

9 June  
2020



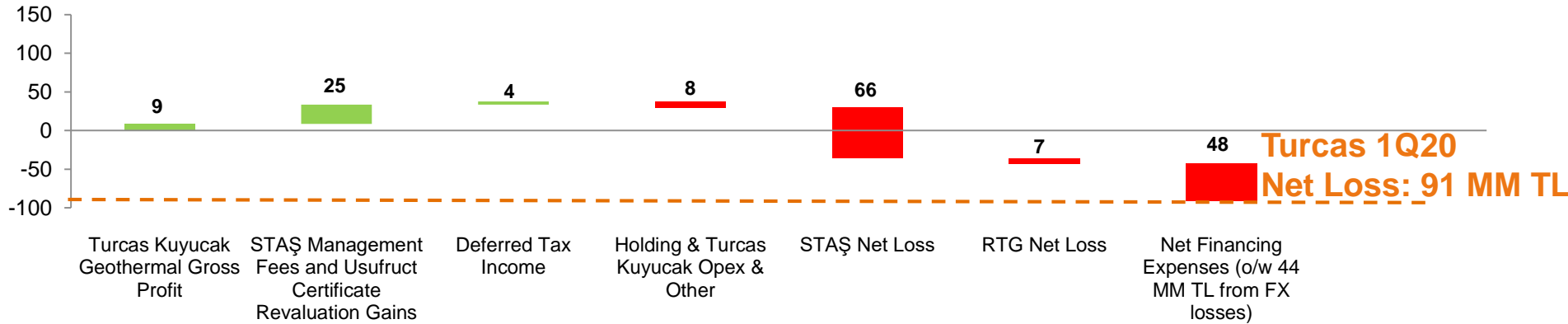
# 1Q20 Earnings Presentation



**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 construe 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.

# 1Q20 General Overview

## Turcas Petrol IFRS Consolidated Net Income/Loss Bridging (1Q20)



### Message from Turcas Petrol CEO:




- 1Q20 results were marked by:
  - (+) Positive contribution from Geothermal business (Turcas Kuyucak)
  - (+) Management fees (20 MM TL) received from STAS
  - (+) Ongoing disciplined Opex management leading to 5% y/y decline in Op. Expenses
  - (-) Weak performance of Shell & Turcas mainly due to inventory & trading losses resulting from sharp decline in oil prices and volatile exchange rate
  - (-) FX Losses at Holding level related to long term FX borrowings


# At a glance- 1Q20



 **1,916**  
**ths m3**  
volume  
sold<sup>(1)</sup>


 **8,467**  
**MM TL**  
Net  
Sales

 **13**  
**MM TL**  
EBITDA


 **- 219**  
**MM TL**  
Net Loss



 **1,006**  
**million**  
**kWh**  
Generation

 **537**  
**MM TL**  
Net  
Sales <sup>(2)</sup>

 **- 5**  
**MM TL**  
EBITDA

 **- 23**  
**MM TL**  
Net Loss<sup>(3)</sup>



 **19**  
**million**  
**kWh**  
Generation

 **14**  
**MM TL**  
Net  
Sales

 **7**  
**MM TL**  
EBITDA

 **-5**  
**MM TL**  
Net Loss <sup>(4)</sup>

- (1) Includes Onsite B2C Fuels, Onsite B2B Fuels, Commercial Fuels , LPG, Lubricants and Supply Third Party Sales
- (2) RTG Net Sales consist of i) 376 MM TL electricity sales and ii) 161 MM TL gas trading revenues of RTG's gas trading subsidiary
- (3) RTG Net Loss comprises of; (i) an Operating Loss of 19 MM TL (of which 14 MM TL is Non-Cash Amortisation Expense) and (ii) 4 MM TL Financing Expenses
- (4) TKJ Net Loss comprises of; (i) an Operating Income of 6 MM TL (of which 2 MM TL is Non-Cash Amortisation Expense), (ii) 15 MM TL Financing Expenses (of which 11 MM TL is FX loss and 4 MM TL is Interest Expense) and (iii) a 4 MM TL Deferred Tax Income.



