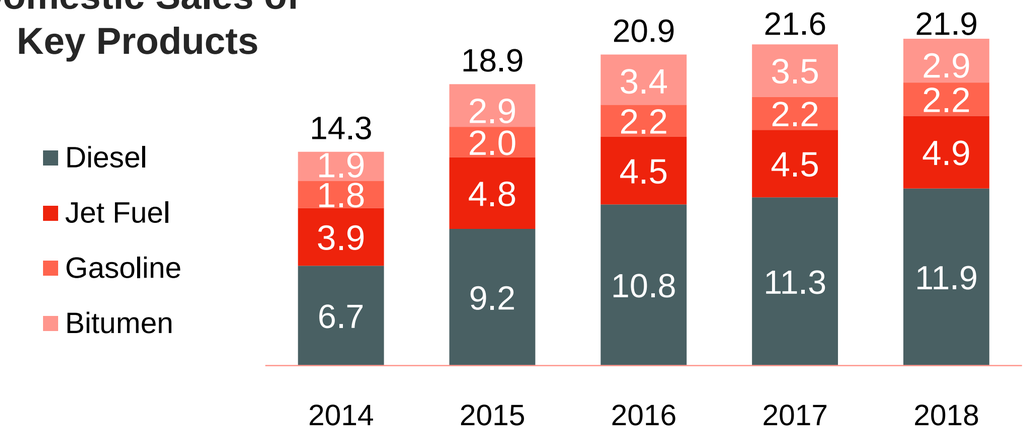


Customer Groups

29.8 mn tonnes

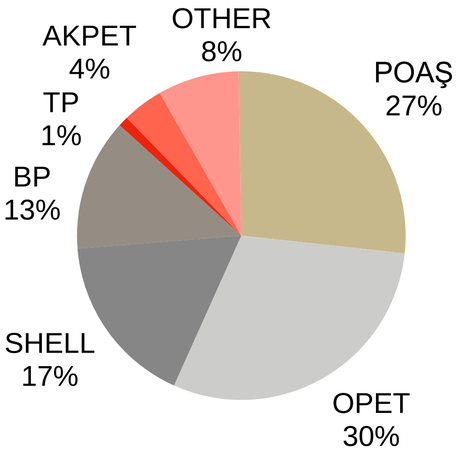


Domestic Sales of Key Products



Sales to Distributors

14.8 mn tonnes



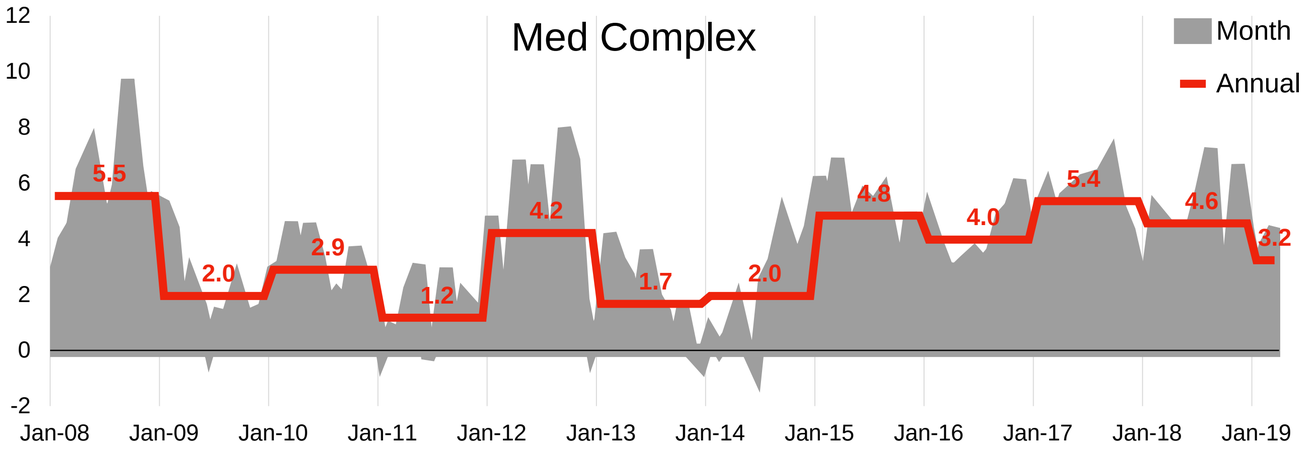
KEY FINANCIALS

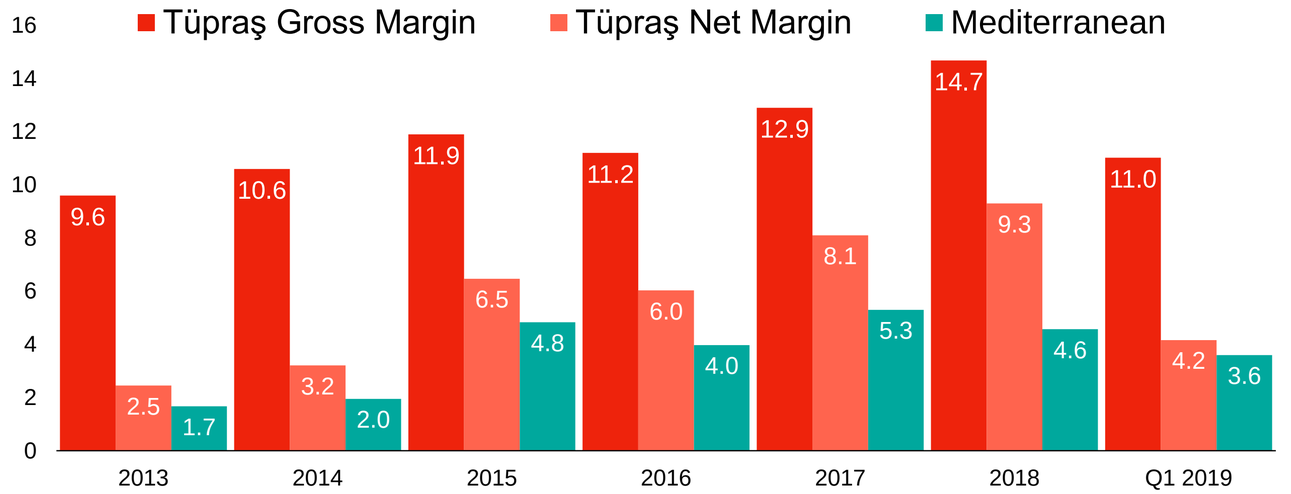
Margin Environment ($/bbl)

Tüpraş' 4,2 $/bbl Net Refining Margin in Q1 2019 was higher than 3,6 $/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 (Million TL)

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

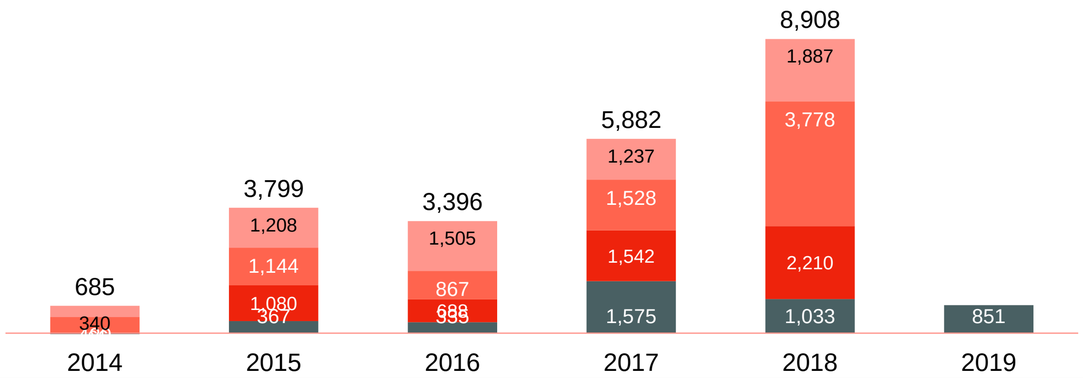
Million TL	Q1 2019	Q1 2018	%	12M 2018	12M 2017	%
Net Sales	20,708	13,421	54	88,552	53,948	64
COGS	-19,717	-12,352	60	-79,328	-47,734	66
Gross Profit	991	1,069	-7	9,224	6,214	48
Operating Expenses	-372	-268	39	-1,307	-1,150	14
Income/Loss from other operations	-390	-111	251	-2,181	-206	958
Operating Profit	228	690	-67	5,736	4,857	18
Income/Loss from equity investment	63	52	21	257	234	9
Operating Profit Before Fin. Income/Loss	291	742	-61	5,993	5,092	18
Financial Income /Expense	-601	-271	122	-2,268	-618	267
Profit Before Tax	**-310**	**472**	**-166**	**3,724**	**4,474**	**-17**
Net Profit (including minority interest)	**-375**	**378**	**-199**	**3,761**	**3,841**	**-2**
EBITDA (*)	851	1,033	-18	8,908	5,882	51
Inventory Gain/Loss	301	267	13	2,741	612	348
EBITDA CCS (*)	550	766	-28	6,167	5,270	17

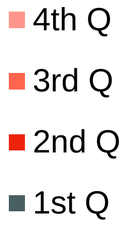
* On CMB reports, EBIT includes extra items such as FX impacts of trade receivables and payables. In our EBITDA calculation, FX related items are excluded from EBIT as customary in international practices.

