

21 Aug
2019



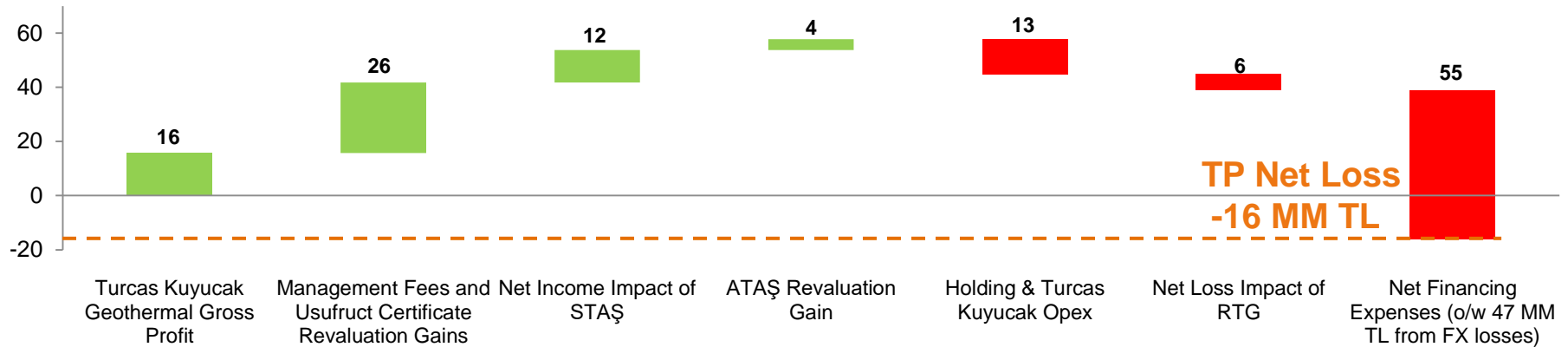
1H19 Earnings Presentation



DISCLAIMER STATEMENT Turcas Petrol A.Ş. ("Turcas") has prepared this presentation document (the "Document") consisting of documents thereto for the sole purposes of providing information and projections and statements relating to Turcas (the "Information"). Turcas cannot guarantee the accuracy, adequacy, or completeness of such information, and cannot be responsible for the results. The Information is subject to change without any notice. Neither the Document nor the Information can constitute any investment advice, or an offer to buy or sell Turcas shares. This Document and/or the Information cannot be copied, disclosed or distributed to any person other than the person to whom the Document and/or Information delivered or sent by Turcas or who required a copy of the same from the Turcas. Any and all information contained in this document are strictly confidential.

1H19 General Overview

Turcas Petrol IFRS Consolidated Net Income/Loss Bridging (1H19)



Message from Turcas Petrol CEO



- Second quarter bottomline turned into positive (5 MM TL net income in 2Q19 vs 21 MM TL net loss in 1Q19) thanks to i) **positive contribution of both Shell & Turcas (44 MM TL net income in 2Q19) and RWE & Turcas (18 MM TL net income in 2Q19)** , ii) **ongoing support from geothermal business Turcas & Kuyucak**
- Quarterly pick up in volume growth at Shell & Turcas and favorable electricity supply dynamics (some power plants going offline) at RWE & Turcas are the main drivers behind positive 2Q results
- Adjusted for the impact of FX losses (47 MM TL), Turcas 1H19 net income would have been 31 MM TL

At a glance- 1H19



Shell & Turcas JV



>1 million
daily
visitors via
1.013
fuel stations



614
MM TL
EBITDA



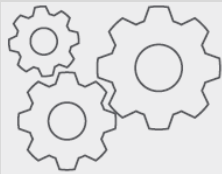
41
MM TL
Net
Income



RWE & Turcas JV



775 million
kWh
Generation



339
MM TL
Net Sales



24
MM TL
EBITDA



Kuyucak
Geothermal



38 million
kWh
Generation



11.8
USc/kwh
Feed -In
Tariff



17
MM TL
EBITDA



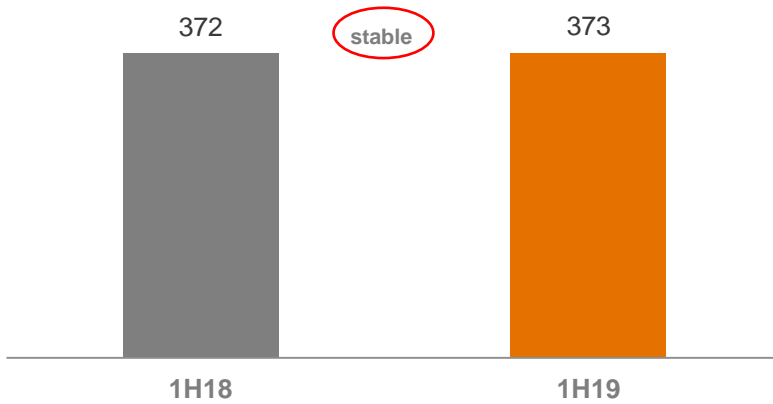
Segmental Analysis

MM TL	Oil Segment			Energy Segment					
	Shell & Turcas			RWE & Turcas			TKG		
	Revenues	EBITDA	Net Income	Revenues	EBITDA	Net Loss	Revenues	EBITDA	Net Income
1H19	19,474	614	41	339	24	-20	26	17	-1
1H18	12,159	829	161	292	19	-9	23	16	-1
2Q19	10,465	377	44	247	33	18	11	6	-2
1Q19	9,009	237	-3	91	-9	-38	15	11	1