# Segmental Analysis

MM TL	Oil Segment			Energy Segment					
	Shell & Turcas (Turcas share: 30%)			RWE & Turcas (Turcas share: 30%)			TKG (Turcas share: 100%)		
	Revenues	EBITDA	Net Profit/ Loss	Revenues	EBITDA	Net Profit/ Loss	Revenues	EBITDA	Net Profit/ Loss
1Q20	8,467	13	-219	537 <sup>(1)</sup>	-5	-23	14	7	-5
1Q19	9,009	293	-3	91	-9	-38	15	11	1
4Q19	9,617	287	5	356	-8	-86	12	6	-5



(1) RTG revenues consist of i) 376 MM TL electricity sales and ii) 161 MM TL gas trading revenues of RTG's gas trading subsidiary

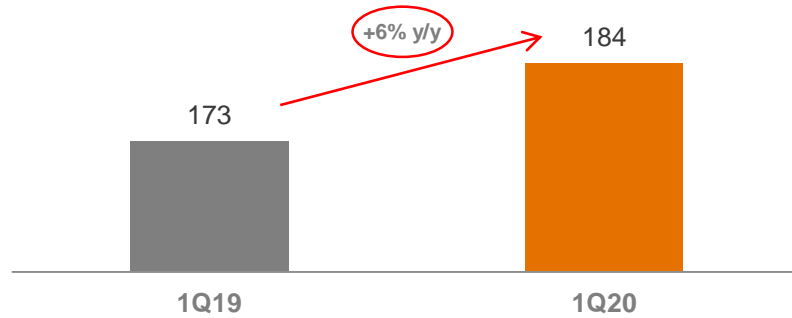


# Shell & Turcas JV – 1Q20 Key Highlights

Above sector volume growth of 6% y/y in gasoline sales (sector gasoline sales: +4% y/y)

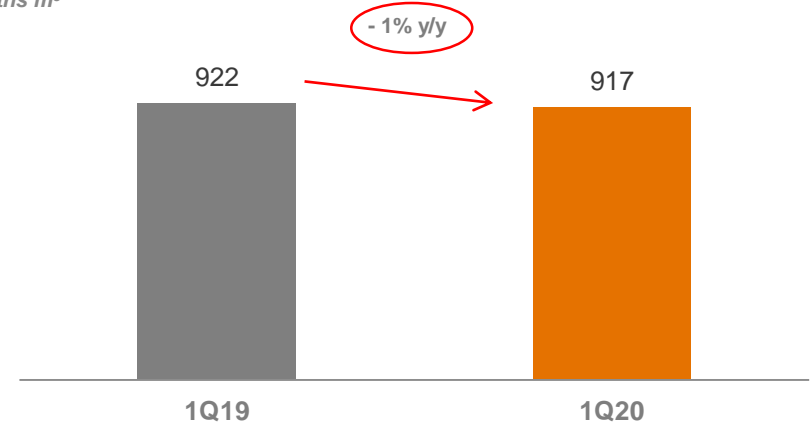
### Gasoline Sales (STAŞ)

ths m<sup>3</sup>



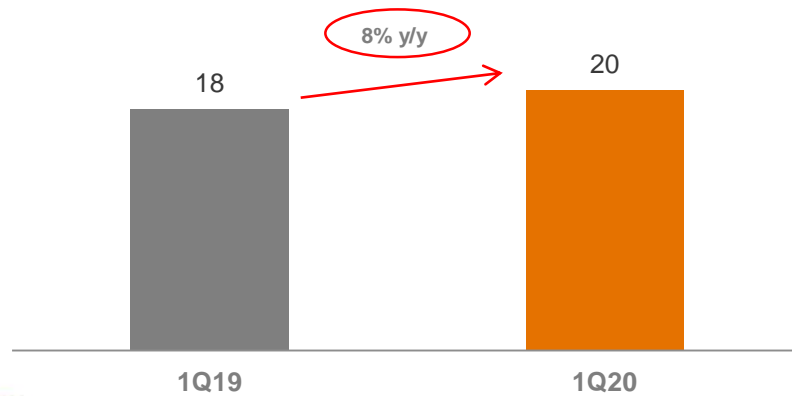
### Diesel Sales (STAŞ)

