

19 Aug  
2019



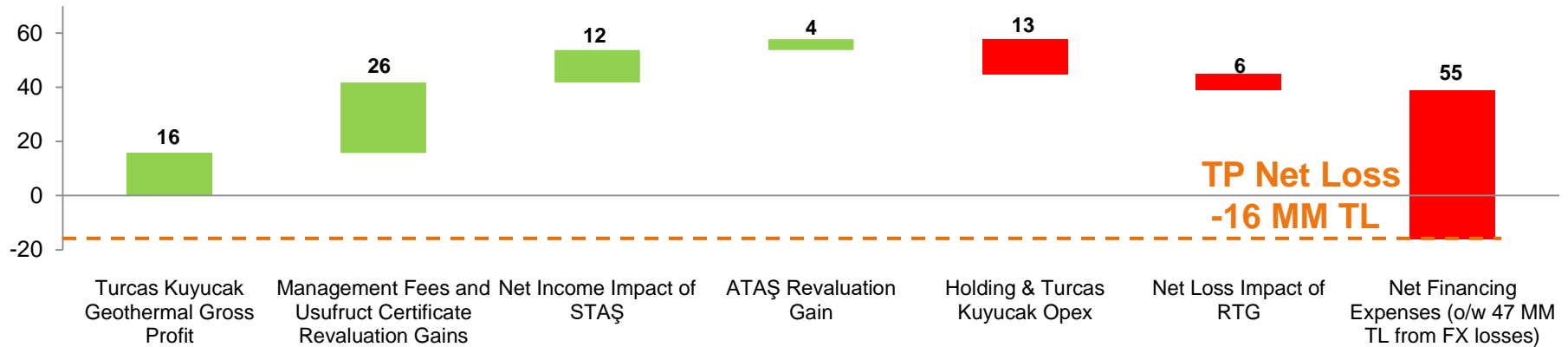
# 1H19 Earnings Presentation



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# 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



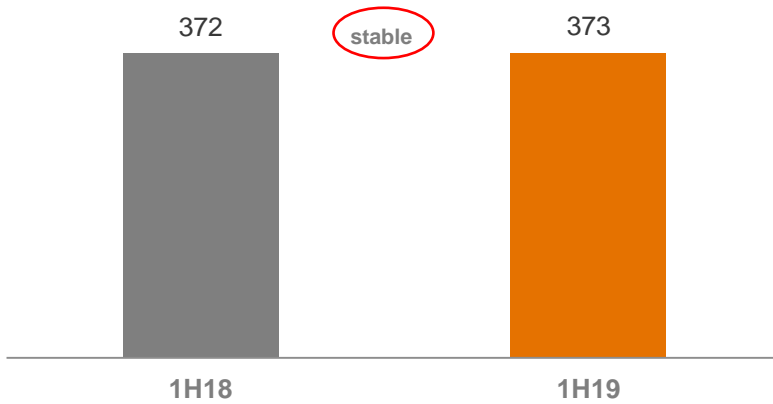
# Segmental Analysis

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

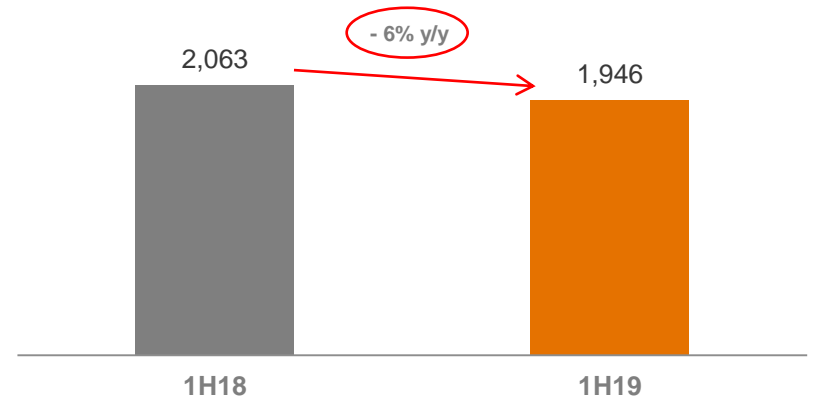
## Gasoline Sales (STAŞ)

