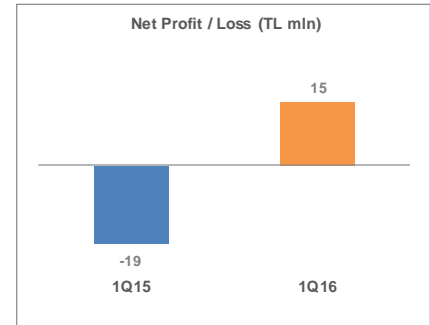


## TURCAS PETROL A.Ş. 1Q 2016 EARNINGS RELEASE

**Istanbul, Turkey, 10 May 2016 – Turcas Petrol A.Ş. (BIST: TRCAS ) (“Turcas”)**

Turkey's oil & energy focused investment company which owns subsidiaries in the “Fuel Distribution & Lubricants” & “Power Generation” businesses, announced IFRS consolidated financial results for the first quarter of 2016.

Turcas turned back to profitability and posted TL 15 mln net income in 1Q16 (vs TL 19 mln net loss in 1Q15) mainly driven by strong operating profit (EBIT) performance thanks to management fees regarding Shell & Turcas Petrol A.Ş. (“STAŞ”). The summary IFRS Financial Statements of Turcas have been provided in Annex-Table 1.



EBIT reached TL 19 mln in 1Q16 (vs - TL 5 mln ) driven by early payment of USD denominated management fees (TL 24 mln) mentioned above.

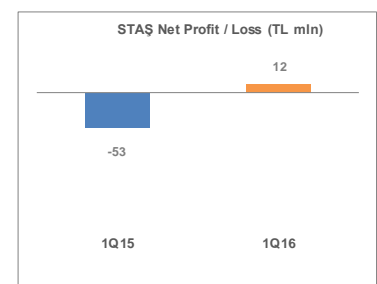
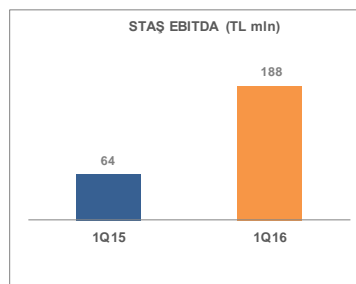
Income from subsidiaries recovered to TL 1 mln in 1Q16 (vs TL -27 mln in 1Q15) driven by STAŞ's (fuel distribution subsidiary) net profit contribution of TL 4 mln despite net loss from RTG (power generation subsidiary) (TL -3 mln). RTG's results were impacted by unfavorable operating environment in the power sector mostly driven by lower spot prices and bilateral agreement prices.

The breakdown of income/loss from subsidiaries is provided in Annex-Table 1.

Net financial income was realized at TL 1 mln in 1Q16 (vs TL 14 mln net financial income in 1Q15) driven by TL 4 mln net interest income (o/w TL 7 mln interest income accrual from RTG regarding shareholder loan receivables) despite net FX losses of TL 3 mln arising from short EUR position on the balance sheet.

### Fuel Distribution and Lubricants:

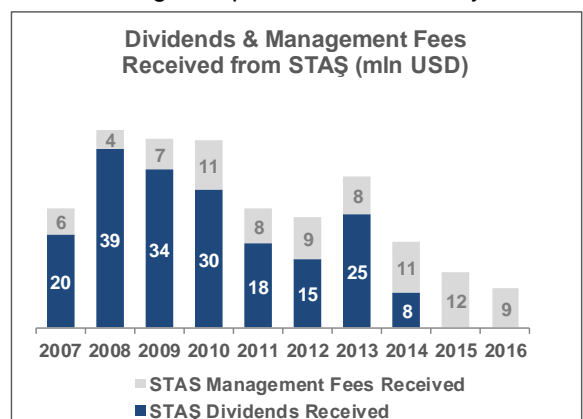
Turcas' flagship subsidiary in fuel retail and lubricants, STAŞ, has a retail network consisting of 1,036 nationwide Shell branded fuel stations as of 1Q16. STAŞ turned back to profitability in 1Q16 and achieved above sector growth in gasoline sales volume with 7% y/y growth. Meanwhile, diesel sales volume increased by 8% y/y.



STAŞ has recorded net sales of c.a. TL 3 bln (USD 1.1 bln) in 1Q16 indicating 9% y/y increase driven by lucrative volume growth. EBITDA more than doubled and reached TL 188 mln (USD 64 mln) driven by 50% y/y increase in gross profit. The summary financial statements of STAŞ have been provided in Annex-Table 2.