ths m<sup>3</sup>

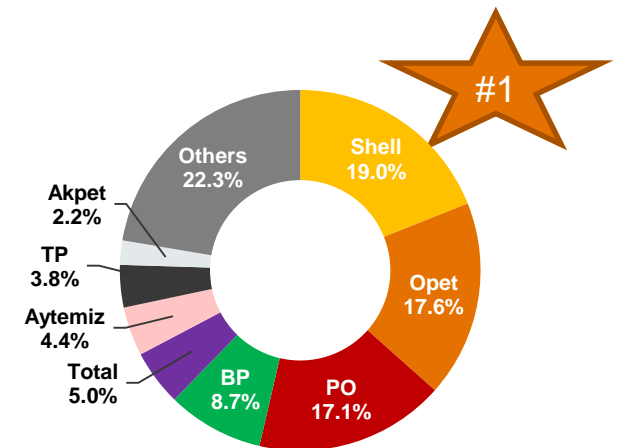


### Lubricants Sales (STAŞ)

ths m<sup>3</sup>



### Onsite Market Share (1Q20)



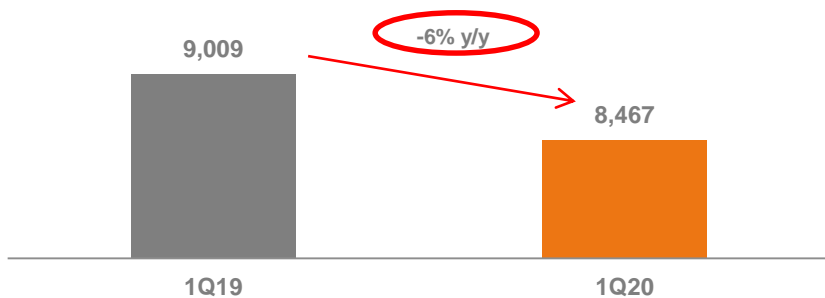
Source: PETDER. Market share info EMRA



# Shell & Turcas JV – 1Q20 Key Highlights

## Net Sales

MM TL



## EBITDA

MM TL



## Net Loss

MM TL



## Shell & Turcas 1Q20 Highlights

- **Decline (- 6% y/y) in net sales** driven by lower prices and contraction in diesel sales (-1% y/y) leading to stable white product volume
- **EBITDA negatively impacted by inventory losses** resulting from sharp decline in oil prices and FX losses from product sourcing
- Net loss in negative territory mainly due to inventory and FX losses despite disciplined Opex management with 2% y/y decline



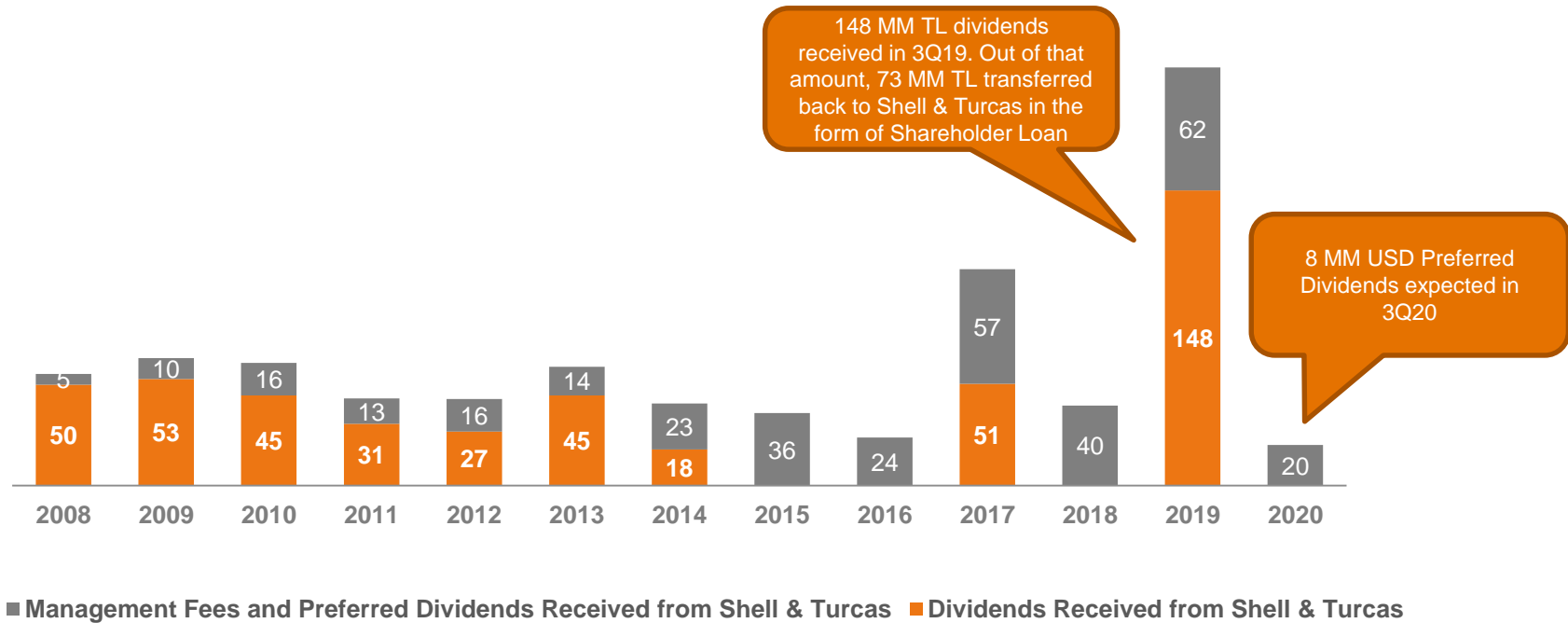
Source: STAŞ IFRS consolidated financials



