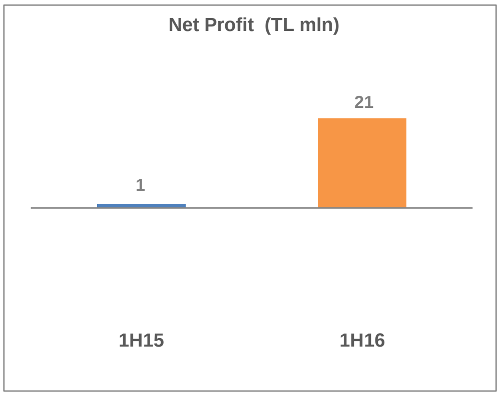
TURCAS PETROL A.Ş. 1H 2016 EARNINGS RELEASE

Istanbul, Turkey, 19 August 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 half of 2016.

Turcas further improved its profitability and posted TL 21 mln net income in 1H16 (vs TL 1 mln in 1H15) mainly driven by significant recovery in Shell & Turcas Petrol A.Ş. (“STAŞ”)’s profitability. The summary IFRS Financial Statements of Turcas have been provided in Annex-Table 1.



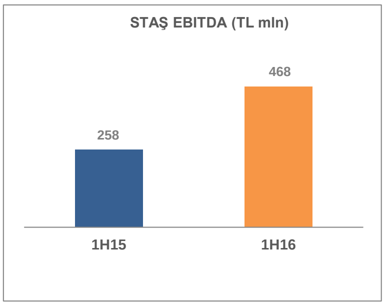
Income from subsidiaries (Turcas’ share in the Net Profit of its Subsidiaries) turned into positive and reached TL 4 mln in 1H16 (vs TL -22 mln in 1H15) driven by STAŞ’s (fuel distribution subsidiary) net profit contribution of TL 30 mln despite net loss from RTG (power generation subsidiary) (TL -25 mln). RTG’s results were impacted by unfavorable operating environment in the power sector mostly driven by lower spot market prices and bilateral agreement prices in the wholesale electricity market.

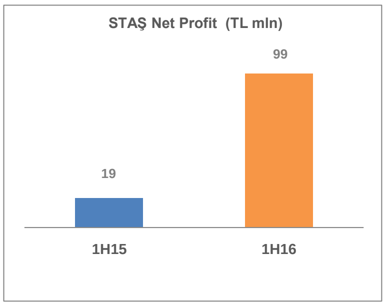
The breakdown of income from subsidiaries is provided in Annex-Table 1.

Net financial income was realized at TL 5 mln in 1H16 (vs TL 7 mln net financial income in 1H15) driven by TL 6 mln net interest income and net FX losses of TL 1 mln arising from short EUR position on the balance sheet.

Fuel Distribution and Lubricants:

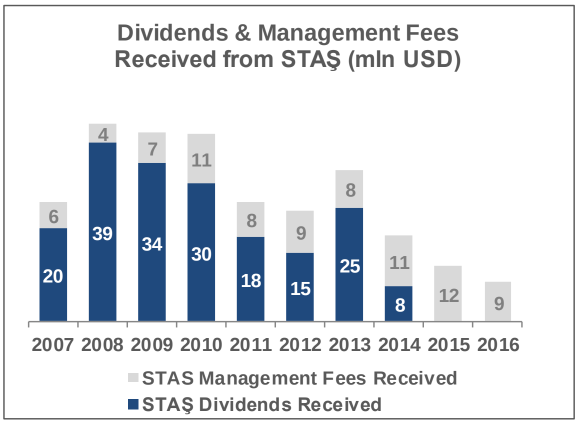
Turcas’ flagship subsidiary in fuel retail and lubricants, STAŞ, has a retail network consisting of 1,016 nationwide Shell branded fuel stations as of 1H16. STAŞ achieved strong profitability in 1H16 and recorded above sector volume growth across the board with 9% y/y growth in gasoline, 10% y/y growth in diesel and 5% y/y growth in lubricants.





STAŞ has recorded net sales of TL 7 bln (USD 2.5 bln) in 1H16 indicating 6% y/y increase driven by lucrative volume growth. EBITDA almost doubled and reached TL 468 mln (USD 160 mln) driven by 46% 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 (25%) and Lubricants sales (24%) and ranked 3rd in White Product sales (comprising of gasoline and diesel sales) (17%) as of 1H16, 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 at STAS on dividend distribution for the years 2014 and 2015. Please see in the next chart the annual dividend distribution and Management Fees received at STAS.

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 383 mln of net sales (+35% y/y growth) and TL 83 mln of net loss in 1H16 (vs TL 93 mln net loss in 1H15). Loss is mainly due to the amortization expenses (TL 27 mln) and interest charges (TL 45 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 to 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 6 semi-annual principal repayments have been realized between December 2013 and June 2016 following the start of Denizli power plant's commercial operations in June 2013. These loans are being fully consolidated in Turcas's Balance Sheet. (via Turcas Elektrik Üretim A.Ş. "TEÜAŞ").

