

TURCAS 1Q18 IFRS EARNINGS RELEASE



- 1Q18 net loss @ -23 mm TL (vs -2 mm TL net loss in 1Q17)

mm TL	Net Income			Oil Segment (Shell & Turcas)		Energy Segment			
	Turcas	Shell & Turcas	RWE & Turcas	Revenues	EBITDA	RWE & Turcas		TKJ	
	Turcas	Shell & Turcas	RWE & Turcas	Revenues	EBITDA	Revenues	EBITDA	Revenues	EBITDA
1Q18	-23	55	-25	5,274	185	155	6	9	7
1Q17	-2	73	-118	4,109	257	213	14	n/a	n/a

Key Highlights:

Profit & Loss (Turcas Consolidated):

- **Turcas posted -23 mm TL Net Loss in 1Q18**
 - Mainly effected by the FX loss linked Net Financial Expenses (-35 mm TL) in the absence of STAŞ Management Fees expected to be received before 1H18.
- **Income from Subsidiaries** (Turcas' share in the Net Profit of its Subsidiaries) **decreased to 11 mm TL in 1Q18** (vs 23 mm TL in 1Q17) caused by:
 - **Decline in STAŞ's bottom line contribution of 16 mm TL** (vs 22 mm TL in 1Q17) and
 - **RTG's net loss of -5 mm TL** (+0.7 mm TL in 1Q17).
- **Net Financial Expenses** realized at **35 mm TL** (vs 18 mm TL Net Financial Expenses in 1Q17) consisting of;
 - **Net FX losses of 35 mm TL** mainly arising from short EUR position on Balance Sheet
- **Income from TKJ; 9.1 mm TL**
 - **18 MW Kuyucak Geothermal Power Plant has become operational in Dec'17** and Turcas started to **fully consolidate** its Turcas Kuyucak Geothermal Power Plant Subsidiary.

Balance Sheet (Turcas Consolidated):

- **Asset growth continued** with the ongoing investments at fully consolidated 18 MW Geothermal Power Plant investment in Aydin, Kuyucak and **reached 1.4 Billion TL as of 1Q18**
- Total consolidated **Financial Indebtedness of Turcas stands at 163 MM USD** (643 MM TL) as of 1Q18.
 - 121 MM USD (74%) of this is the long-term Project Finance Loans utilized for the 800 MW Denizli CCGT and
 - 42 MM USD (26%) of this is the Project Finance Loans utilized for the 18 MW Kuyucak Geothermal PP.
- Balance of the **Project Finance Loans utilized for the 800 MW Denizli Power Plant** decreased from 91 MM EUR and 31 MM USD as of YE2016 to 79 MM EUR and 26 MM USD as of 1Q18. Remaining maturity of these loans are 5 and 7 years for USD and EUR tranches, respectively.
- Although 18 MW Kuyucak Power Plant became operational, some portion of the CAPEX payments related with the investment period will be paid in 2018 where project finance loan utilizations will continue. We expect the outstanding loan balance to start gradually decreasing as of 1H2018. Repayments will start in June 2018 and will be made in 11 years.

Shell & Turcas JV - STAŞ (Turcas Share: 30%):

- **Turkey's leading fuel distributor** with a network of 1.011 Shell branded fuel stations
- **Maintained leadership in Gasoline with 25.2% market share and efficiency per station at throughput sales.**
- **1Q18 Net Income realized at 55 MM TL** (vs 73 MM TL in 1Q17, -26% y/y) effected mostly by the FX related increase in operational expenses. (+15% y/y).
- **1Q18 EBITDA realised at 185 MM TL** (-28% y/y).

RWE & Turcas JV - RTG (Turcas Share: 30%):

- **RTG owns the 800 MW Denizli Combined Cycle Gas Fired Power Plant;**
- **Net sales 155 MM TL** (vs 213 MM TL in 1Q17);
- **Net loss of -20 MM TL in 1Q18 vs +2 MM TL in 1Q17** caused by increase in gas tariffs.

Turcas Kuyucak Geothermal Power Plant - TKJ (Turcas Share: %92):

- **TKJ realized 9.1 MM TL Net Sales and 7.5 MM TL EBITDA in 1Q18**
- TKJ became operational in Dec'17 and started benefiting from Renewable Energy Sources Support Mechanism ("RESSM" or "YEKDEM" in Turkish) starting from Jan'18.
- Thanks to RESSM, TKJ will be selling its electricity production at a price of 11.8 USDc/kWh for the first 5 years together with the local equipment utilization incentives, and 10.5 USDc/kWh for the following 5 years starting from the Commercial Operation Date (1st of Jan'18). **TKJ is expected to generate annually 8.5-9 MM USD of EBITDA for Turcas which will be fully consolidated.**

Project Pipeline (Development Phase):

Kuyucak Extension Project:

- Turcas plans to do new production well drillings at the existing TKJ site (Aydin Kuyucak) in 2018. Our ultimate goal is to increase our installed base or add new modular power plants, taking advantage of the attractive Feed-In Tariff (FIT) (avg.111 USD/MWH) for geothermal power.