Shell & Turcas JV – 1H19 Key Highlights

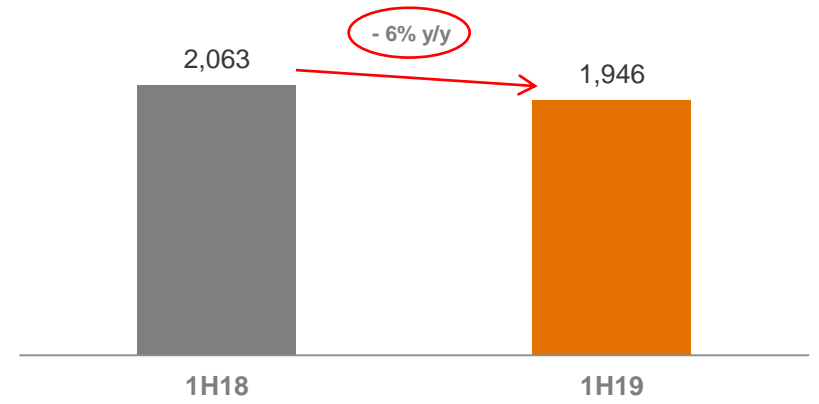
Gasoline Sales (STAŞ)

ths m³



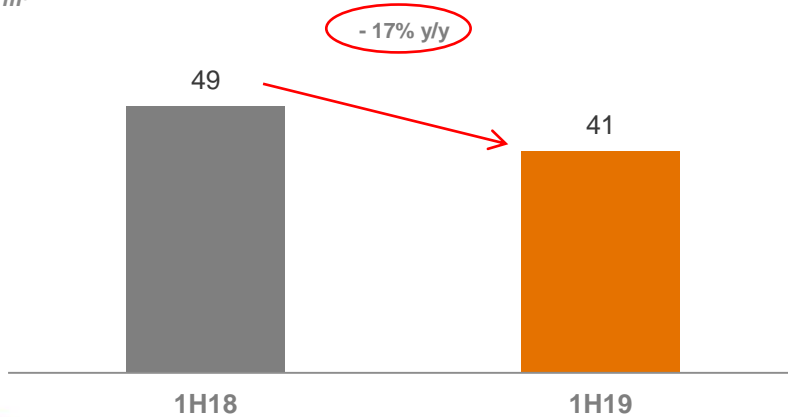
Diesel Sales (STAŞ)

ths m³

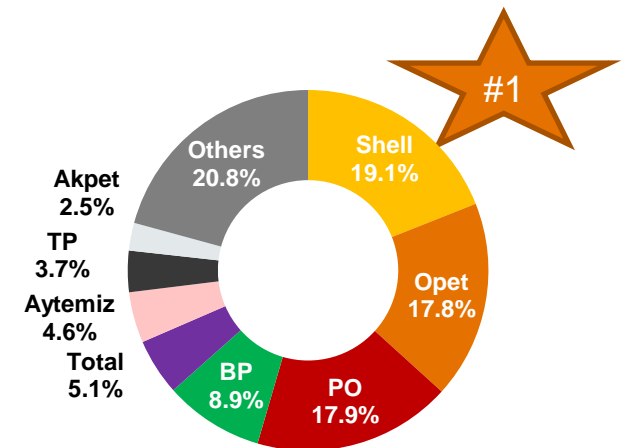


Lubricants Sales (STAŞ)

ths m³



Onsite Market Share (5M19)



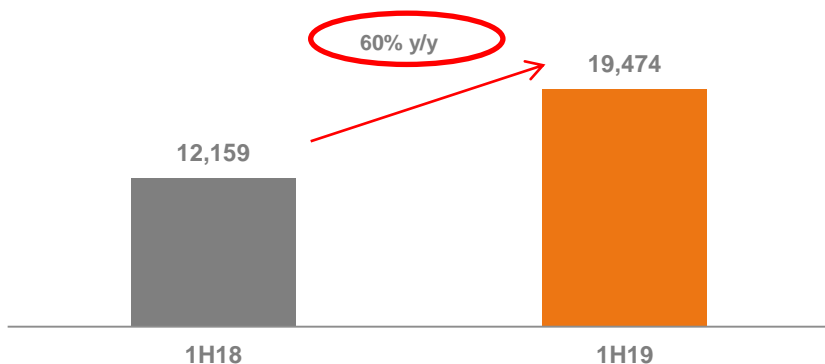
Source: PETDER. Market share info EMRA



Shell & Turcas JV – 1H19 Key Highlights

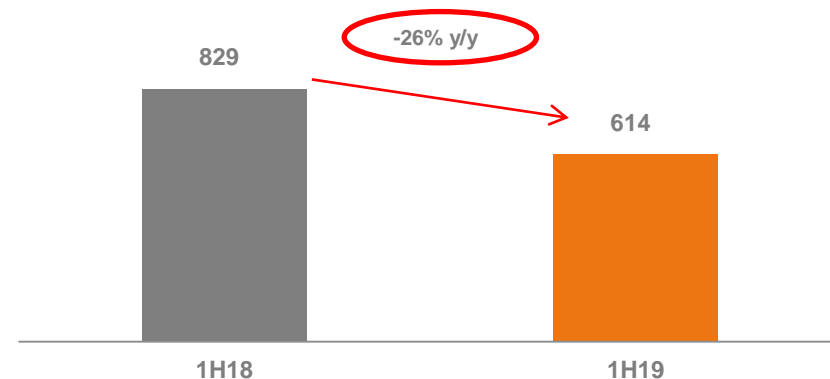
Net Sales

MM TL



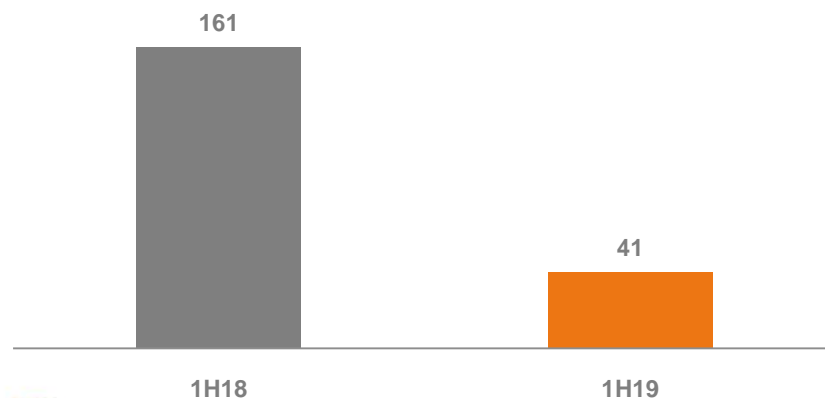
EBITDA

MM TL



Net Income

MM TL



Shell & Turcas 1H19 Highlights

- **Significant increase in net sales** driven by higher prices in the absence of volume growth
- Decline in net income on an annual basis due to i) **increase in operating expenses impacted by higher inflation**, ii) **FX losses from product sourcing**, iii) **higher interest expenses on TL denominated loans** due to increase in TL borrowing rates, iv) negative impact of IFRS 16 (37 MM TL)
- Net Debt / EBITDA at a healthy level of 0.8x (100% of debt in local currency)