# Continuous Cash inflows from Shell & Turcas

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

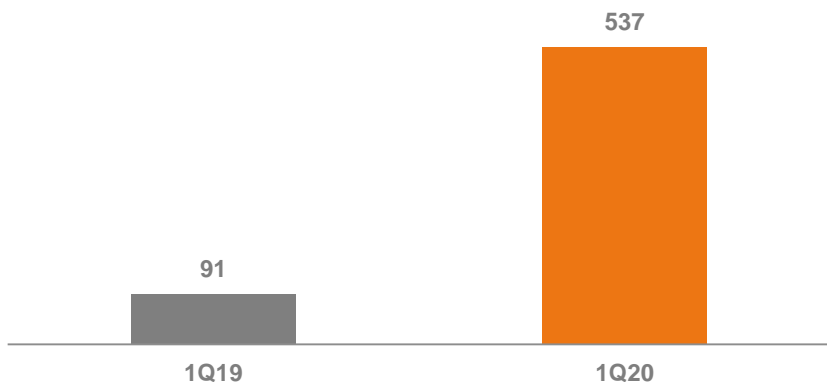
MM TL



# RWE & Turcas JV – 1Q20 Key Highlights

## Net Sales\*

MM TL



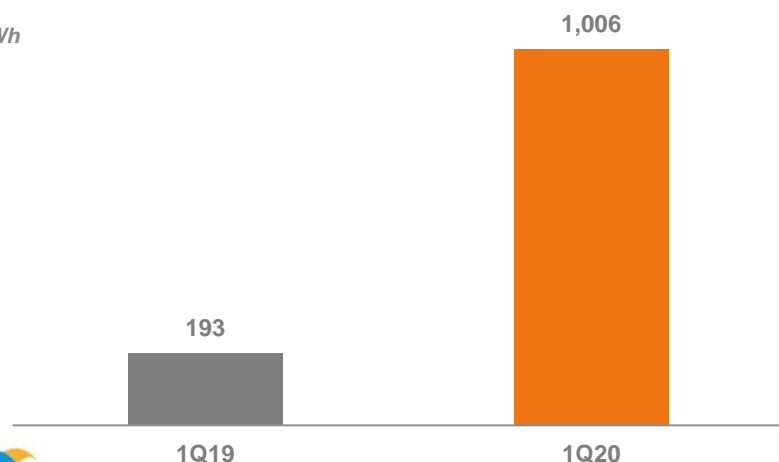
## EBITDA

MM TL



## Electricity Generation

gWh



## RWE & Turcas 1Q20 Highlights

- Thanks to the flexibility created with the private & BOTAS gas supply mix, Capacity utilization realized at 74% in 1Q20 (vs 13% in 1Q19), all-time high since Commercial Operation Date, hence electricity generation is up to 1,006 Gwh in 1Q20
- 16 MM TL Capacity Payments received in 1Q20 (1Q19: 13 MM TL)
- EBITDA in negative territory due to seasonally high renewable energy production in 1Q20 creating pressure on electricity prices.



Source: RWE & Turcas IFRS consolidated financials.

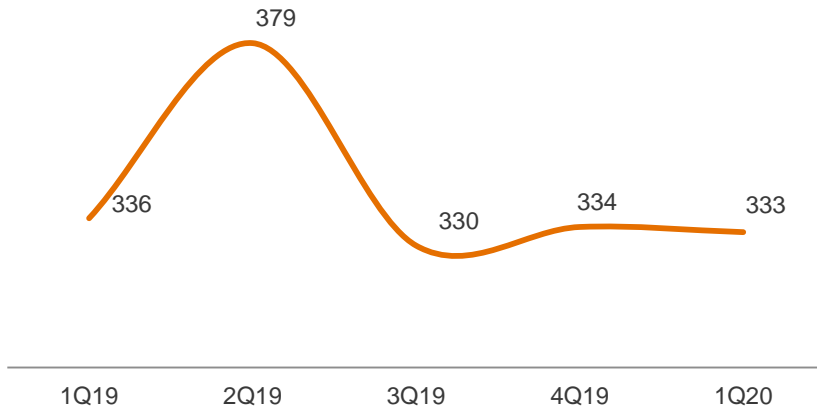
(\*) Net sales include capacity payments of 16 MM TL (vs 13 MM TL in 1Q19) and 161 MM TL gas sales revenues of RTG's gas trading subsidiary (all to RTG) (vs none in 1Q19)