In terms of market share, STAŞ has maintained its leadership position in Gasoline (26%) and Lubricants sales (26%) and ranked 3<sup>rd</sup> in White Product sales (comprising of gasoline and diesel sales) (17%) as of 1Q16, according to PETDER data. STAŞ has also preserved its market leader position in throughput per station ratio which is a significant indicator of profitability & efficiency in the market.

Management fees amounting to TL 24 mln (USD 8.5 mln, net off value added tax) has been received in March 2016. No decision has yet been taken on dividend distribution for the years 2014 and 2015.



## Power Generation:

### A) Conventional (Natural Gas):

Financial results of the JV company RWE & Turcas Güney Elektrik Üretim A.Ş. (RTG), which owns the 775 MW Denizli Combined Cycle Power Plant, are given in Annex-Table.3. RTG has recorded TL 163 mln of net sales (+5% y/y growth) and TL 8 mln of net loss in 1Q16 (vs TL 35 mln net loss in 1Q15). Loss is mainly due to the amortization expenses (TL 14 mln) and interest charges (TL 22 mln) on the shareholder loans owed to both shareholders; Turcas (30%) and RWE (70%). Please note that these interest charges are interest income to respective shareholders; and hence Turcas.

**Historic Investment Information:** Total investment cost of the Denizli CCPP was realized at ca. EUR 600 mln. In order to finance its share of the investment (30% share corresponding to EUR 180 mln), Turcas had injected EUR 30 mln of equity into RTG in 2011. For the financing of its remaining investment stake; EUR 150 mln have been raised from Bayern LB and Portigon AG (former West LB) under ECA (Euler Hermes) coverage with 3+10 years of tenor and USD 55 mln has been raised from TSKB (Industrial Development Bank of Turkey) with 3+7 years of tenor. Utilizations of these loans were completed in 2013 and already 5 principal repayments have been realized in December 2013, June 2014, December 2014, June 2015 and December 2015 following the start of Denizli power plant's commercial operations in June 2013. These loans make up the whole financial liability figure in the consolidated balance sheet of Turcas.

Please recall that on 22 December 2015, RTG's paid-in capital was increased from TL 510 mln to TL 1,072 mln via conversion of approximately half of the remaining Shareholder Loans, i.e. TL 562 mln into Equity. Shareholders have contributed to this non-cash capital increase on pro rata basis (Turcas: 30%, RWE: 70%). This conversion will significantly decrease the interest costs and associated VAT to be incurred by RTG due to Shareholder Loans hence reduce the company's Financial Expenses leading to improved results in the following quarters.

### B) Renewables:

In geothermal energy, Turcas & BM Kuyucak Jeotermal Elektrik Üretim A.Ş. ("TBK", in which Turcas is about to become majority shareholder with 92% stake via acquisition of 46% stake owned by BM Engineering) holds an electricity generation license awarded by EMRA in April 2016 for 18 MW GEPP in Aydın Province, Kuyucak-Pamukören region. Till date, TBK has drilled 4 successful production wells and 1 re-injection well. The Company has secured 11,13 MW of power generation from the 4 successful wells and plans to further drill 2 more production wells and 1+1 re-injection well within 2016-2017 period to secure the targeted 18,16 MW installed capacity which shall generate an EBITDA of 9.5 Million USD per annum thanks to the feed-in tariff mechanism. Meanwhile, Turkish Ministry of Economy's Incentive Practices and Foreign Capital General Directorate has granted an "Investment Incentive Certificate" to TBK to be valid until 08.04.2019. Investment amount, which is covered by the "Investment Incentive Certificate", is TL 144,463,075. Incentives granted include VAT (Value Added Tax) and customs tax exemption.

On 1 March 2016, TBK secured the financing of the project via project finance loan agreement signed with Türkiye Sınai Kalkınma Bankası A.Ş. amounting to EUR 15 mln and USD 40.5 mln in cash and TL 10 mln in non-cash with a maximum grace period of 30 months and a total maturity of 14 years. Total project cost amounts to USD 71.2 million (including financing costs) implying Debt/Equity ratio of 80%-20%. The mentioned geothermal power plant is planned to start commercial operations in the fourth quarter of 2017.

Turcas developed its exploration license to operation license in Denizli Karakova Hacıyüpler concession in 2015, which will be further developed via conventional production well drilling to a new geothermal source based power generation unit. As a separate project in geothermal energy, Turcas acquired a geothermal exploration license in Manisa Province, Gölarmara-Hacıveliler region (site area: 4,959 ha) in March 2014 for a period of 3 years and to be valid from the date of 20 March 2014. Geology and geophysics exploration works are planned in the mentioned region with the aim of exploring geothermal energy sources leading to a new power generation investment.