Financial Highlights (Million TL)

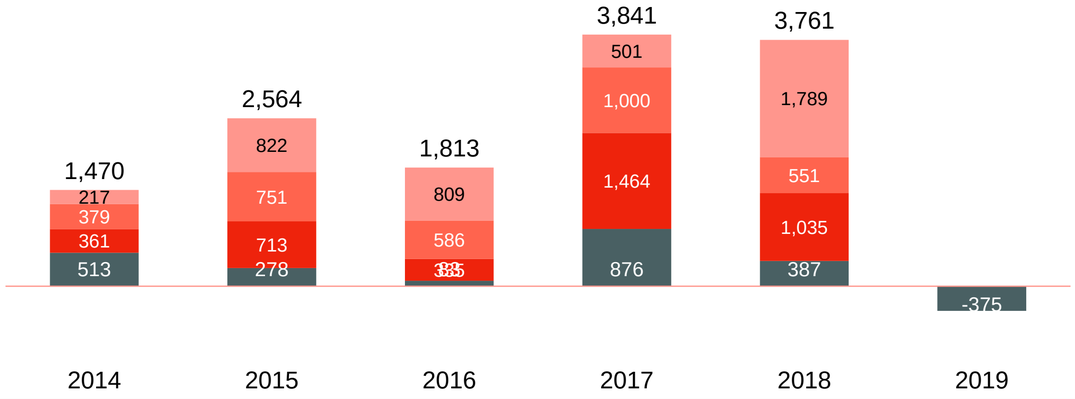
Tüpraş generated 851 MTL EBITDA in Q1 2019.

EBITDA

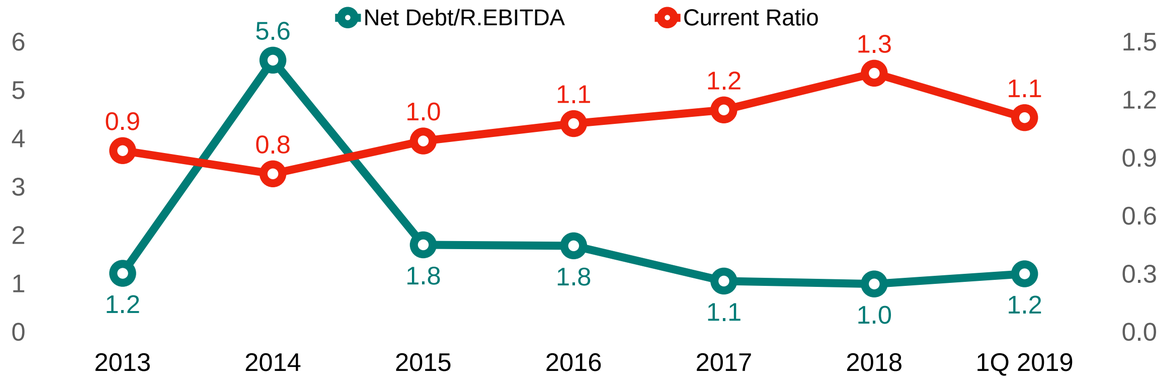




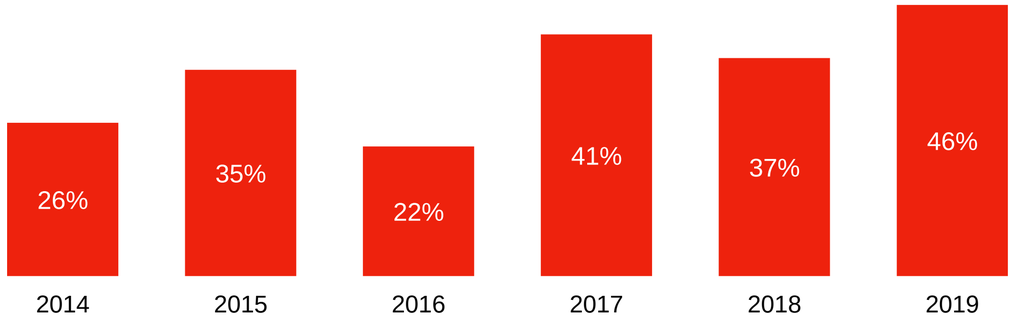
Net Income



Current Ratio & Net Debt/ R.EBITDA



Return of Average Equity*

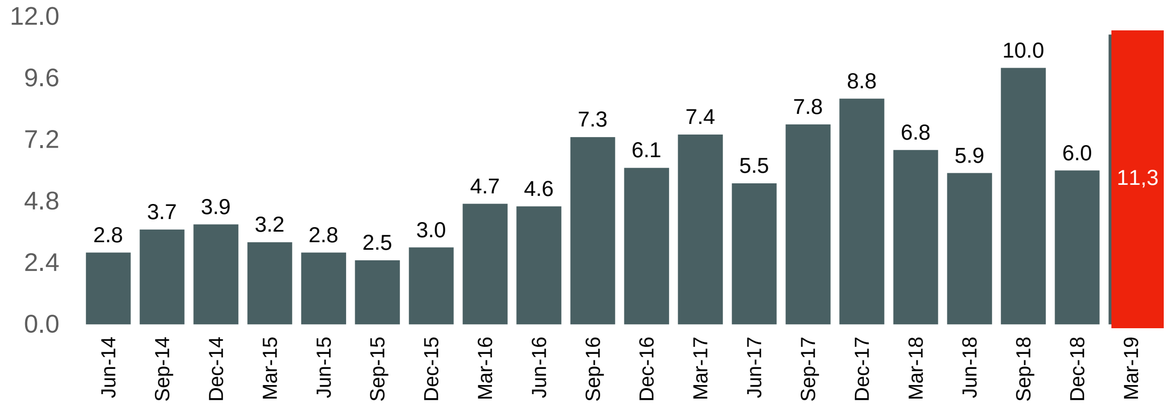


*Rolling net income

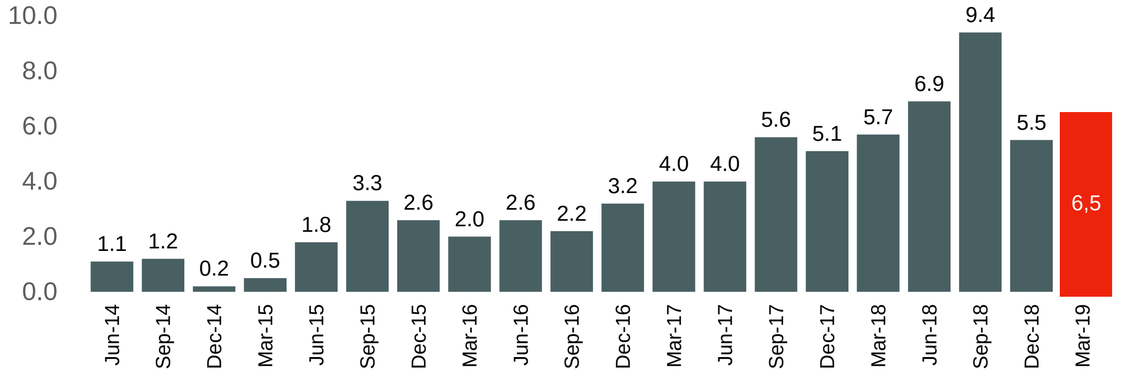
Balance Sheet Analysis (Billion TL)