In accordance with the amendment agreement signed between TEÜAŞ and TSKB, Bayern LB and Portigon A.G. (Consortium Banks) at 1H16, maturities of above mentioned loans obtained from Consortium Banks for the financing of Denizli CCPP have been extended by 2 years. Therefore, maturity of the loan obtained from TSKB is extended to 2022 from 2020 previously. Meanwhile, maturity of the loan obtained from Bayern LB and Portigon A.G. is extended to 2025 from 2023 previously. As a result of these maturity extensions, there has been no increase in cost of credit. Therefore, Turcas has guaranteed a total of EUR 20 mln reduction in principal and interest repayments between 2016 and 2020.

Please also recall that on 22 December 2015, RTG's paid-in capital had been 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 is aimed at decreasing interest costs and associated VAT incurred by RTG due to Shareholder Loans.

B) Renewables:

In geothermal energy, Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. ("TKJ") holds an electricity generation license awarded by EMRA in April 2016 for 18,16 MW GEPP in Aydın Province, Kuyucak-Pamukören region. Till date, TKJ has drilled 4 successful production wells and 1 re-injection well. The Company has secured 13,57 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 (after being operational in Q4 2017) 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 TKJ 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, TKJ 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.

On 30 May 2016, Turcas has reached an agreement with BM Engineering ("BM"), which used to be equal stake partner in TKJ, regarding Turcas Enerji Holding A.Ş.'s ("TEHAŞ") acquisition of 46% stake in TKJ owned by BM for a total consideration of TL 17 mln *(TL 4 mln booked as income from investment activities in 2Q16 Turcas consolidated financials due to fair valuation of 46% TEHAŞ stake)*. As a result of this transaction, TEHAŞ has become the majority shareholder of TKJ with 92% shareholding ratio. TJK is started being fully consolidated under IFRS consolidated financials of Turcas Petrol A.Ş. from 30 May 2016 onwards.

Besides Kuyucak, Turcas has extended its exploration license to operation license in **Denizli Hacıeyüpler** concession in 2015, which will be further developed via conventional production well drilling to a new geothermal source based power generation unit.

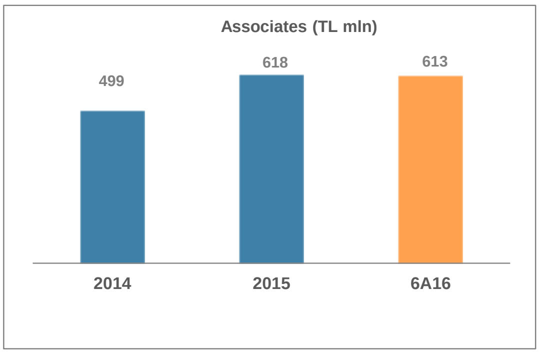
As a separate project in geothermal energy, Turcas acquired a geothermal exploration license in Manisa Province, **Gölmarmara-Hacıveliler** region (site area: 4,959 ha) in March 2014 for a period of 3 years and to be valid from the date of 20 March 2014. Geology and geophysics exploration works are planned 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.

Financing and Balance Sheet:

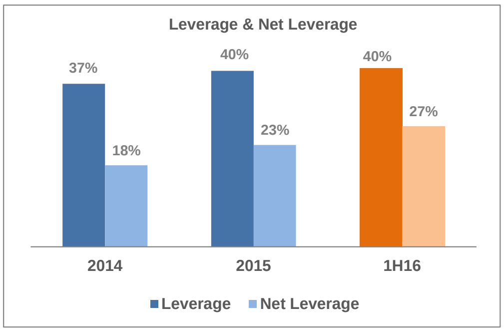
Major components among total assets of the Company amounting to TL 1.1 bln are Cash & Cash Equivalents amounting to TL 143 mln, Associates accounted via equity pick up consolidation method amounting to TL 613 mln and shareholder loan receivables from related parties, namely RWE & Turcas Güney Elektrik Üretim A.Ş. (RTG), amounting to TL 220 mln.



Turcas' financial liabilities consist of the long-term project finance loans utilized for the financing of Turcas share in the Denizli CCPP (Turcas: 30%, RWE: 70%) and the project finance loans utilized for Kuyucak Geothermal Power Plant.

As detailed in the Power Generation section, loans utilized from the Banks for Denizli CCGT had been transferred to RTG as shareholder loans (SHL) and Equity. Repayment of such 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 59% as of 1H16. Taking into account the Cash and Cash Equivalents (TL 143 mln), ratio of Net Financial Debt (TL 294 mln) to Total Assets is at a sustainable level (27%).