In wind energy, Turcas Renewable Energy, a wholly-owned subsidiary of Turcas, has developed and submitted pre-license applications to EMRA on 27 April 2015 regarding 4 Wind Power Plant projects. Mentioned 4 projects are in Balıkesir (35 MW), Çanakkale (40 MW), İzmir (21 MW) and Tekirdağ (20 MW). These projects will be tendered by EMRA and the timing for the tenders has not yet been set.

Furthermore, Turcas actively evaluates investment opportunities in hydro, local lignite (brown coal), imported hard coal, solar and wind projects which may be realized either through acquisitions or greenfield developments. In that respect, Turcas and Azalternativerenji Limited Company operating under Azerbaijan Republic Alternative and Renewable Energy Sources Government Agency (ABEMDA) has signed a MoU on 21.07.2015 with an aim to collaborate in new solar, wind and geothermal power plant projects in Turkey, Iran and Azerbaijan.

### Financing and Balance Sheet:

Major components among total assets of the Company amounting to TL 1.1 bln are Cash & Cash Equivalents amounting to TL 211 mln, Associates accounted via equity pick up consolidation method amounting to TL 619 mln and shareholder loan receivables from related parties, namely RWE & Turcas Güney Elektrik Üretim A.Ş. (RTG), amounting to TL 216 mln.

All of Company's financial liabilities are the long-term project finance loans utilized for the financing of Turcas share in the Denizli CCPP (Turcas: 30%, RWE: 70%).

As detailed in the Power Generation section, loans utilized from the Banks had been transferred to RTG as shareholder loans (SHL) and Equity. Repayment of the project finance loans is being made back-to-back by the repayments of the SHL from RTG. SHL balances can be traced from the Short & Long Term Receivables from Related Parties figure in our Balance Sheet.

Despite mostly non-cash FX losses on the project finance loans utilized for financing our share in RTG, the Shareholder Equity/Total Assets ratio is at a healthy level of 60% as of 1Q16. Taking into account the Cash and Cash Equivalents (TL 211 mln), ratio of Net Financial Debt (TL 217 mln) to Total Assets is at a sustainable level (20%).

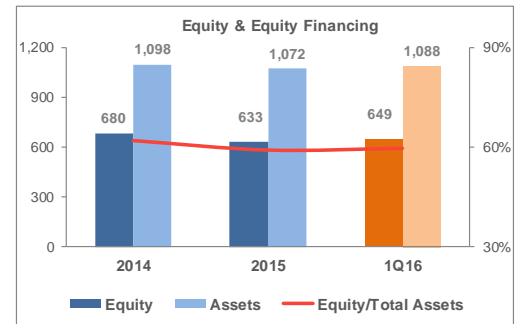
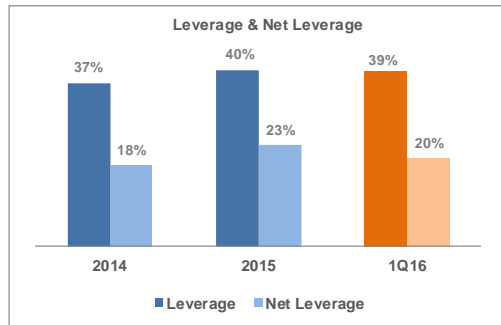
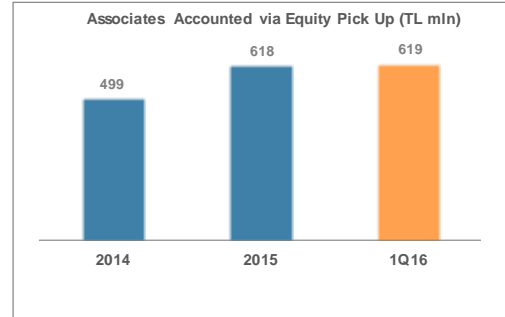


Table.1 - Turcas Petrol A.Ş. – IFRS Financials 31.03.2016

P&L (Thousand TL)	1Q16	1Q15	Y/Y (%)
<b>Net Sales</b>	<b>0</b>	<b>526</b>	<b>n.m.</b>
<b>Gross Profit</b>	<b>0</b>	<b>75</b>	<b>n.m.</b>
Operating Expenses	4,953	5,638	-12%
Other Operational Income (Net)	24,102	118	n.m.
<b>Operating Profit</b>	<b>19,150</b>	<b>-5,445</b>	<b>n.m.</b>
<b>Income / Loss from Subsidiaries</b>	<b>758</b>	<b>-26,644</b>	<b>n.m.</b>
<i>STAS</i>	3,573	-16,027	n.m.
<i>RWE &amp; Turcas</i>	-2,510	-10,624	n.m.
<i>BM Kuyucak</i>	-305	8	n.m.
<b>Adjusted EBITDA</b>	<b>19,907</b>	<b>-32,089</b>	<b>n.m.</b>
<b>Sale Proceeds from Investments</b>	<b>0</b>	<b>247</b>	<b>n.m.</b>
Net Financial Income	1,180	14,052	-92%
Profit Before Tax	21,087	-17,789	n.m.
Tax	-5,736	-1,162	n.m.
<b>Net Income / Loss</b>	<b>15,351</b>	<b>-18,952</b>	<b>n.m.</b>
<b>Earnings Per Share (TL)</b>	<b>0.06</b>	<b>-0.08</b>	<b>n.m.</b>

	1Q16	1Q15
ROA	5.6%	n.m.
ROE	9.5%	n.m.