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

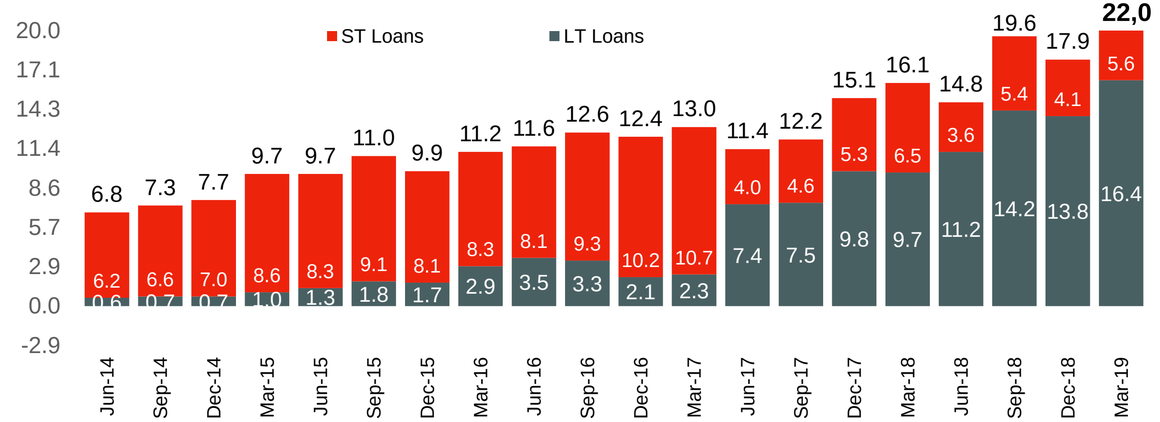
Cash & Cash Equivalents



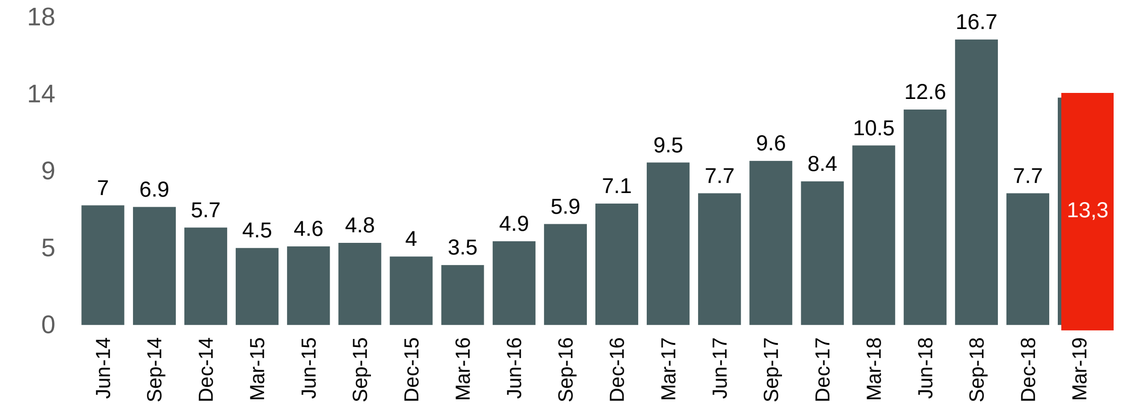
Receivables



Financial Loans

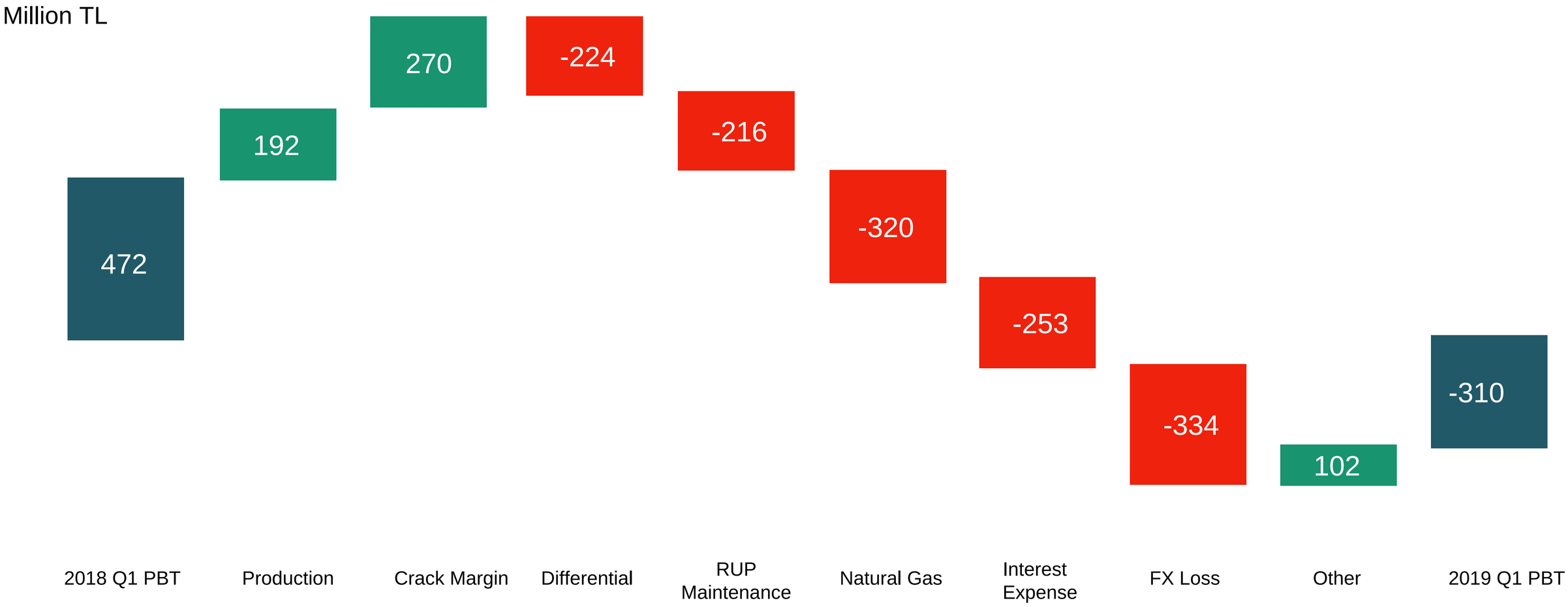


Payables



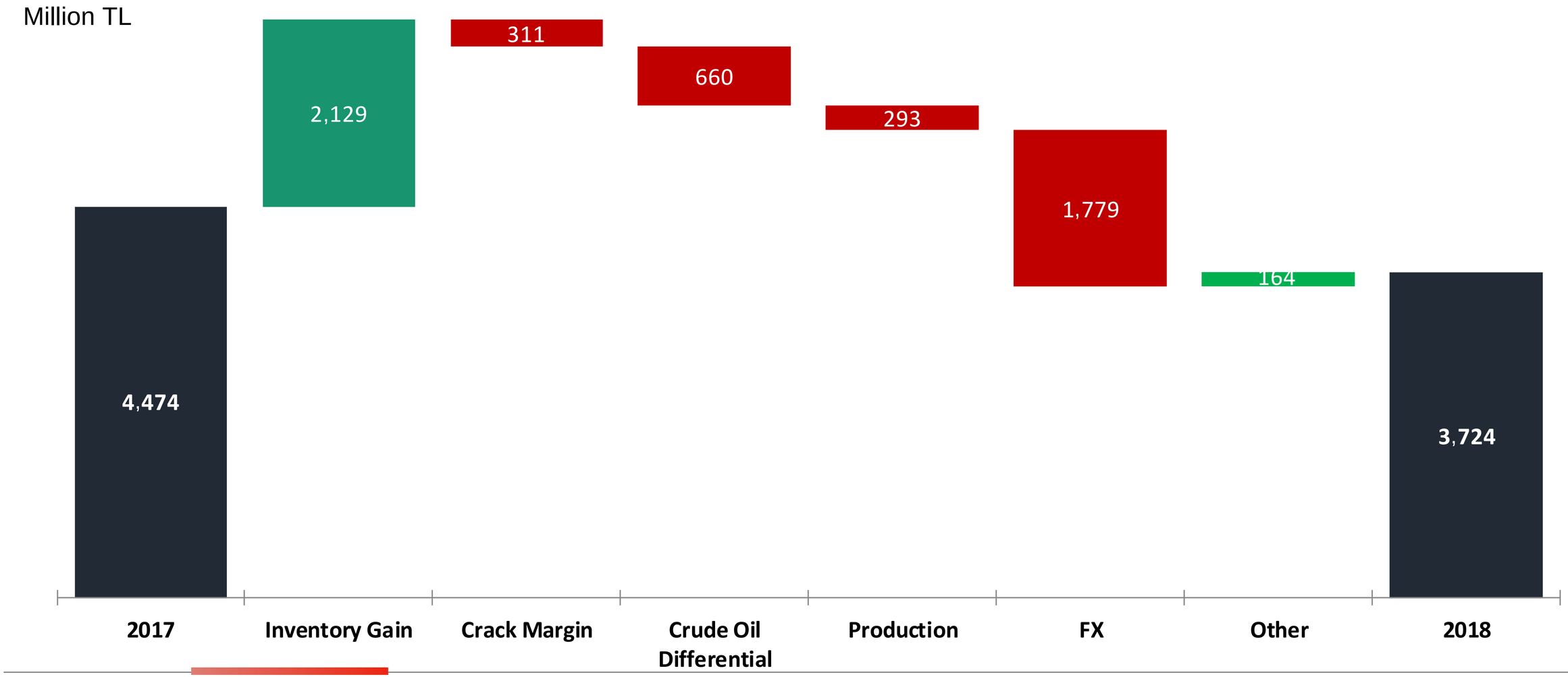
Q1 Profit Before Tax Bridge (2018-2019)