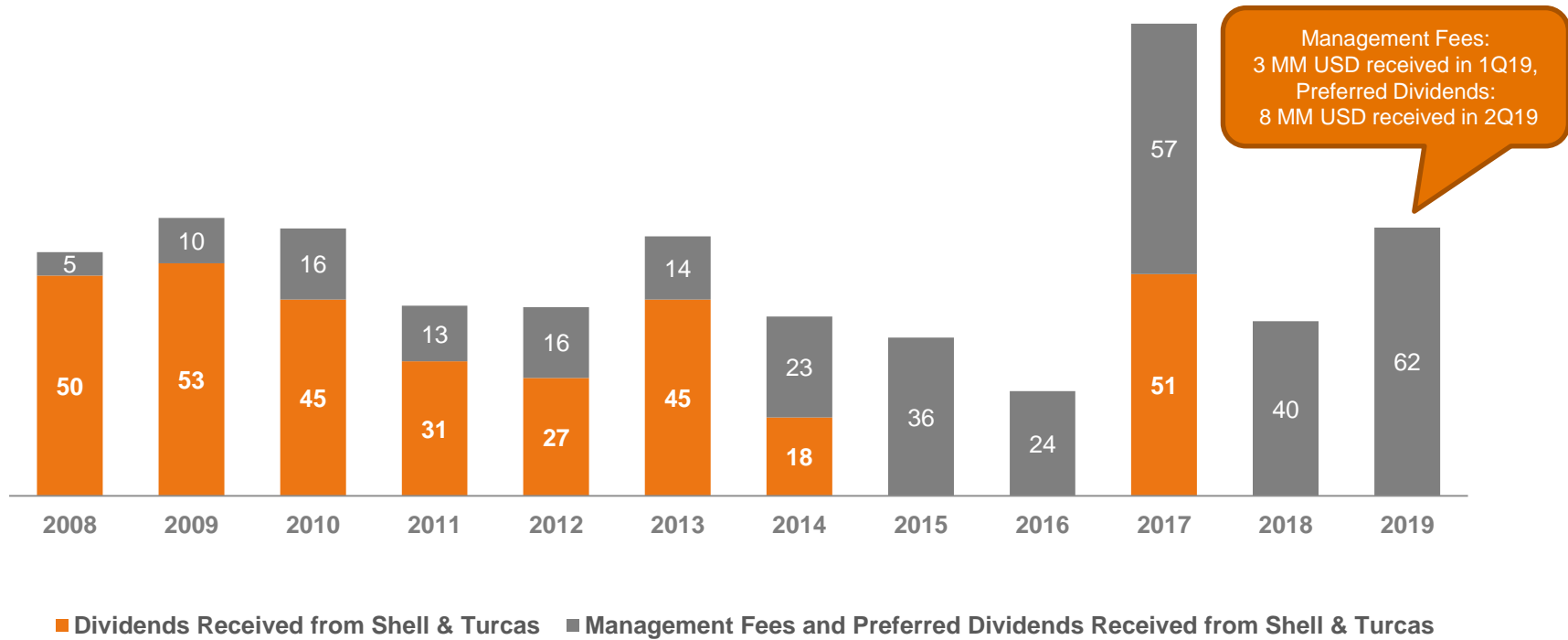
Source: STAŞ IFRS consolidated financials. EBITDA includes EBIT, depreciation, amortisation and amortisation of prepaid rent expenses



Continuous Cash inflows from Shell & Turcas

Dividends & Management Fees & Preferred Dividends Received from Shell & Turcas

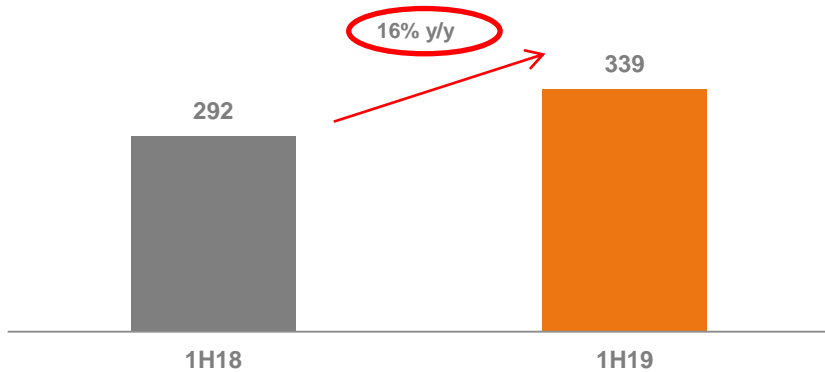
MM TL



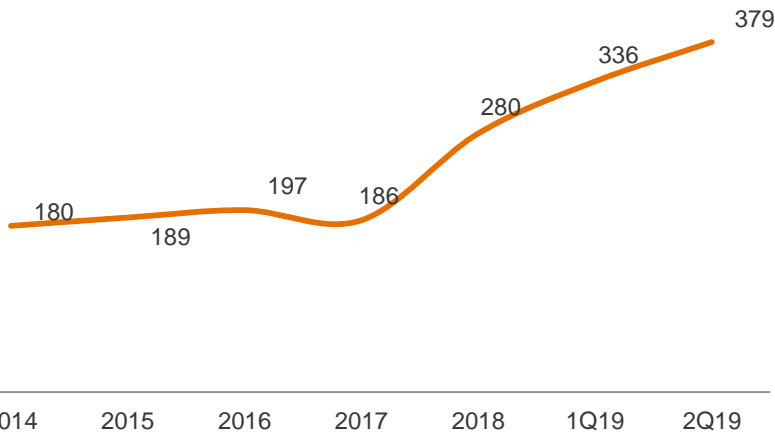
RWE & Turcas JV – 1H19 Key Highlights

Net Sales

MM TL

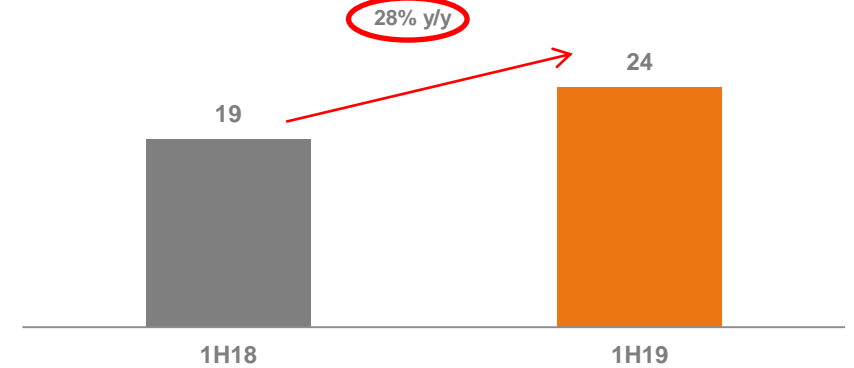


RTG Average Electricity Sales Price (TL/MWh)