BALANCE SHEET (Thousand TL)	1Q16	2015	YTD (%)
<b>Cash &amp; Cash Equivalents</b>	<b>211,443</b>	<b>178,931</b>	<b>18%</b>
Trade Receivables	536	512	5%
Receivables from Related Parties (ST)	37,728	46,555	-19%
Receivables from Related Parties (LT)	177,847	183,305	-3%
Investments / Associates	618,702	617,944	0%
<b>Total Assets</b>	<b>1,087,950</b>	<b>1,071,736</b>	<b>2%</b>
Short Term Financial Liabilities	78,284	78,299	0%
Long Term Financial Liabilities	350,054	346,508	1%
<b>Total Financial Liabilities</b>	<b>428,338</b>	<b>424,807</b>	<b>1%</b>
<b>Total Equity</b>	<b>648,773</b>	<b>633,422</b>	<b>2%</b>
<b>Total Equity and Liabilities</b>	<b>1,087,950</b>	<b>1,071,736</b>	<b>2%</b>

	1Q16	2015
Equity / Assets	60%	59%
Net Debt / Assets	20%	23%
Net Debt / Equity	33%	39%
Net Debt /Adjusted EBITDA (x)	2.7	n.m.

**Table.2 – Shell & Turcas Petrol A.Ş. (STAŞ) – IFRS Financials 31.03.2016**

<b>OPERATIONAL DATA</b>	<b>1Q16</b>	<b>1Q15</b>	<b>Y/Y (%)</b>
Gasoline Sales (m3)	157,012	146,332	7%
Diesel Sales (m3)	880,102	814,399	8%
Lubricants Sales (ton)	20,117	18,683	8%

Source: PETDER

<b>P&amp;L (Million TL)</b>	<b>1Q16</b>	<b>1Q15</b>	<b>Y/Y (%)</b>
Net Sales	3,259	2,990	9%
Gross Profit	288	192	50%
<b>Gross Margin</b>	<b>8.84%</b>	<b>6.40%</b>	
Operating Expenses	257	206	25%
Other Operational Income (Net)	18	-2	n.m.
<b>EBIT</b>	<b>49</b>	<b>-16</b>	<b>n.m.</b>
Financial Gain / Loss	-36	-39	n.m.
<b>Net Income</b>	<b>12</b>	<b>-53</b>	<b>n.m.</b>
<b>EBITDA</b>	<b>188</b>	<b>64</b>	<b>192%</b>
<b>EBITDA Margin</b>	<b>5.77%</b>	<b>2.16%</b>	

<b>BALANCE SHEET (Million TL)</b>	<b>1Q16</b>	<b>2015</b>	<b>YTD (%)</b>
<b>Current Assets</b>	<b>2,354</b>	<b>2,322</b>	<b>1%</b>
Financial Liabilities	1,334	1,366	-2%
<b>Total Equity</b>	<b>1,309</b>	<b>1,297</b>	<b>1%</b>
<b>Total Assets</b>	<b>3,985</b>	<b>3,959</b>	<b>1%</b>

**Table.3 – RWE & Turcas Güney Elektrik Üretim A.Ş. (RTG) –Financial Summary 31.03.2016**

<b>OPERATIONAL DATA</b>	<b>1Q16</b>	<b>1Q15</b>	<b>Y/Y (%)</b>
Sales (Gw hours)	628	665	-6%

<b>P&amp;L (Million TL)</b>	<b>1Q16</b>	<b>1Q15</b>	<b>Y/Y (%)</b>
Sales	163	156	5%
EBITDA	-4	4	n.m.
Net Income / (Loss)	-8	-35	n.m.

<b>BALANCE SHEET (Million TL)</b>	<b>1Q16</b>	<b>2015</b>	<b>YTD (%)</b>
Total Assets	1,531	1,559	-2%
Total Liabilities <sup>(1)</sup>	807	1,219	-34%
Total Equity	724	340	113%

(1) TL 708 mln of which is shareholder loans owed to RWE (70%) and Turcas Elektrik Üretim A.Ş. (30%).