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

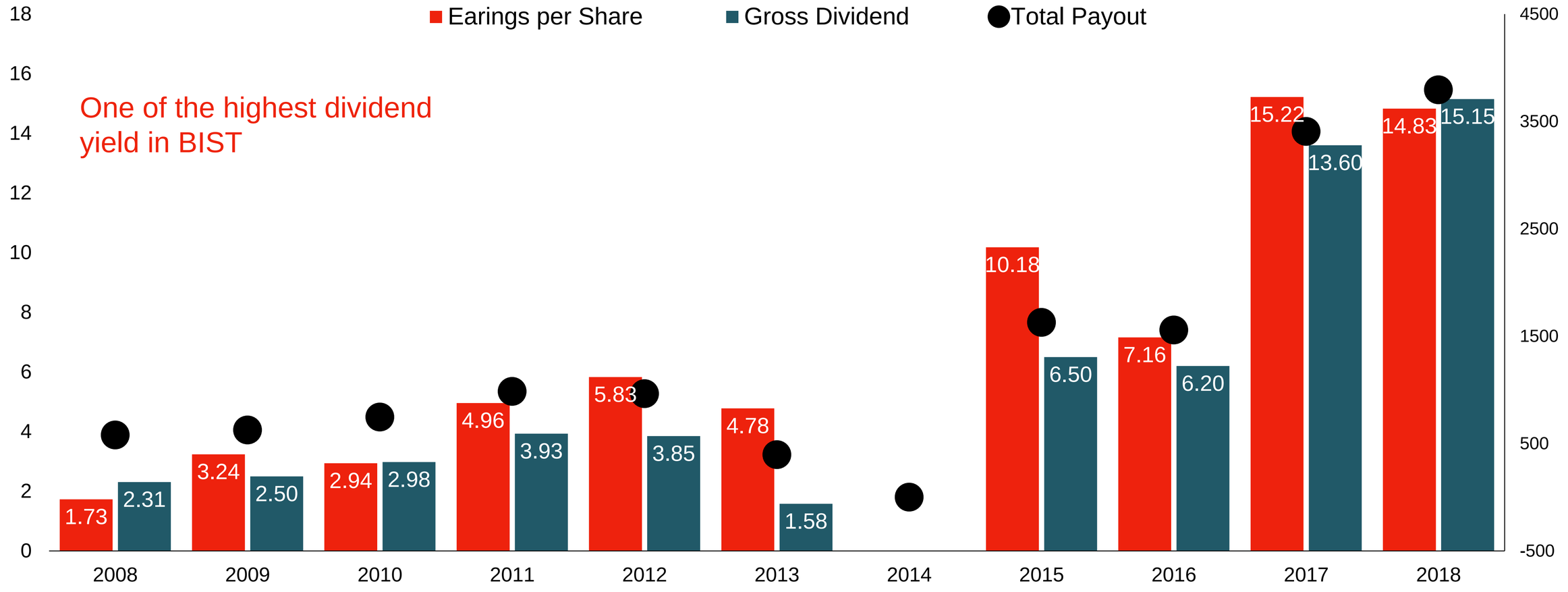


2018 Profit Before Tax Bridge

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.



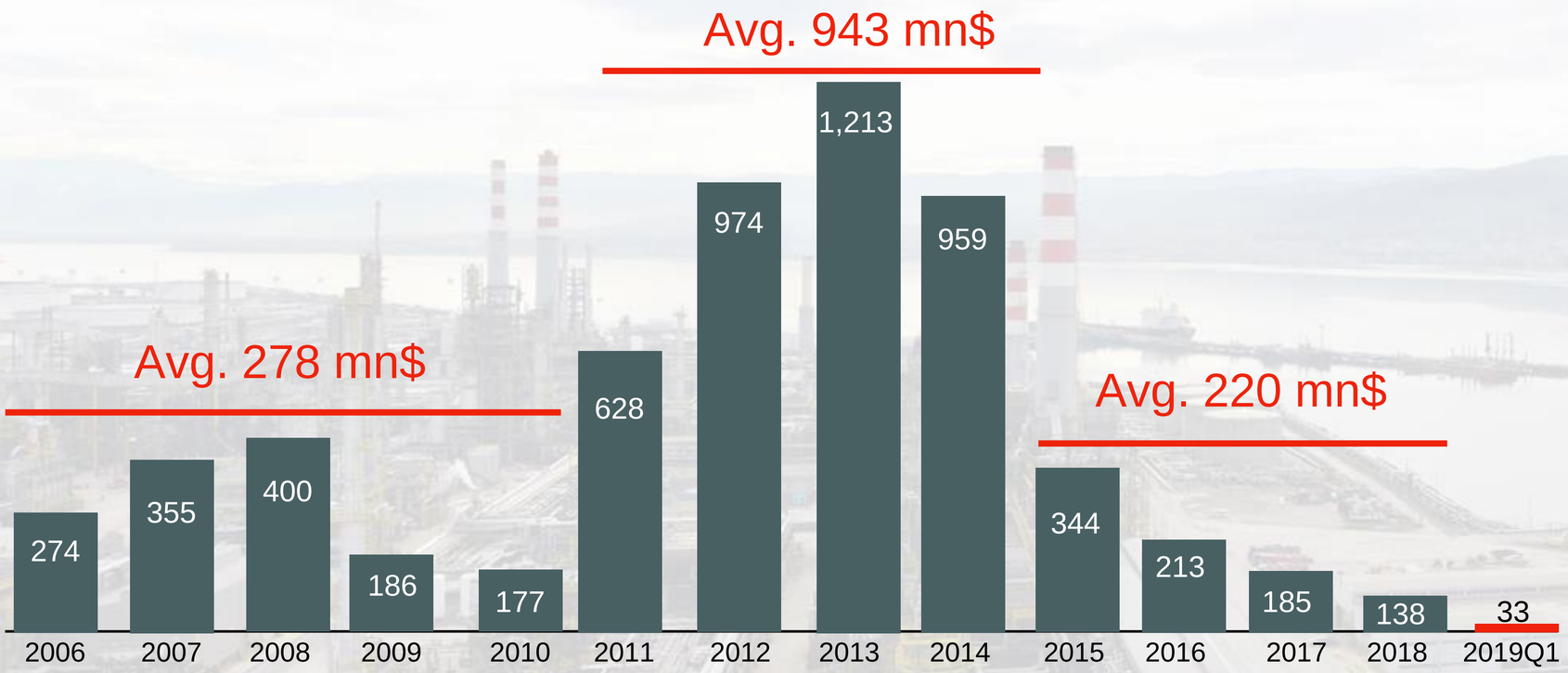
Dividend (TL)



2012/2013 EPS includes the tax incentive.