EBITDA

MM TL



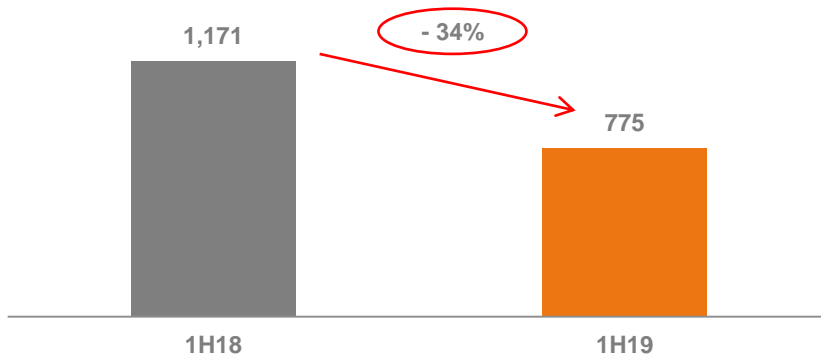
RWE & Turcas 1H19 Highlights

- **Increase in net sales** (16% y/y) supported by favorable electricity supply dynamics leading to higher prices in 2Q19
- **31 MM TL capacity payments** realized in 1H19 (1Q19: 13 MM TL, 2Q19: 18 MM TL)
- Capacity utilization significantly higher in 2Q19 vs 1Q19 (26% vs 13% respectively)

RWE & Turcas JV – 1H19 Key Highlights

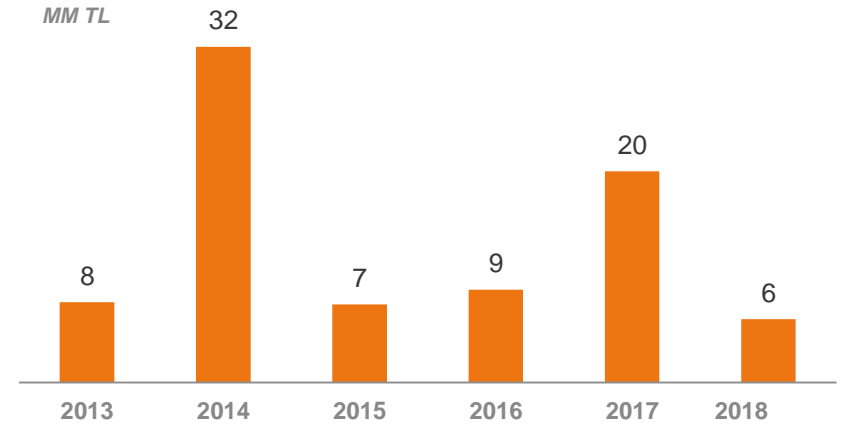
Electricity Generation

gWh



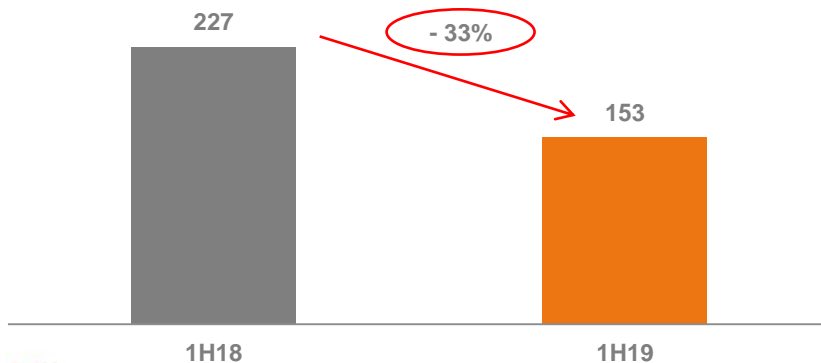
Cash inflows to Turcas from RWE & Turcas JV (under SHL repayment)

MM TL



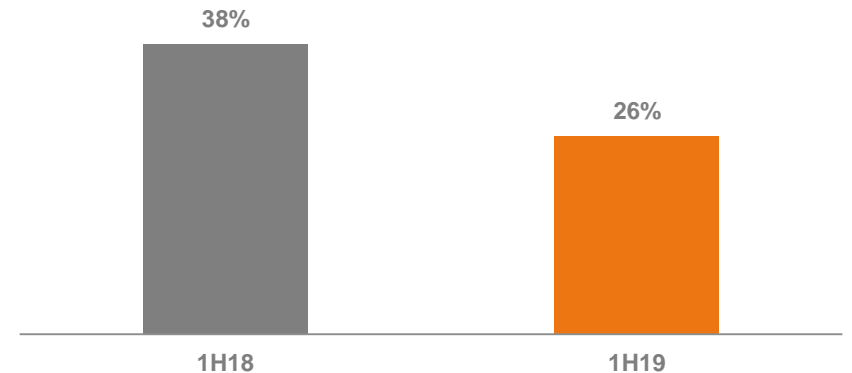
Gas Consumption

mcm



Capacity Utilization Rate

%



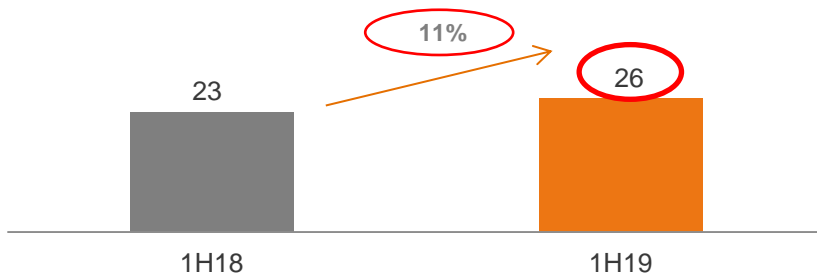
Source: RWE & Turcas IFRS consolidated financials. Cash inflows indicate shareholder loan repayments from RWE & Turcas to Turcas