ths m<sup>3</sup>



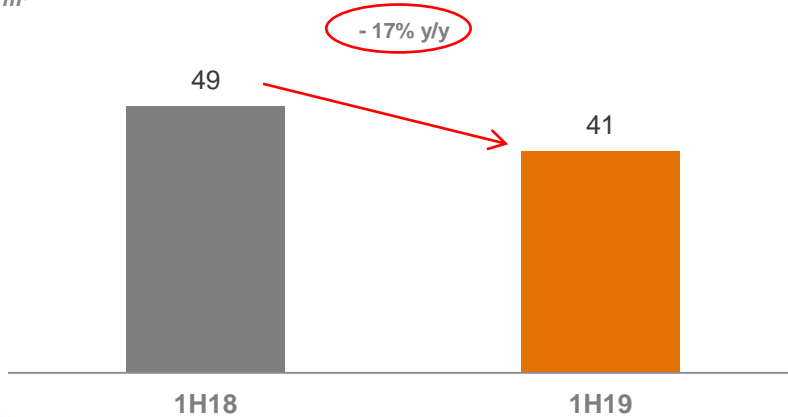
## Diesel Sales (STAŞ)

ths m<sup>3</sup>

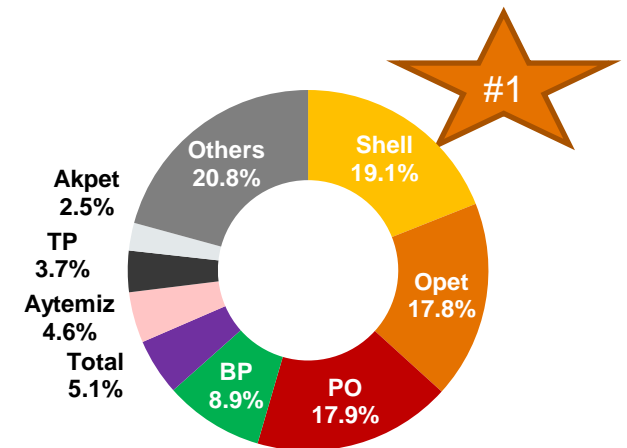


## Lubricants Sales (STAŞ)

ths m<sup>3</sup>



## Onsite Market Share (5M19)



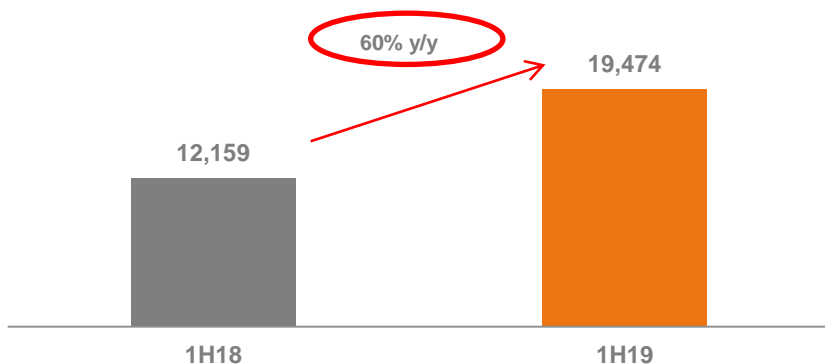
Source: PETDER. Market share info EMRA