Investments (Million $)

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

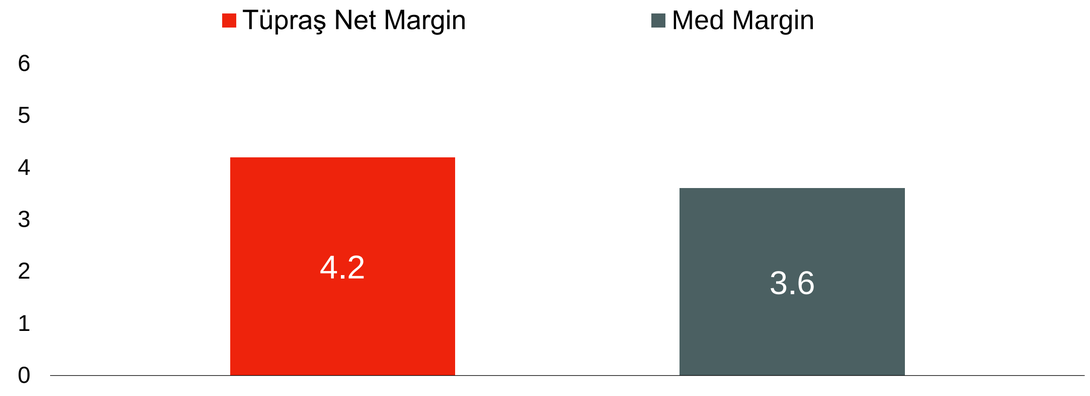


Ongoing Projects

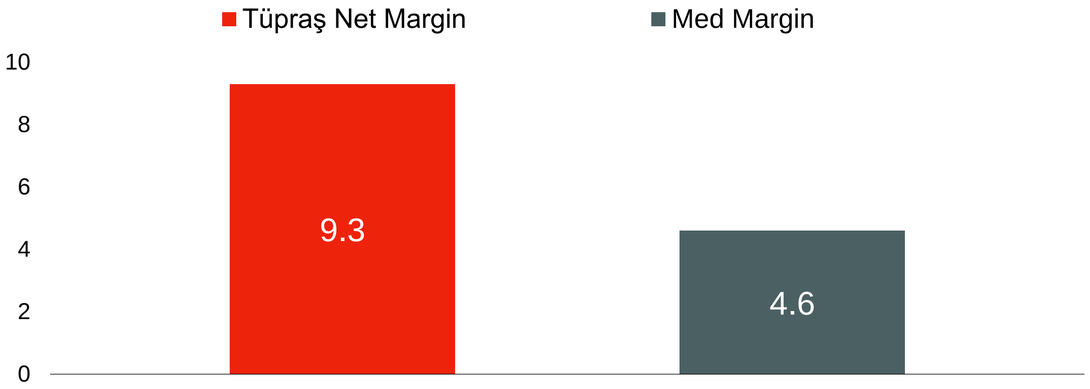
- Revamp of Crude Unit
- FCC Modernization
- New Sulphur Units
- Energy Saving Projects
- Optimization of conversion units

Q1 2019 Results

Q1 Refining Margins ($/bbl)



2018 Refining Margins ($/bbl)



Capacity Utilisation (%)

- 94% Total Capacity Utilization in Q1 2019

Q1 2019 Operational (mn ton)

- 7.2 mn tons of sales and 6.7 mn tons of production in Q1 2019

Capex (mn $)

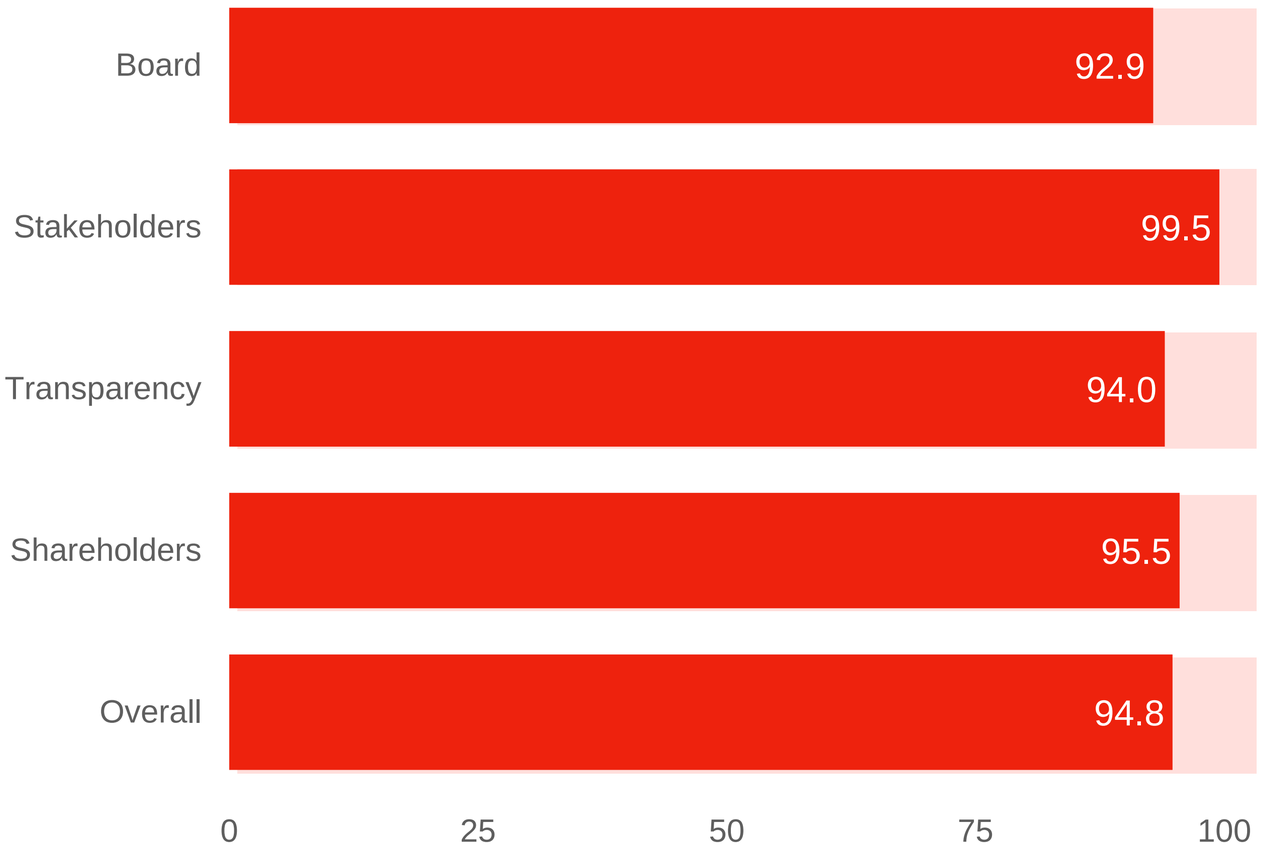
- 33 mn $ CAPEX in Q1 2019

Tüpraş Balance Sheet

Million TL	31/03/2019	31/12/2018	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	1,934	1,293	642	50
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

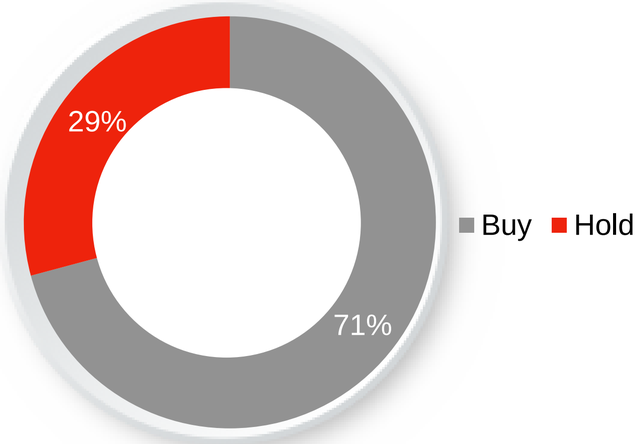
Creating Competitive & Sustainable Shareholder Value

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 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.