Turcas Kuyucak Geothermal (TKG) PP-1H19 Key Highlights

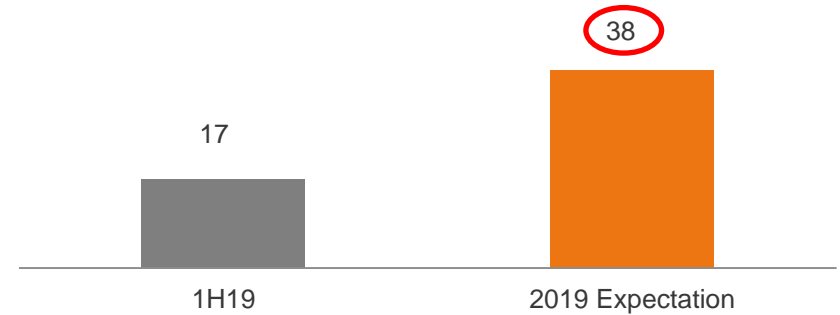
Net Sales

MM TL



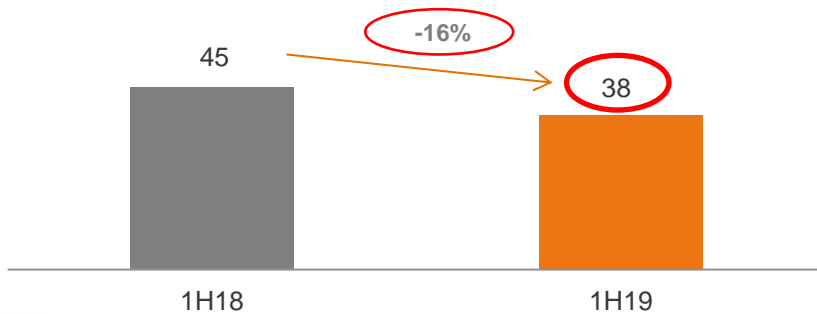
EBITDA

MM TL



Electricity Generation

million kWh



Turcas Kuyucak Geothermal PP 1H19 Highlights

- Turcas Kuyucak contributing positively to Turcas consolidated EBITDA driven by USD based Feed-In Tariff
- Long term project finance loan repayments continued to be serviced through free cash flow generation of TKG
- Additional production well to be drilled with the goal of maximizing EBITDA



Source: Turcas Kuyucak financials



Potential Project Pipeline

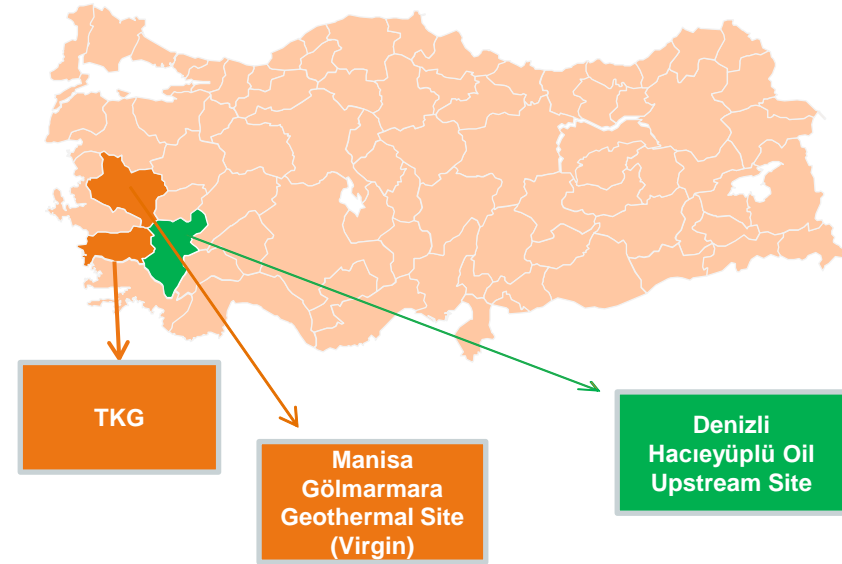
Geothermal Energy

Turcas plans to grow in geothermal energy with the following projects:

- 1. Existing TKG Plant** : TKG plans to drill an additional production well (8th production well) with the goal of maximizing the generation capacity and thus the EBITDA at the existing plant.
- 2. Manisa Concession Zone**: Turcas is developing another geothermal energy project on a 4,958.68 hectares concession zone in Manisa Gölü in Western Turkey. TP drilled an exploratory well in Q2 2018 and obtained operation license for 30 years, however, before proceeding with new drillings and further investment, TP will wait for the official announcement of the Ministry of Energy and Natural Resources related to the details of the Feed-In Tariff Mechanism to be applied to Geothermal investments for the period after 2020.

Oil Upstream (Denizli)

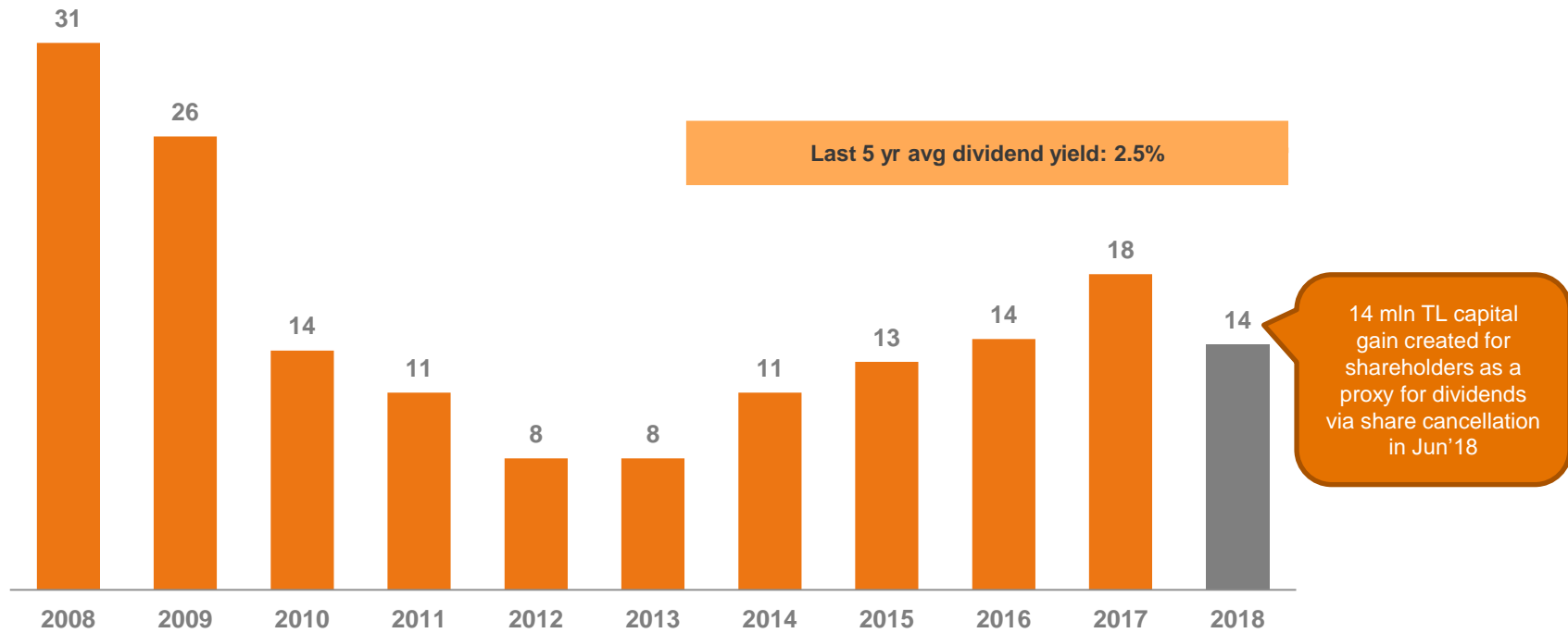
- Our 2,600 m deep geothermal well (drilled 1Q-2017) in Denizli Hacıyüplü did not yield enough thermal heat for power generation but encountered oil findings around 700 to 900 meters depth, TP completed the geological and geophysical studies in 2018 and plans to move on with seismic studies in 2019 and to drill a new (shallow) well here for oil exploration in 2020. Turcas obtained the required Oil Exploration License from the Government Authorities on 02.05.2018.