# Shell & Turcas JV – 1H19 Key Highlights

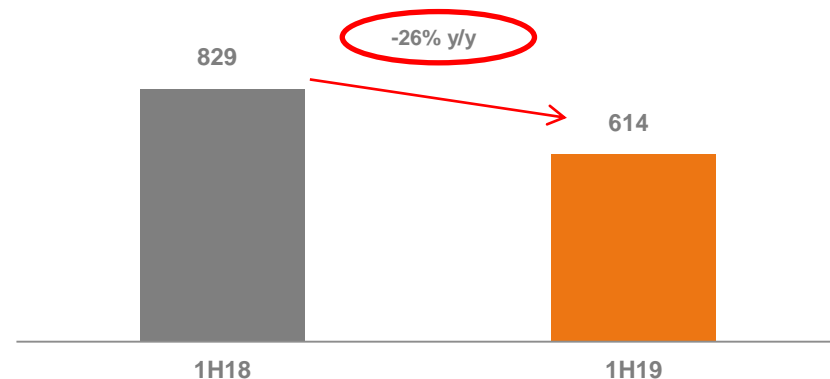
## Net Sales

MM TL



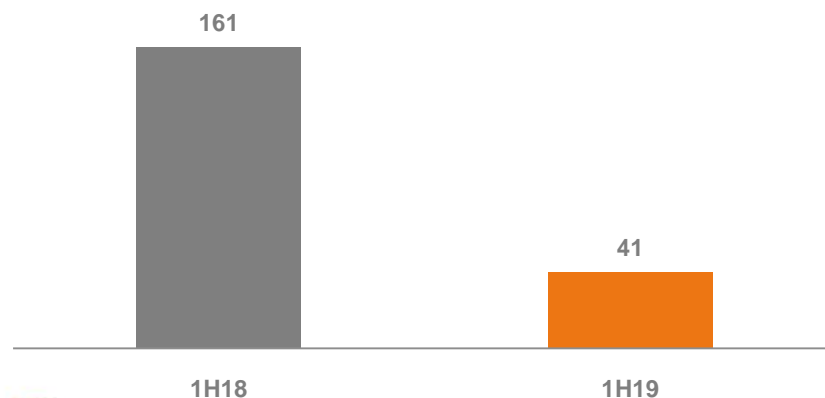
## EBITDA

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)



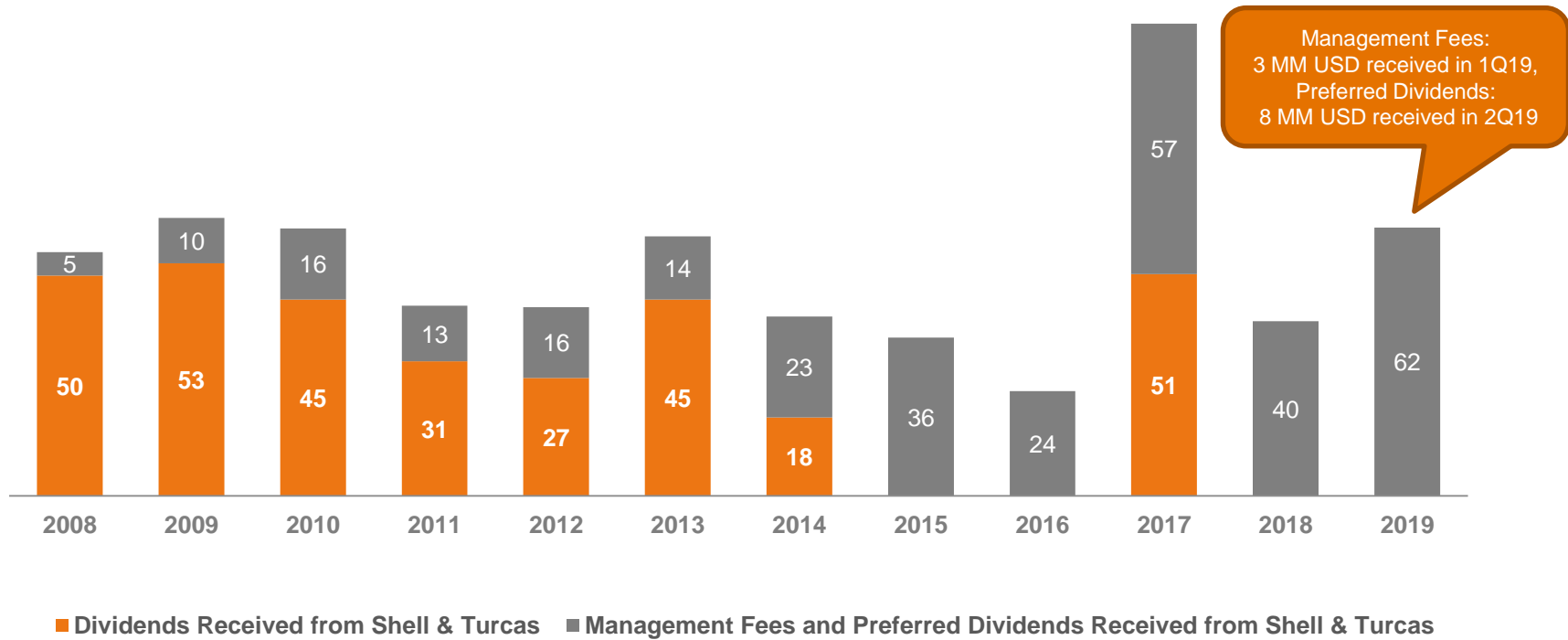
Source: STAŞ IFRS consolidated financials. EBITDA includes EBIT, depreciation, amortisation and amortisation of prepaid rent expenses