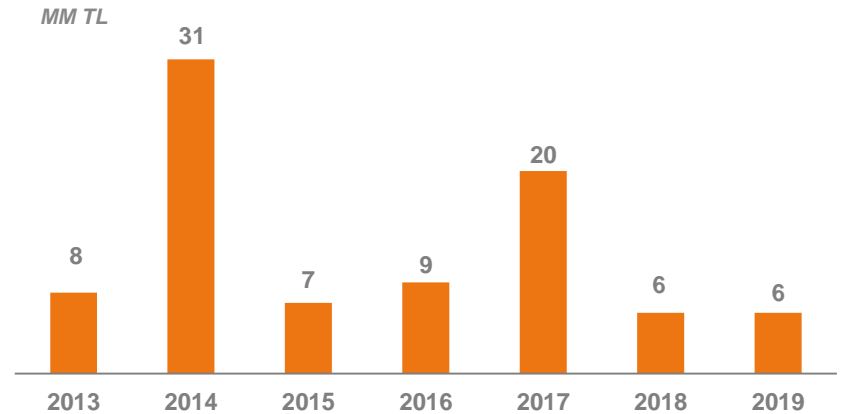


# RWE & Turcas JV – 1Q20 Key Highlights

RTG Average Electricity Sales Price (TL/MWh)

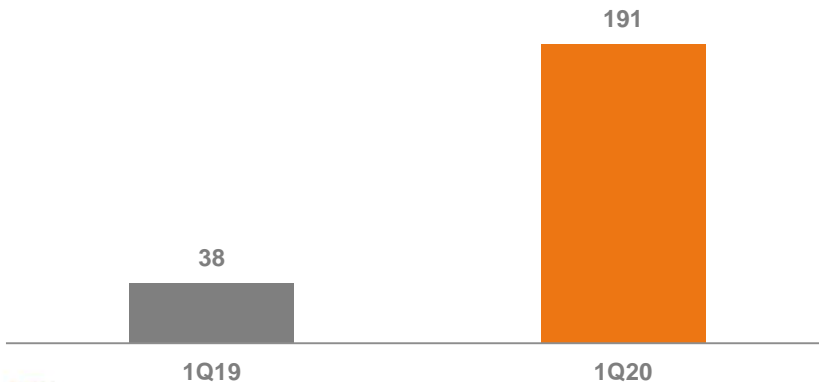


Cash inflows to Turcas from RWE & Turcas JV (under SHL repayment)



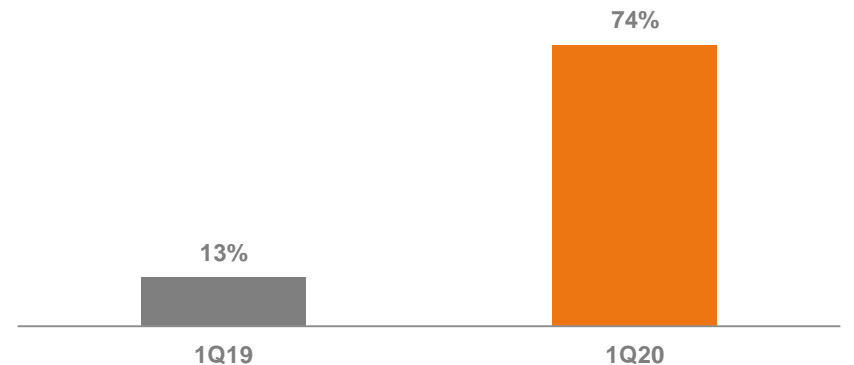
Gas Consumption

mcm



Capacity Utilization Rate

%



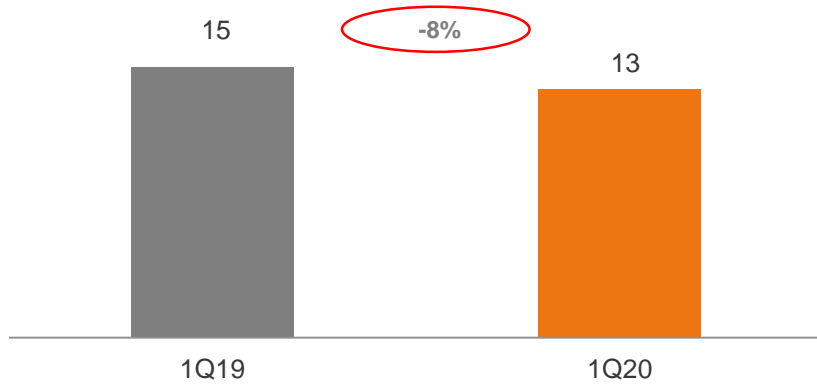
Source: RWE & Turcas IFRS consolidated financials. Cash inflows indicate shareholder loan repayments from RWE & Turcas to Turcas