Continuous Dividend Distribution

Dividends Paid by Turcas

MM TL

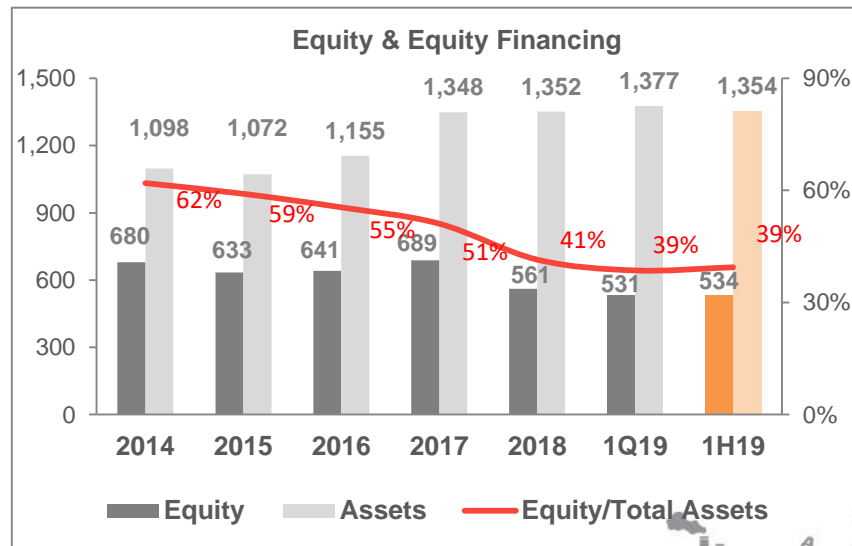
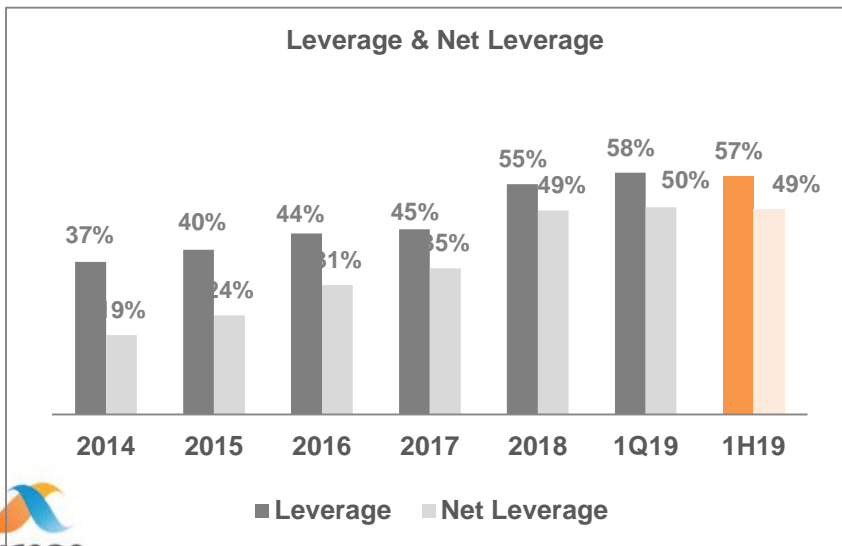


Turcas Consolidated IFRS Summary BS & PL

IFRS Consolidated Financial Statements & Financing Ratios

Balance Sheet , million TL	2018	1H19	Ytd
Cash & Cash Equivalents	86	108	26%
S -T Rec. From Rel.Parties <small>(mostly from RTG)</small>	19	34	81%
L -T Rec. From Rel.Parties <small>(mostly from RTG)</small>	70	65	-8%
Investments <small>(STAS & RTG)</small>	806	813	1%
Fixed Assets <small>(TKJ Capex Investments)</small>	264	260	-2%
Financial Assets <small>(FMV of Usufruct Certificates)</small>	74	39	-48%
Total Assets	1,352	1,354	0%
S - T Financial Liabilities <small>(PF Loans for RTG & TKG)</small>	135	159	18%
L - T Financial Liabilities <small>(PF Loans for RTG & TKG)</small>	615	618	1%
Equity	561	534	-5%
Total Liabilities & Equity	1,352	1,354	0%
Net Debt	664	669	1%

Income Statement, million TL	1H18	1H19	Y/Y
Revenues (Electricity Sales)	23	26	11%
Gross Profit	17	16	-5%
Other Operational Income (Net)	-3	14	n.m.
Operating Expenses	12	13	3%
Operating Profit	1	17	n.m.
Income from Investments	21	15	-30%
Income from Subsidiaries	46	6	-87%
<i>Shell & Turcas</i>	48	12	-75%
<i>RWE & Turcas</i>	-3	-6	n.m.
Earnings Before Financing & Tax	68	37	-45%
Net Financial Losses	-92	-55	n.m.
<i>FX Losses</i>	-89	-47	n.m.
Net Income Before Tax	-24	-18	n.m.
Tax	4	1	-63%
Net Income/Loss	-20	-16	n.m.