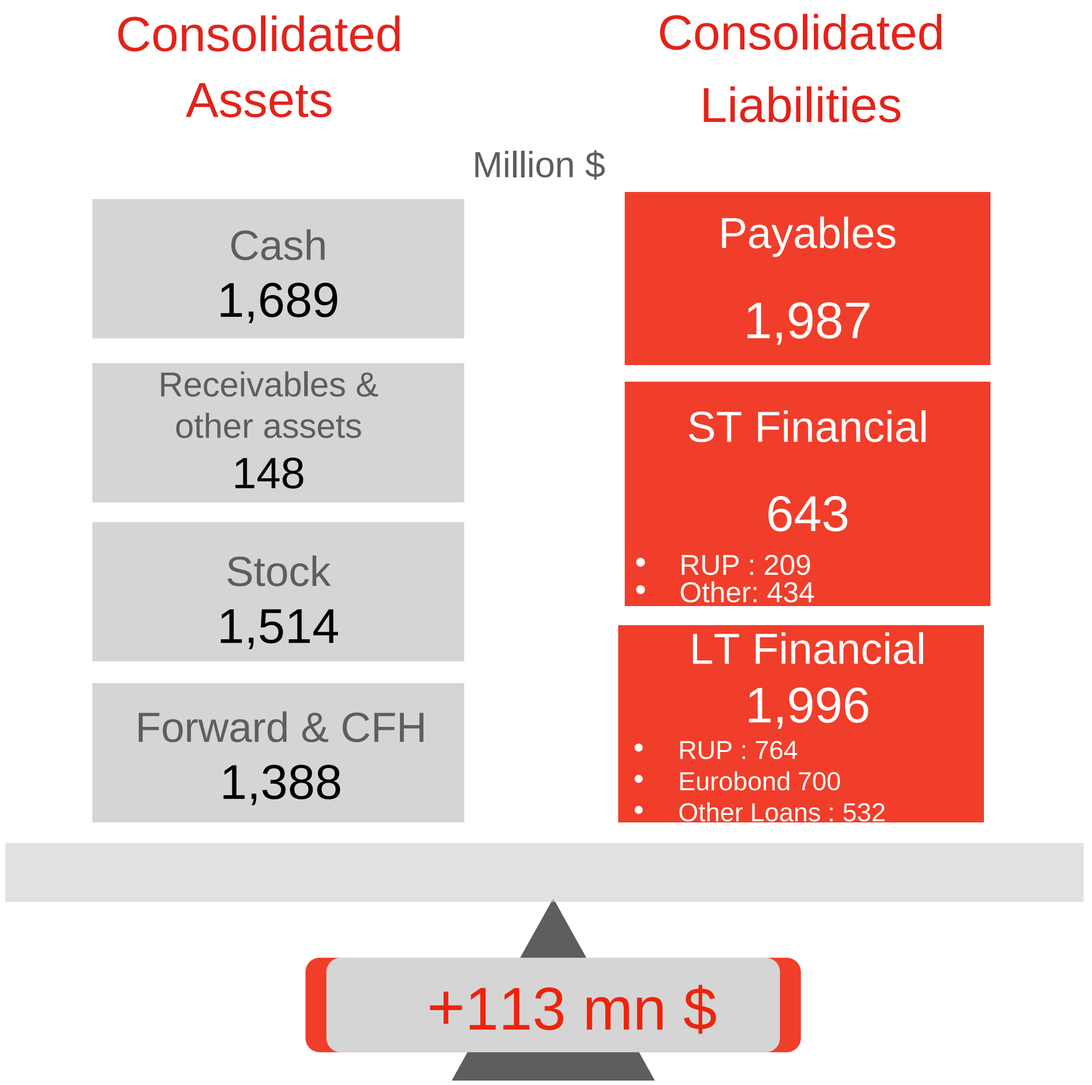
Crack Margin Hedging Policy:

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

FX Exposure Management (31 March 2019)

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

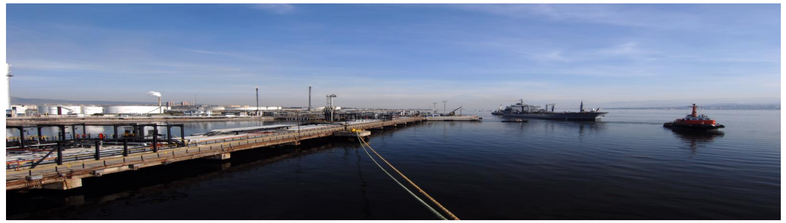
- A significant portion of the Group's crude oil and refined product purchases are denominated in US Dollars. In addition, the Group finances its capital expenditures mostly through borrowings denominated in US Dollars.
- Natural Hedge: The Group is able to mitigate some of the impact of volatility in 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 : 942 mn $

Tüpraş: Growing, Resilient, Profitable

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

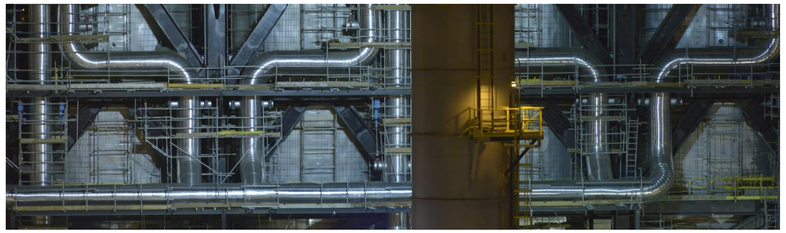


Growing

- 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

	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

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 expected to be 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

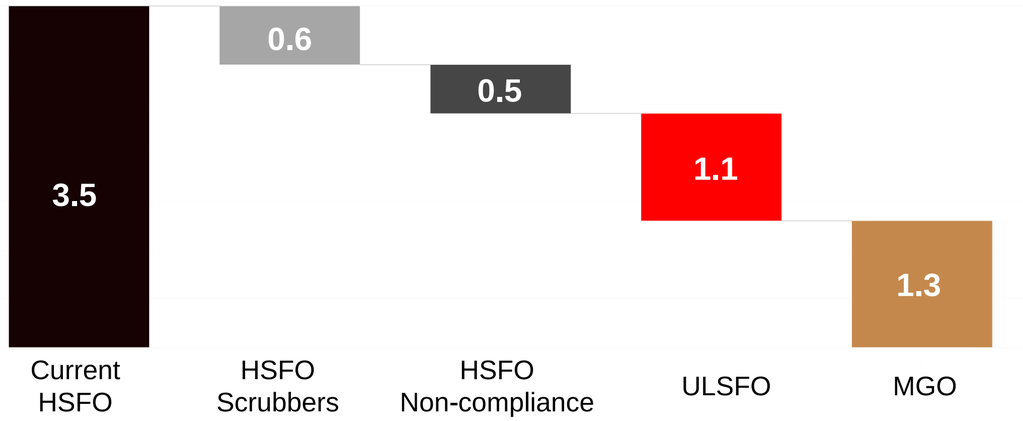
Black Sea

17 Refineries
1.8 mn bpd

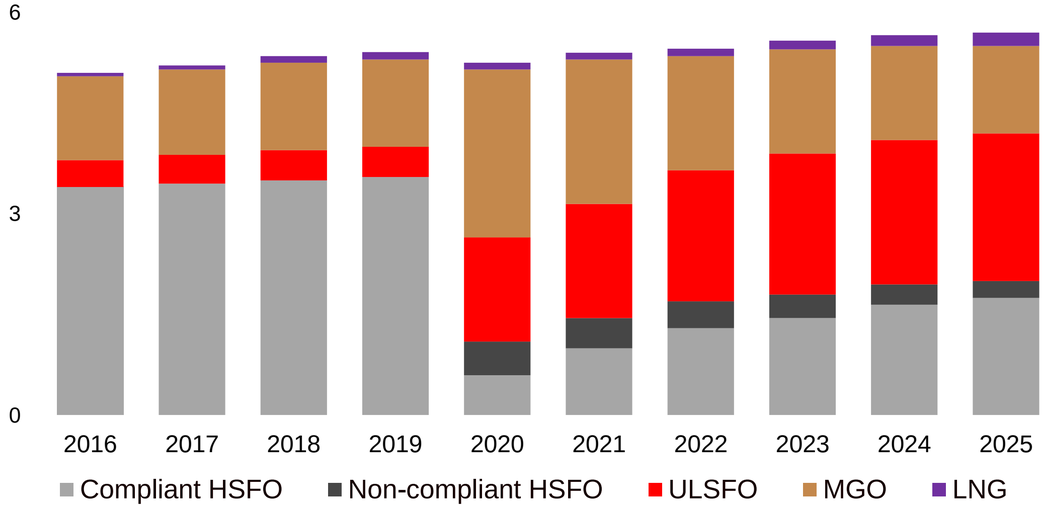
Marine Bunker Specification Changes and Its Effects

IMO 2020: the sulphur cap for marine bunkers is reduced from 3.5% to 0.5% (5000ppm)
- effective from **1 Jan 2020**.