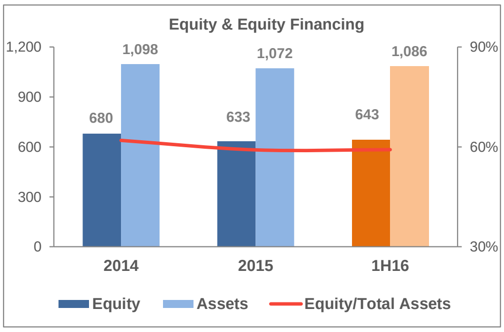


Table.1 - Turcas Petrol A.Ş. – IFRS Financials 30.06.2016

P&L (Thousand TL)	**1H16**	**1H15**	***Y/Y (%)***
Net Sales	**0**	**690**	***n.m.***
Gross Profit	**0**	**128**	***n.m.***
Operating Expenses	10,702	11,733	*-9%*
Other Operational Income (Net)	24,305	32,435	*-25%*
Operating Profit	**13,603**	**20,830**	***-35%***
Income / Loss from Subsidiaries	**4,355**	**-22,421**	***n.m.***
STAS	*29,662*	*5,637*	*426%*
RWE & Turcas	*-24,890*	*-28,044*	*n.m.*
Turcas Kuyucak	*-417*	*-15*	*n.m.*
Adjusted EBITDA	**17,958**	**-1,591**	***n.m.***
Sale Proceeds from Investments	**4,279**	**434**	***886%***
Net Financial Income	5,226	7,334	*-29%*
Profit Before Tax	27,463	6,177	*345%*
Tax	-6,811	-5,322	*n.m.*
Net Income / Loss	**20,652**	**855**	***2316%***
Earnings Per Share (TL)	***0.08***	***0.00***	***n.m.***

	1H16	**1H15**
ROA	3.8%	0.2%
ROE	6.4%	0.3%

BALANCE SHEET (Thousand TL)	**1H16**	**2015**	***YTD (%)***
Cash & Cash Equivalents	**142,728**	**178,931**	**-20%**
Trade Receivables	650	512	27%
Receivables from Related Parties (ST)	42,305	46,555	-9%
Receivables from Related Parties (LT)	177,980	183,305	-3%
Investments / Associates	613,469	617,944	-1%
Total Assets	**1,086,070**	**1,071,736**	**1%**
Short Term Financial Liabilities	71,362	78,299	-9%
Long Term Financial Liabilities	365,777	346,508	6%
Total Financial Liabilities	**437,139**	**424,807**	**3%**
Total Equity	**642,613**	**633,422**	**1%**
Total Equity and Liabilities	**1,086,070**	**1,071,736**	**1%**

	1H16	**2015**
Equity / Assets	59%	59%
Net Debt / Assets	27%	23%
Net Debt / Equity	46%	39%
Net Debt /Adjusted EBITDA (x)	8.2	n.m.

Table.2 – Shell & Turcas Petrol A.Ş. (STAŞ) – IFRS Financials 30.06.2016

OPERATIONAL DATA	1H16	1H15	Y/Y (%)
Gasoline Sales (m3)	344,865	315,500	9%
Diesel Sales (m3)	1,928,959	1,759,580	10%
Lubricants Sales (ton)	40,075	38,218	5%

Source: PETDER

P&L (Million TL)	1H16	1H15	Y/Y (%)
Net Sales	7,344	6,940	6%
Gross Profit	694	475	46%
Gross Margin	**9.46%**	**6.85%**	
Operating Expenses	516	389	33%
Other Operational Income (Net)	27	9	185%
EBIT	**205**	**96**	**113%**
Financial Gain / Loss	-74	-68	n.m.
Net Income	**99**	**19**	**426%**
EBITDA	**468**	**258**	**81%**
EBITDA Margin	**5.77%**	**3.72%**	

BALANCE SHEET (Million TL)	1H16	2015	YTD (%)
Current Assets	**2,668**	**2,322**	**15%**
Financial Liabilities	1,372	1,366	0%
Total Equity	**1,396**	**1,297**	**8%**
Total Assets	**4,280**	**3,959**	**8%**

Table.3 – RWE & Turcas Güney Elektrik Üretim A.Ş. (RTG) –Financial Summary 30.06.2016

OPERATIONAL DATA	1H16	1H15	Y/Y (%)
Sales (Gw hours)	1,518	1,191	27%

P&L (Million TL)	1H16	1H15	Y/Y (%)
Sales	383	283	35%
EBITDA	-10	0	n.m.
Net Income / (Loss)	-83	-93	n.m.

BALANCE SHEET (Million TL)	1H16	2015	YTD (%)
Total Assets	1,554	1,560	0%
Total Liabilities (1)	905	797	14%
Total Equity	649	763	-15%

(1) TL 730 mln of which is shareholder loans owed to RWE (70%) and Turcas Elektrik Üretim A.Ş. (30%).