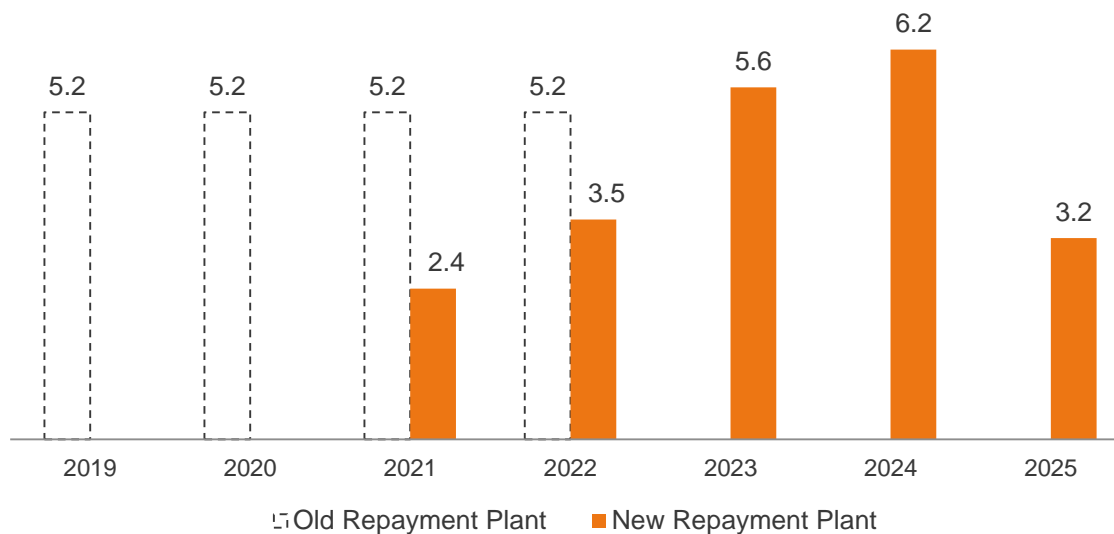
Recent Developments: Option Agreement with Shell / End of Lock up Period

- Recall that, Turcas had held discussions with The Shell Company of Turkey (“Shell”) with respect to strategic alternatives concerning Shell & Turcas back in August 2017
- These discussions have resulted in amendments to various agreements between the parties, including the following matters, which were announced to the public on 25.08.2017:
 - **(i) Shell has been granted the right, but not the obligation, exercisable at any time and only by Shell, after a 2 year lock-up period, to trigger a calculation of the Fair Market Value (FMV) of STAS for the purpose of purchasing Turcas’ 30% shares. If upon calculation of FMV Shell makes an offer to purchase Turcas’ shares in STAS, Turcas has the right to counter offer to purchase Shell’s %70 shares in STAS, which could then effectively trigger an auction between the parties where each party has the right either to agree to sell its shares at the last offer or make an increased counter-offer to purchase the other party’s shares. Shell has the ability to cancel the auction process at any time before acceptance of any offer. If Shell stops the process, all the offers made up to that time will be null and void and each party’s shareholding in STAS will not change. But if it elects to do so, a 2 year lock up period will again be imposed.**
 - **(ii) In return for Turcas providing Shell with the option to trigger an exit, Shell shall cause STAS to issue 125 Usufruct Certificates to Turcas, which shall each entitle Turcas to USD 64,000 of preferred dividends per annum (8 MM USD in total annually) to be valid from financial year 2016 and with first payment to be realized in 2017. Preferred dividends will continue to be obtained throughout the lifetime of Shell & Turcas JV**
- Turcas believes that these discussions and resulting changes have strengthened the cooperation of the parties within the JV while providing them with a fair and flexible mechanism to exit the JV if and when deemed necessary by changing global and macroeconomic circumstances. Turcas does not expect the mentioned changes to have a significant impact on the balance or the amount of the return generated by the parties from the JV.

Recent Developments: Maturity Extension of Denizli PP Project Finance Loan

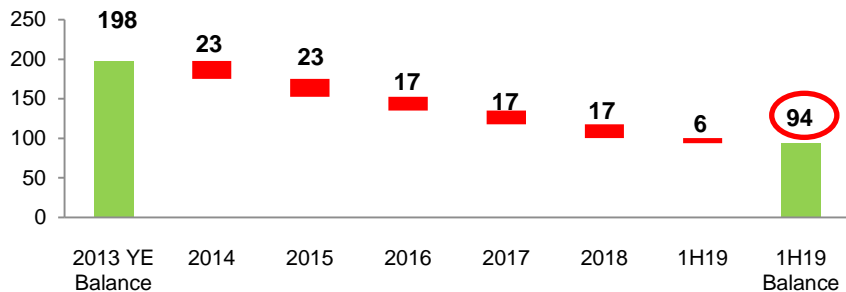
- As might be recalled, Turcas Petrol A.Ş. had obtained project finance loan from banking consortium regarding Denizli Natural Gas Combined Cycle Power Plant, owned and operated by RWE & Turcas Güney Elektrik Üretim A.Ş., our 30% subsidiary. **Current outstanding loan balance related to this loan is USD 21 MM and EUR 64 MM.**
- Turcas Petrol A.Ş. and Creditor Bank has signed an agreement with an aim to **refinance USD denominated portion of the project finance loan** (current outstanding USD denominated portion: around 21 MM USD). According to the above mentioned agreement:
 - **Maturity of the loan has been extended to 30.06.2025 from 21.12.2022**
 - **Repayment plan has been updated with the first principal repayment to be realized in 30.06.2021**
 - **Outstanding USD denominated loan balance will be converted into Euro in Aug'19**
- As a result, Turcas Petrol A.Ş. successfully reduced its total principal debt repayments related to Denizli PP by around EUR 9,5 MM for the period between 2019 and 2020 (from EUR 31 MM to EUR 21,5 MM) and hence, further strengthened its cash flows

Repayment Plan of USD Denominated Denizli PP Project Finance Loan

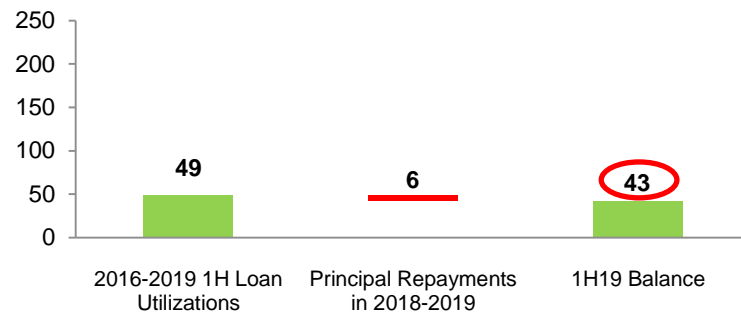


Annex- Long-Term Evolution of Bank Loans (Cash Basis)