# Continuous Cash inflows from Shell & Turcas

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

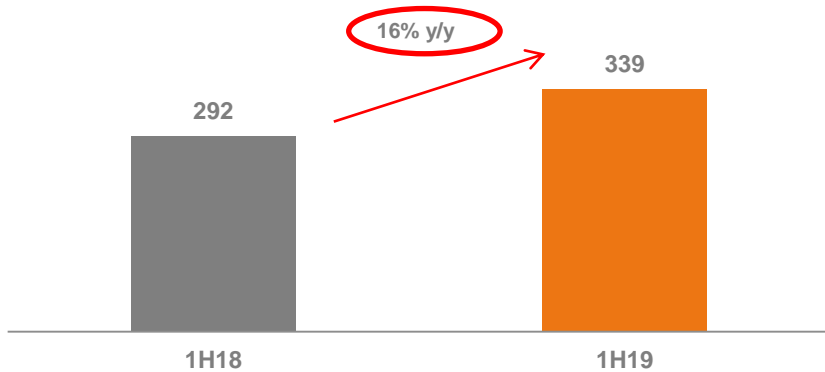
MM TL



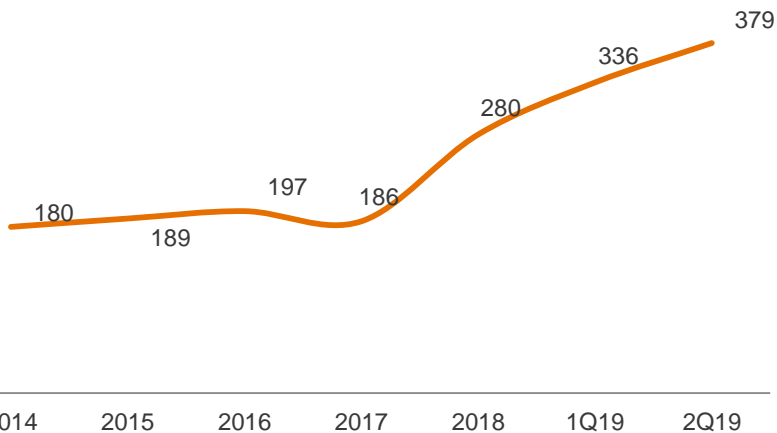
# RWE & Turcas JV – 1H19 Key Highlights

## Net Sales

MM TL

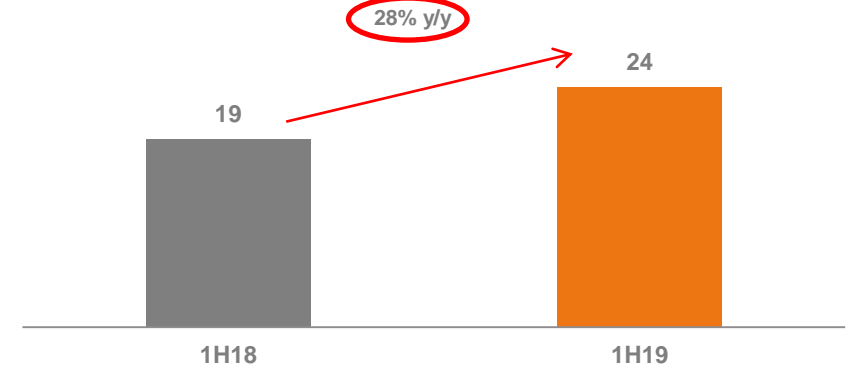


RTG Average Electricity Sales Price (TL/MWh)



## EBITDA

MM TL



RWE & Turcas 1H19 Highlights

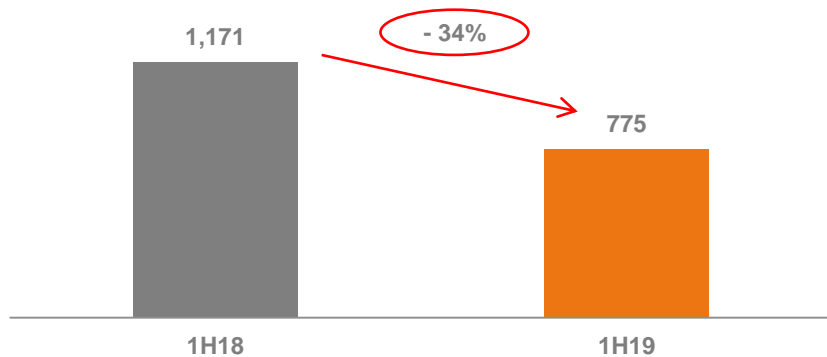
- **Increase in net sales** ( 16% y/y) supported by favorable electricity supply dynamics leading to higher prices in 2Q19
- **31 MM TL capacity payments** realized in 1H19 (1Q19: 13 MM TL, 2Q19: 18 MM TL)
- Capacity utilization significantly higher in 2Q19 vs 1Q19 (26% vs 13% respectively)