HSFO Replacement Expected in 2020, million b/d



Gradual Change in Marine Bunker Fuels, thousand b/d



Compliance can be met with:

- Marine Gasoil (Diesel)
- Ultra Low Sulphur Fuel Oil (ULSFO)
- Scrubbers
- LNG

Expectations 2020 and beyond:

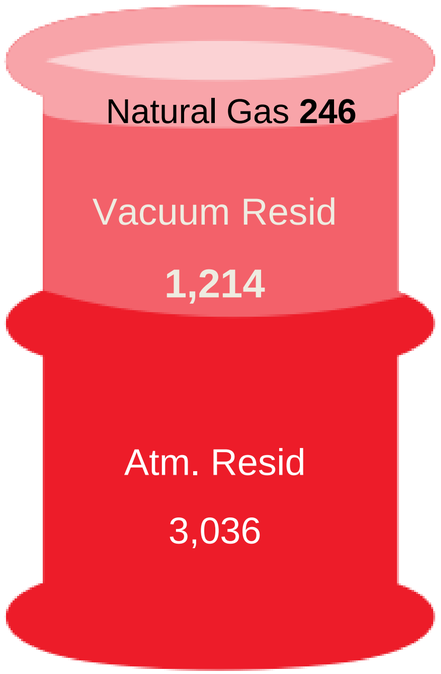
- MGO (Diesel) is expected to be the no.1 choice in 2020
- ULSFO/blend becomes more widespread through the years as availability & compatibility issues get resolved
- Compliant HSFO use grows as scrubber numbers rise from ~2,000 after Jan 1st, 2020 (some ports started bans on open-loop scrubbers thus this projection might change)

Source : Market Reports

Appendix

RUP feedstock and production (000 Tons)

Raw Materials



Total Feed **4,496**

Products

Diesel
2.883

Gasoline
522

LPG
69

PetroCoke
690

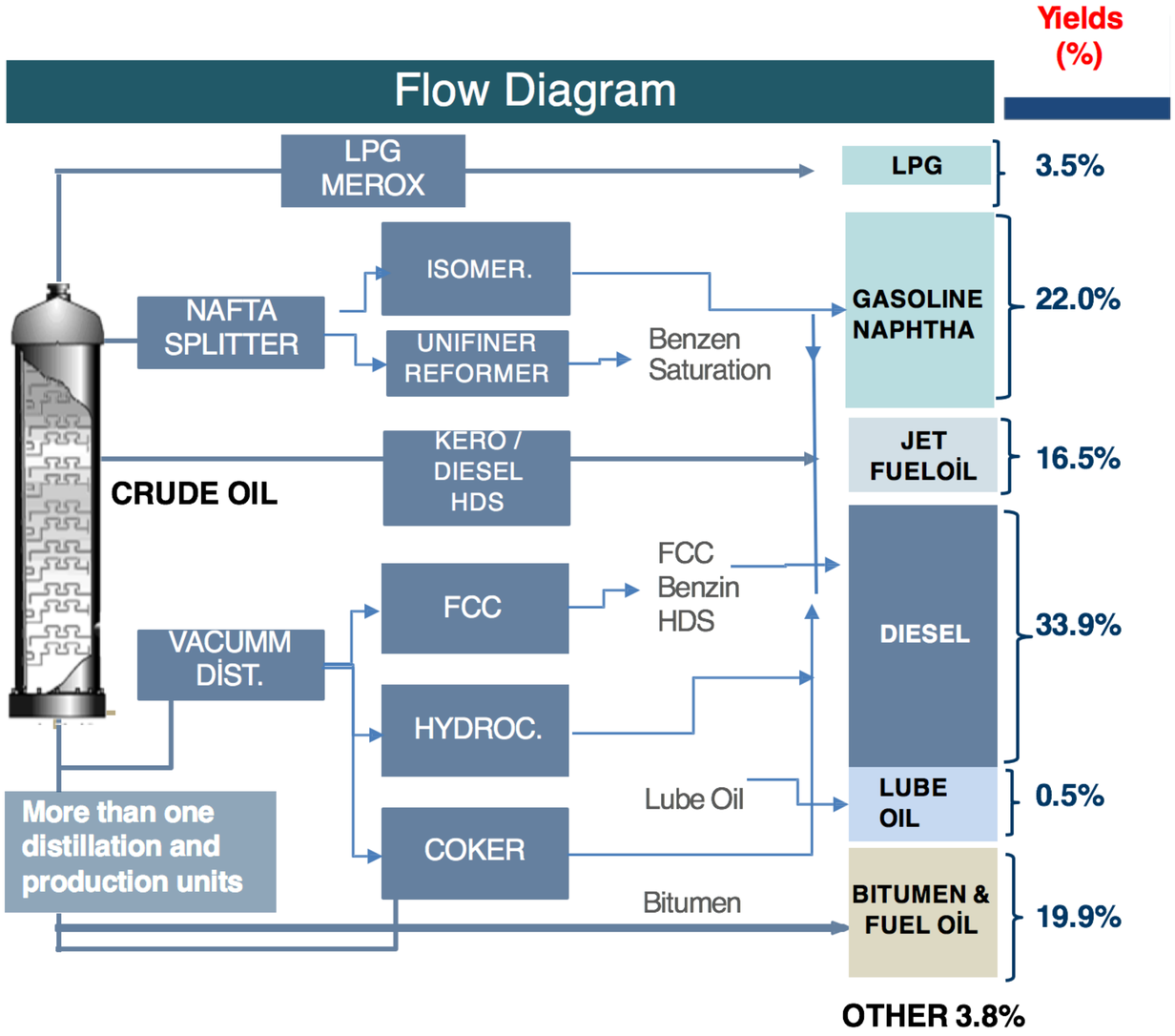
Sulphur
86

Total Production
4,250

Tüpraş Production Flow and Yield Breakdown

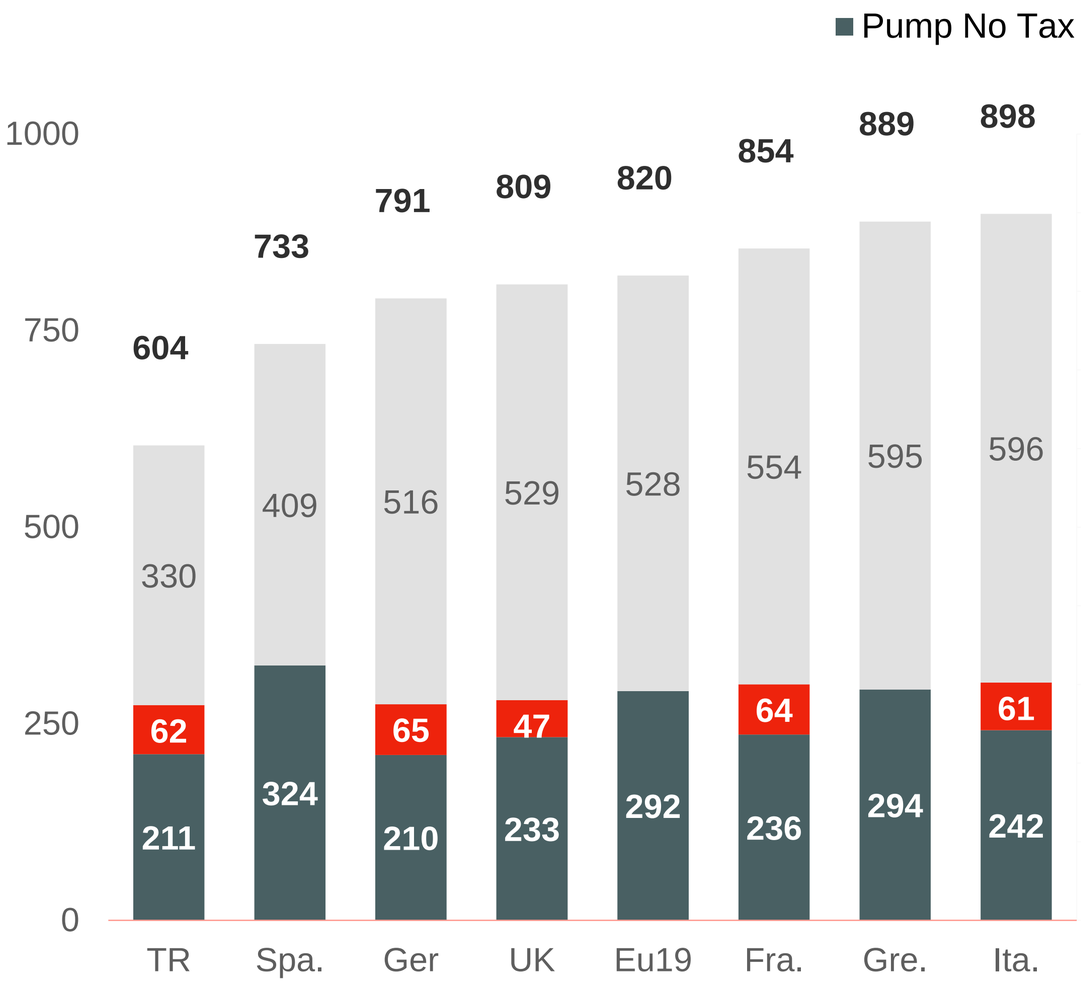
- Increased conversion capacity
- Strong integration among refineries