Denizli Hacıyüplü & Manisa Gölarmara Geothermal PP Projects:

- 1) Since our 2,600 meter geothermal well (drilled 1Q2017) in Denizli Hacıyüplü yielded not enough thermal heat for power generation, we plan to pursue further utilization of the geothermal resource for other possibly feasible prospects (such as dried fruit business,etc.).
- 2) Turcas is developing another geothermal energy project on a an app. 5,000 hectare concession zone in Manisa Gölarmara in Western Turkey. We are drilling an exploratory shallow well here which will be completed mid of May'18.
- 3) Turcas is also evaluating secondary market opportunities (proven and/or unproven) concession zones for further geothermal energy growth.



Table.1 - Turcas Petrol A.Ş. – IFRS Financials 31.03.2018

P&L (Thousand TL)	1Q18	1Q17	Y/Y (%)
Net Sales	9,160	0	n.m.
Gross Profit	5,987	0	n.m.
Operating Expenses	6,999	6,752	4%
STAŞ Management Fees Received	0	0	n.m.
Other Operational Income (Net)	986	449	120%
Operating Profit	-27	-6,303	n.m.
Income / Loss from Subsidiaries	11,278	22,729	-50%
<i>Shell & Turcas</i>	16,433	22,019	-25%
<i>RWE & Turcas</i>	-5,126	709	-823%
<i>Turcas Kuyucak Geothermal</i>	0	0	n.m.
Adjusted EBITDA	11,250	16,426	-32%
Valuation Gains from Investments	0	0	n.m.
Net Financial Income	-35,451	-18,209	n.m.
Profit Before Tax	-24,201	-1,783	1257%
Tax	-1,193	-361	230%
Net Income / Loss	-23,008	-2,144	973%
Earnings Per Share (TL)	-0.09	-0.01	n.m.

	1Q18	1Q17
ROA	-6.7%	-0.7%
ROE	-13.8%	-1.3%

BALANCE SHEET (Thousand TL)	1Q18	1Q17	Y/Y (%)
Cash & Cash Equivalents	136,963	136,900	n.m.
Trade Receivables	433	435	-1%
Receivables from Related Parties (ST)	21,397	19,062	12%
Receivables from Related Parties (LT)	54,479	61,112	-11%
Investments / Associates	804,088	792,589	1%
Fixed Assets	196,132	193,788	1%
Total Assets	1,367,099	1,348,149	1%
Short Term Financial Liabilities	95,019	90,541	5%
Long Term Financial Liabilities	548,162	510,370	7%
Total Financial Liabilities	643,181	600,911	7%
Total Equity	665,652	688,951	-3%
Total Equity and Liabilities	1,367,099	1,348,149	1%

	1Q18	2017
Equity / Assets	49%	51%
Net Debt / Assets	37%	35%
Net Debt / Equity	76%	69%
Net Debt /Adjusted EBITDA (x)	11.2	3.1

Table.2 - Shell & Turcas Petrol A.Ş. – IFRS Financials 31.03.2018

OPERATIONAL DATA	1Q18	1Q17	Y/Y (%)
Gasoline Sales (m3)	173,951	160,142	9%
Diesel Sales (m3)	958,183	905,805	6%
Lubricants Sales (ton)	24,032	21,683	11%

Source: PETDER

P&L (Million TL)	1Q18	1Q17	Y/Y (%)
Net Sales	5,274	4,109	28%
Gross Profit	393	392	n.m.
Gross Margin	7.46%	9.54%	-22%
Operating Expenses	317	275	15%
Other Operational Income (Net)	38	13	199%
EBIT	114	129	-12%
Financial Gain / Loss	-42	-34	n.m.
Net Income	55	73	-26%
EBITDA	185	257	-28%
EBITDA Margin	3.51%	6.27%	n.m.

BALANCE SHEET (Million TL)	1Q18	2017	YTD (%)
Current Assets	3,477	3,538	-2%
Financial Liabilities	974	1,013	-4%
Total Equity	1,636	1,581	3%
Total Assets	4,951	5,008	-1%

Table.3 -RWE & Turcas Güney Elektrik Üretim A.Ş. – IFRS Summary Financial Data 31.03.2018

OPERATIONAL DATA	1Q18	1Q17	Y/Y (%)
Sales (Gw hours)	644	1,000	-36%

P&L (Million TL)	1Q18	1Q17	Y/Y (%)
Sales	155	213	-27%
EBITDA	6	14	-60%
Net Income / (Loss)	-20	2	n.m.

BALANCE SHEET (Million TL)	1Q18	2017	YTD (%)
Total Assets	1,441	1,480	-3%
Total Liabilities ⁽¹⁾	411	389	6%
Total Equity	1,029	1,091	-6%

Table.4 -Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. – TFRS Summary Financial Data 31.03.2018

OPERATIONAL DATA	1Q18
Sales (MW hours)	25,901

P&L (Thousand TL)	1Q18
Sales (*)	9,160
EBITDA	7,447
Net Income / (Loss)	-892

*Excluding 2,5 MM TL YEKDEM revenues of March 2018

BALANCE SHEET (Thousand TL)	1Q18
Fixed Assets	233,648
Total Assets	261,880
Financial Liabilities (PF Loan)	165,143
Total Equity	38,330

(1) TL 256 mln (as of 1Q18) of which are Shareholder Loans owed to RWE (70%) and Turcas (30%).