# RWE & Turcas JV – 1H19 Key Highlights

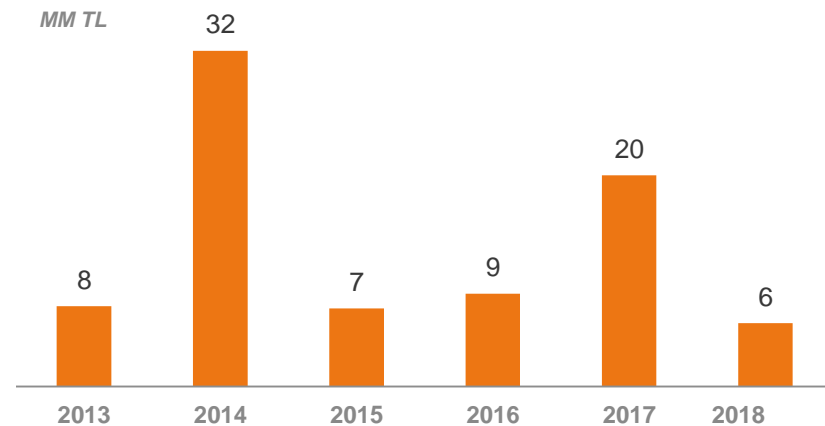
## Electricity Generation

*gWh*



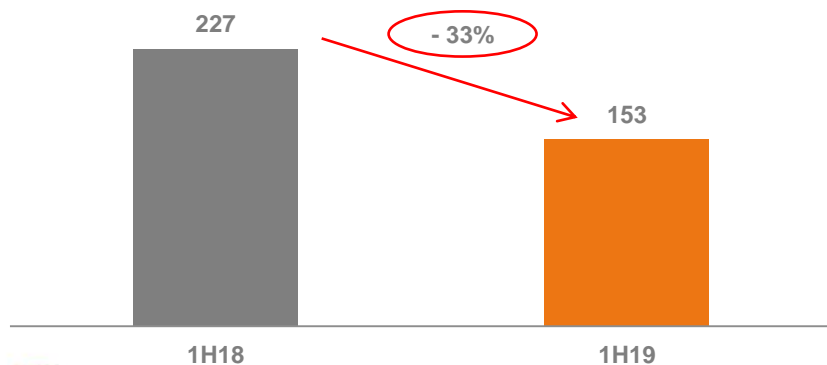
## Cash inflows to Turcas from RWE & Turcas JV (under SHL repayment)

*MM TL*



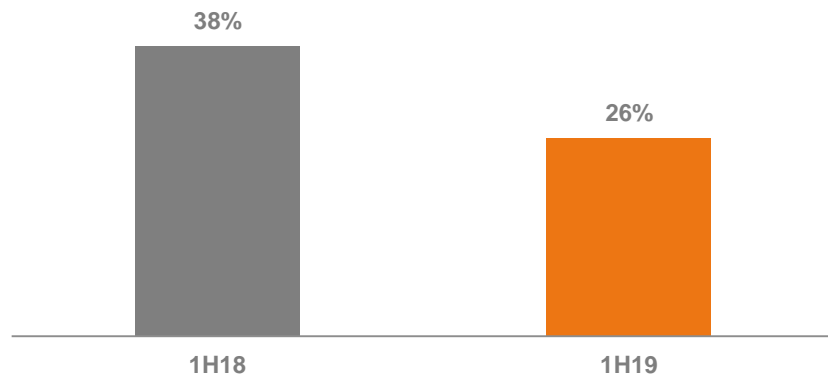
## Gas Consumption

*mcm*