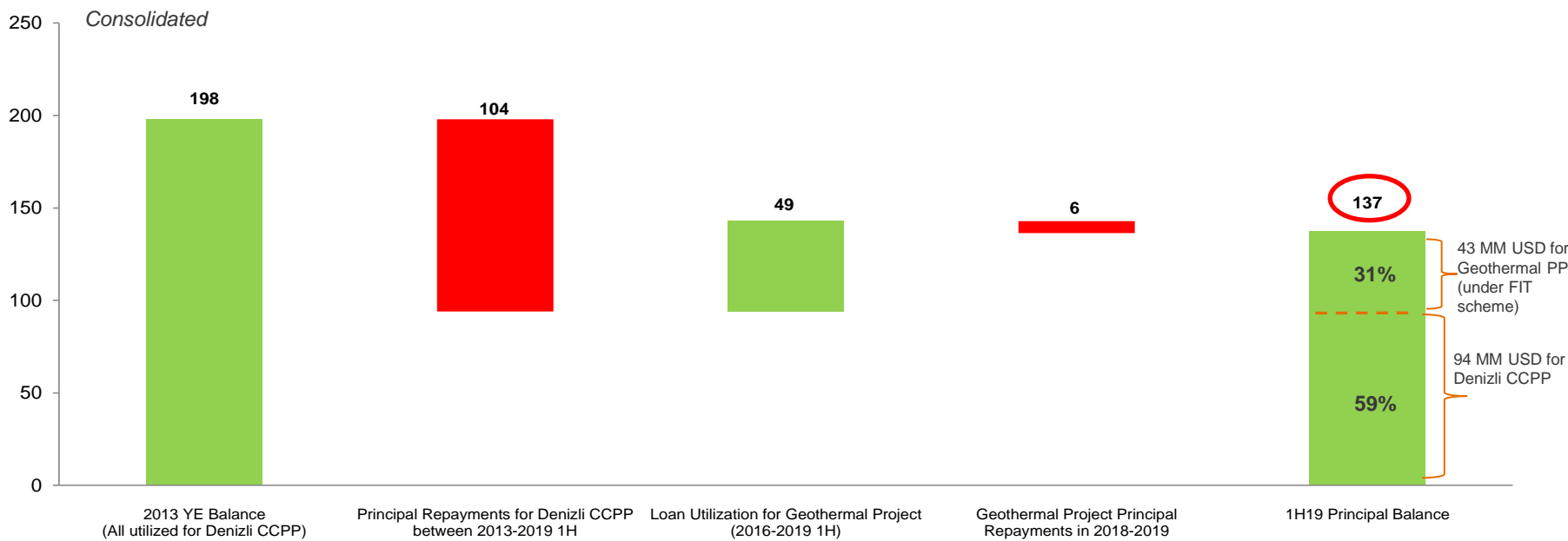
Denizli PP - Principal Repayments (MM USD)



Kuyucak Geothermal PP Principal Repayments (MM USD)



Consolidated

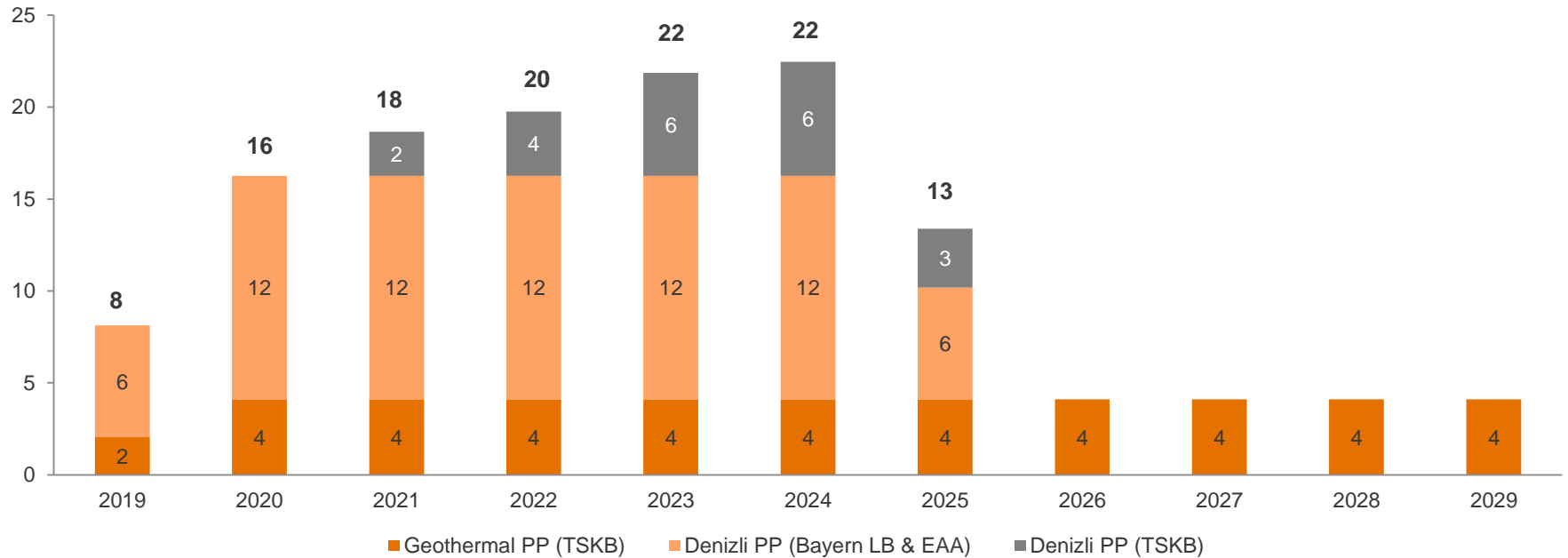


Note: Loan for Geothermal PP has a tenor of 11 years. Loan for Denizli CCPP has a tenor of 6 years



Annex- Principal Repayment Plan until 2029

MM USD



Note: 2019 principal repayments exclude realized repayments in 1H19





Thank you!

Contact Information

Pinar SAATCIOĞLU

Head of Investor Relations

E-mail: pinar.ceritoglu@turcas.com.tr

Phone: +90 212 259 00 00 / Ext: 1287