# Turcas Kuyucak Geothermal (TKG) PP-1Q20 Key Highlights

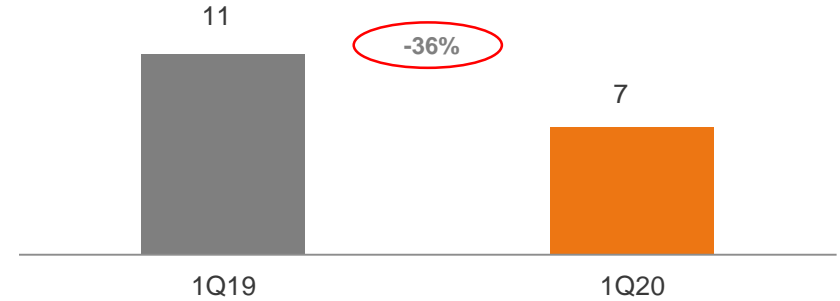
## Net Sales

MM TL



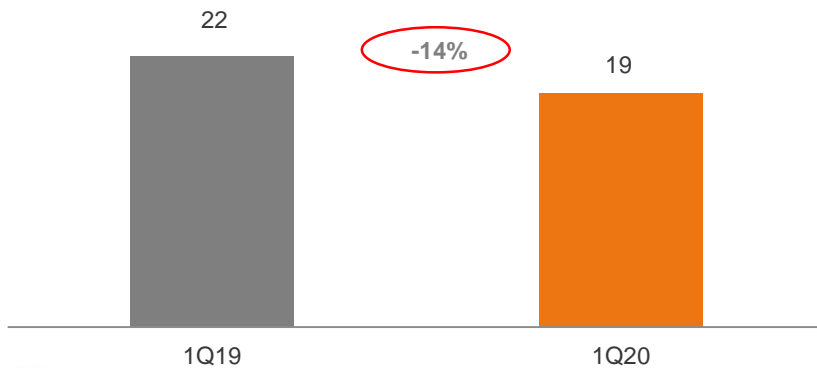
## EBITDA

MM TL



## Electricity Generation

million kWh



## Turcas Kuyucak Geothermal PP 1Q20 Highlights

- Turcas Kuyucak contributing positively to Turcas consolidated EBITDA driven by USD based Feed-In Tariff (11.8 US\$/kwh),
- Long term Project Finance debt services continues successfully thanks to TKG's cash generation,
- Additional production well expected to be connected to the main grid from July 2020 onwards with the goal of increasing generation and maximizing EBITDA.



Source: Turcas Kuyucak financials



# Potential Project Pipeline

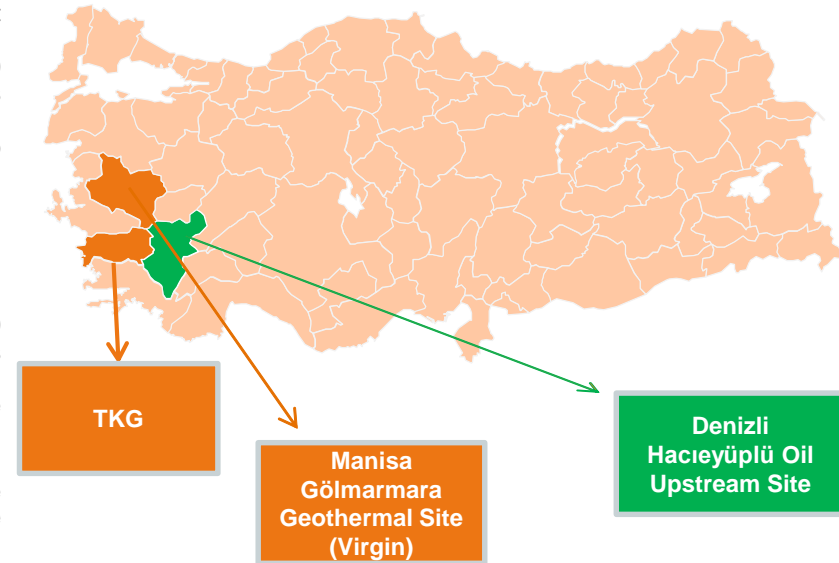
## Geothermal Energy

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

1. **Existing TKG Plant** : An additional production well (8th production well) is expected to be connected to the main grid from Jul'20 onwards with the goal of maximizing the generation capacity and thus 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. Turcas drilled an exploratory well in Q2 2018 and obtained operation license for 30 years, however, before proceeding with new drillings and further investment, Turcas 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)