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	

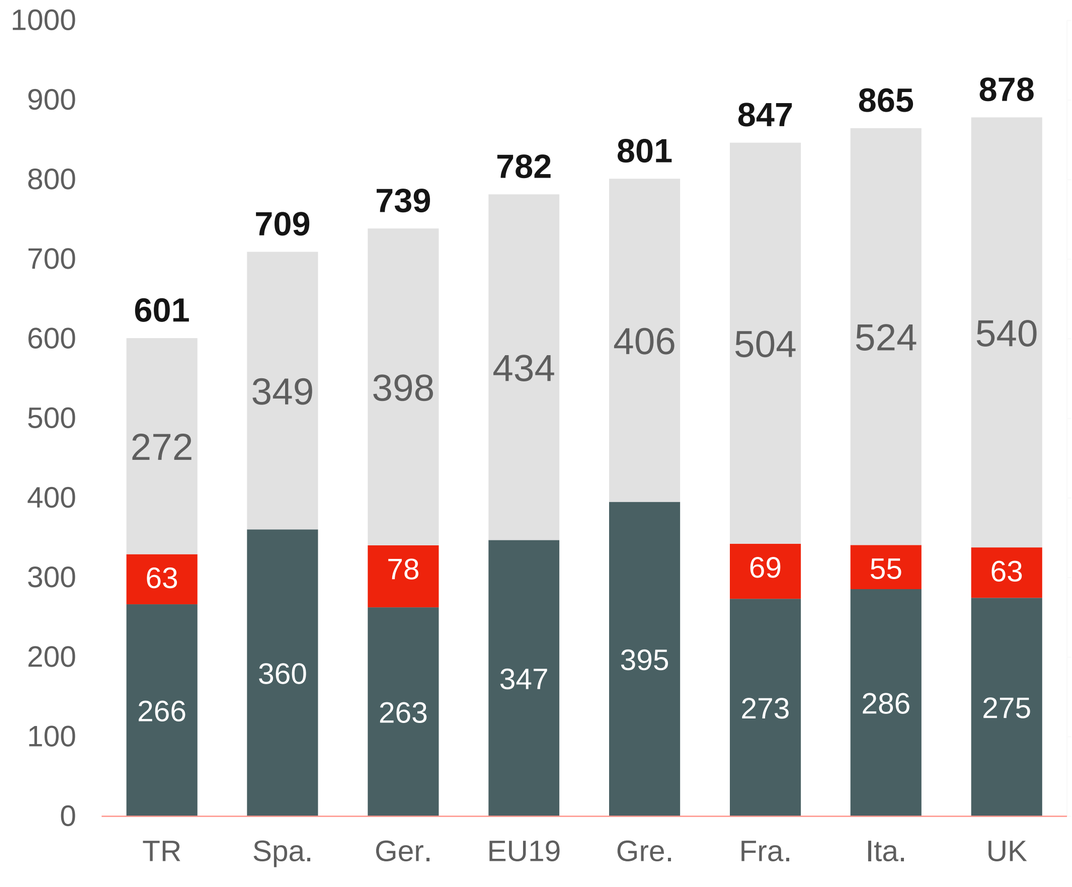


European Pump Price Comparison

Gasoline (Krş / Lt)



Diesel 10 (Krş / Lt)



Not: Prices valid on 11 February 2019.

Tüpraş - ESG

Environmental Responsibility

In 2018

- Amount of water recycled: **20.8 mn m³**
- Water recycle ratio: **69.5%**
- Amount of solid waste recycled: **28.9 ktons**
- Solid waste recycle ratio: **88.6%**
- Energy cost saved: **36 million $**
- Greenhouse Gas Emission Reduced: **244 ktons CO_2e**
- Environmental Training Provided: **10,391 person-hrs**

Social Support

Gender Equality

- **HeForShe** (Global cooperation with **UN Women** and **Fenerbahçe Sports Club**)
- **I Support Social Gender Equality for My Country-** (collaboration with **Koç Holding**)
- **Father Support Program** in Batman Refinery

Education

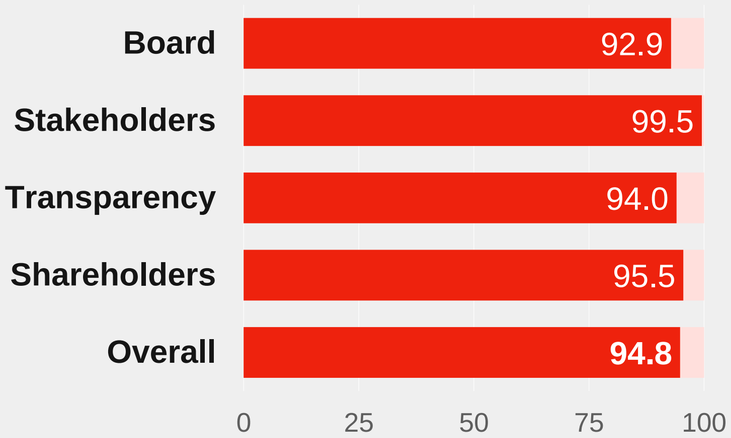
- Operational sponsorship for **TEGV's**[1] «**Firefly Mobile Learning Units Project»** (262,627 students in 10 years)
- Scholarship fund for **TEV**[2] : **«Our Energy For Equality Never Ends»**

Culture & Sports

- **Young Musicians on World Stages**
- Support for the **Batman Disabled Sports Club Association** and **Batman Tüpraşspor Football Club**

Governance Excellence

One of the highest Corporate Governance Ratings[3]



Foreign Currency Long Term	FitchRatings	Moody's	S&P Global Ratings
Tüpraş	BB+	Ba2	
Türkiye	BB	Ba3	B+
Koç Holding		Ba2	BB-

[1] Education Volunteers Foundation of Turkey
[2] Turkish Education Foundation

[3] Provided by CMB compliant *SAHA Corporate Governance and Rating Services Inc.* (October 2018)

Koç Holding

Turkey’s Leading Investment Holding Company

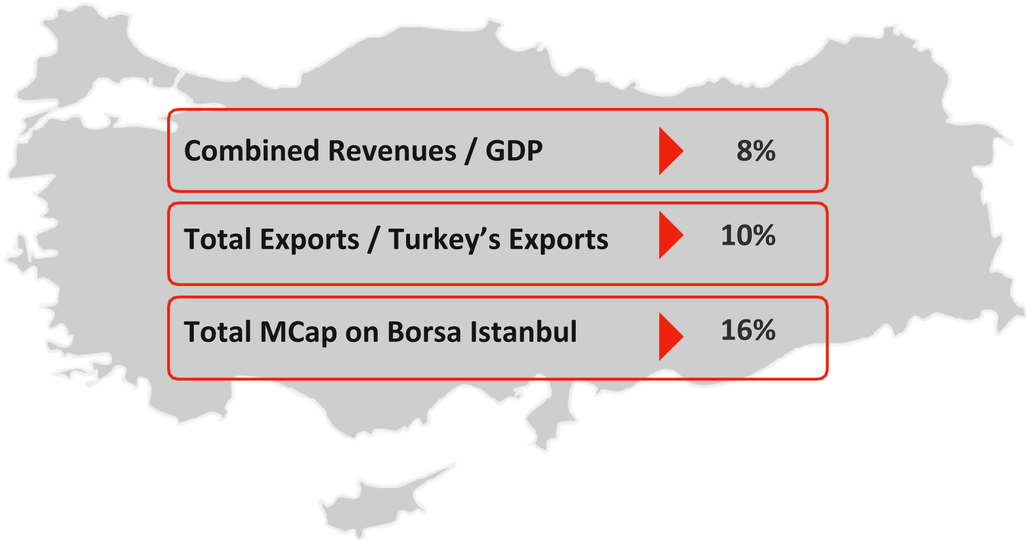
Turkey’s largest industrial and services group in terms of revenues, exports, employees, taxes paid and market capitalization.

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