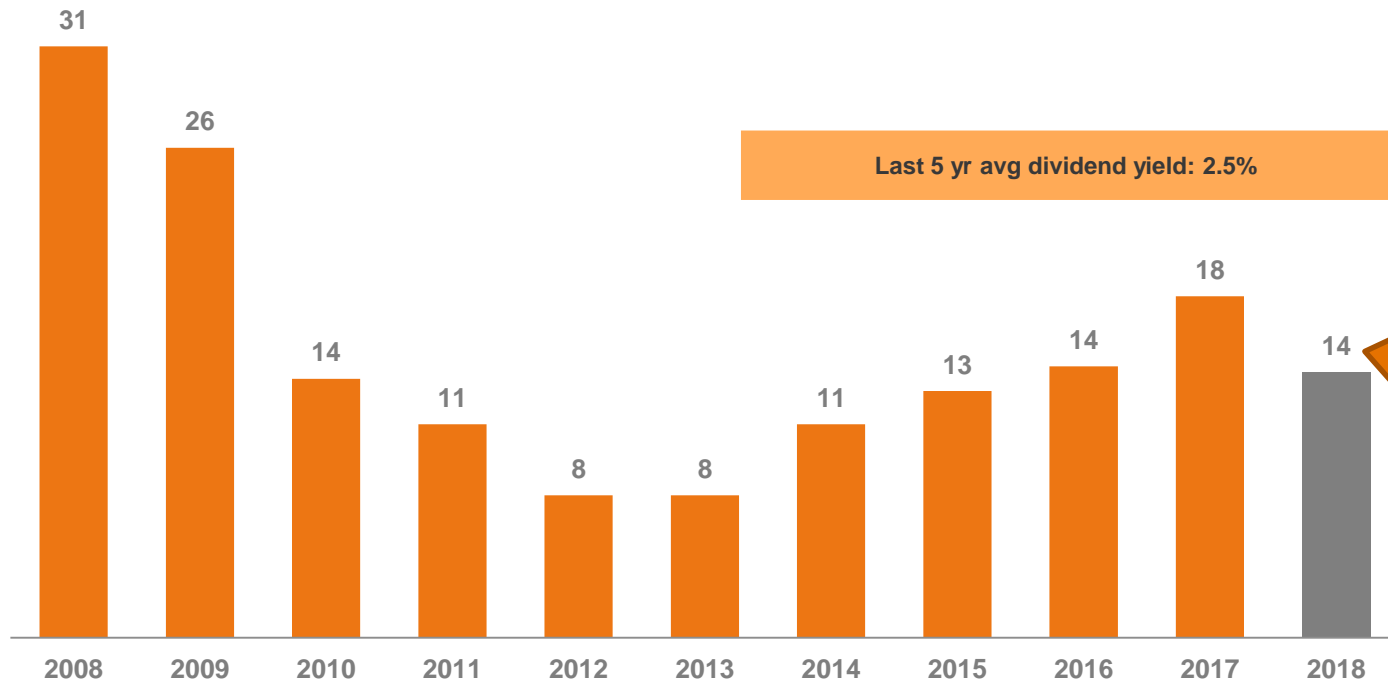
- Our 2,600 m deep geothermal well (drilled 1Q-2017) in Denizli Hacıyüplü did not yield enough thermal heat for power generation but encountered oil findings around 700 to 900 meters depth. Turcas completed the geological and geophysical studies in 2018 and plans to move forward with seismic studies 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.
- On 28 February 2020, Turcas has signed a Farm-Out Agreement (full and indivisible takeover right of shares regarding the license) with Amsterdam based N.V. Turkse Perenco ("Perenco") in order to perform an exploration whether there is an oil production potential in the Oil Exploration License area or not and carry out necessary tests. Pursuant to the Agreement, it is envisaged to transfer 50% of oil exploration utilization rights in the mentioned license area to Perenco. The tests will be operated by Turkey's highest daily oil producing private company Perenco. In case these test results are successful and mentioned license area is viable for oil production according to rentability conditions identified by both shareholders, Perenco shall borne the capital expenditures up to USD 3 million. Capital expenditures beyond USD 3 million will be spent by both shareholders on a pro-rata basis. In this respect, an application is submitted to GDMPA in order to establish license utilization rights accordingly (Turcas: 50%, Perenco: 50%). The Parties have started the negotiations on the Joint Operating Agreement.



# Dividend Distribution Track Record

Dividends Paid by Turcas

MM TL



14 mln TL Capital Gain created for shareholders as a proxy for dividends via Share Cancellation in Jun'18

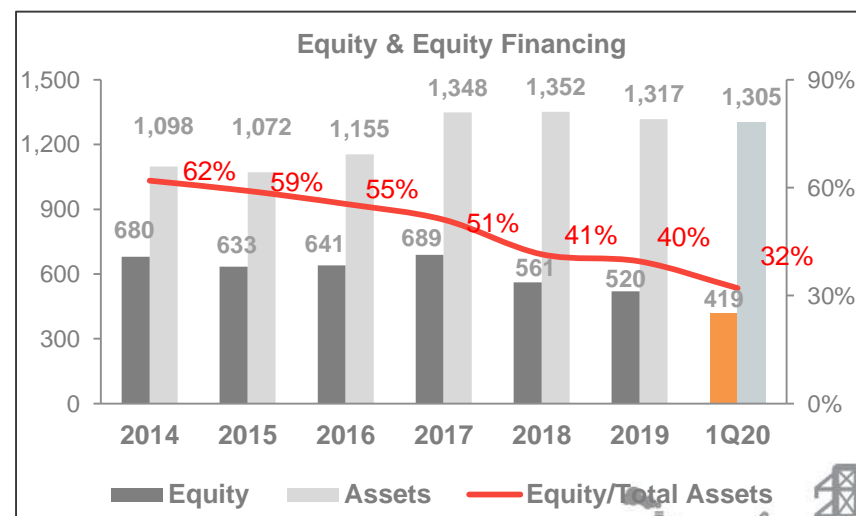
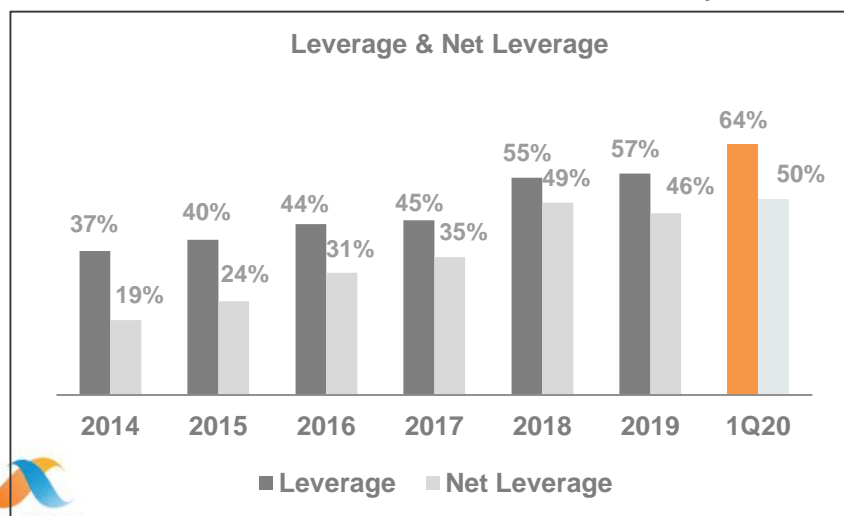
# Turcas Consolidated IFRS Summary BS & PL

## IFRS Consolidated Financial Statements & Financing Ratios

Balance Sheet , million TL	2019	1Q20	Ytd
Cash & Cash Equivalents	133	181	36%
S -T Rec. From Rel.Parties <small>(from RTG and STAS)</small>	1	1	12%
L -T Rec. From Rel.Parties <small>(from STAS)</small>	74	73	-3%
Associates <small>(STAS &amp; RTG)</small>	763	691	-9%
Fixed Assets <small>(TKJ Capex Investments)</small>	265	270	2%
Financial Assets <small>(FMV of Usufruct Certificates)</small>	42	47	12%
<b>Total Assets</b>	<b>1,317</b>	<b>1,305</b>	<b>-1%</b>
S - T Financial Liabilities <small>(PF Loans for RTG &amp; TKG)</small>	116	130	11%
L - T Financial Liabilities <small>(PF Loans for RTG &amp; TKG)</small>	629	704	12%
Equity	520	419	-20%
<b>Total Liabilities &amp; Equity</b>	<b>1,317</b>	<b>1,305</b>	<b>-1%</b>
<b>Net Debt</b>	<b>612</b>	<b>653</b>	<b>7%</b>

Note: LT rec.from Rel.Parties are shareholder loan receivables from STAS

Income Statement, million TL	1Q19	1Q20	Y/Y
Revenues (Electricity Sales)	15	13	-8%
Gross Profit	10	9	-12%
Other Operational Income (Net)	14	18	22%
Operating Expenses	-6	-6	-5%
<b>Operating Profit</b>	<b>18</b>	<b>20</b>	<b>13%</b>
<b>Income from Investments</b>	<b>7</b>	<b>5</b>	<b>-27%</b>
<b>Income from Subsidiaries</b>	<b>-12</b>	<b>-73</b>	<b>n.m.</b>
Shell & Turcas	-1	-66	n.m.
RWE & Turcas	-11	-7	n.m.
<b>Earnings Before Financing &amp; Tax</b>	<b>13</b>	<b>-47</b>	<b>n.m.</b>
Net Financial Losses	-35	-48	n.m.
FX Losses	-33	-44	n.m.
<b>Net Income Before Tax</b>	<b>-22</b>	<b>-95</b>	<b>n.m.</b>
Tax	1	4	427%
<b>Net Income/Loss</b>	<b>-21</b>	<b>-91</b>	<b>n.m.</b>



Note: Leverage = Financial Liabilities / Total Assets, Net Leverage = Net Debt / Assets





# Thank you!

## Contact Information

**Pinar SAATCIOĞLU**

*Head of Investor Relations*

*E-mail: [pinar.ceritoglu@turcas.com.tr](mailto:pinar.ceritoglu@turcas.com.tr)*

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