## Capacity Utilization Rate

%



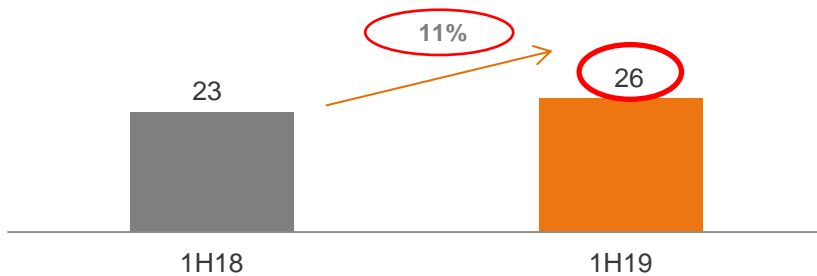
Source: RWE & Turcas IFRS consolidated financials. Cash inflows indicate shareholder loan repayments from RWE & Turcas to Turcas



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

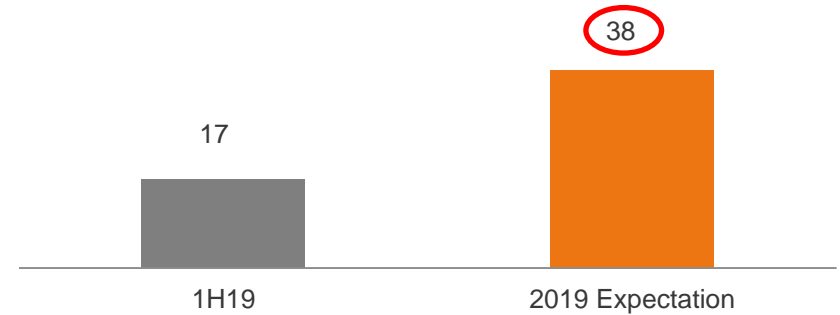
## Net Sales

MM TL



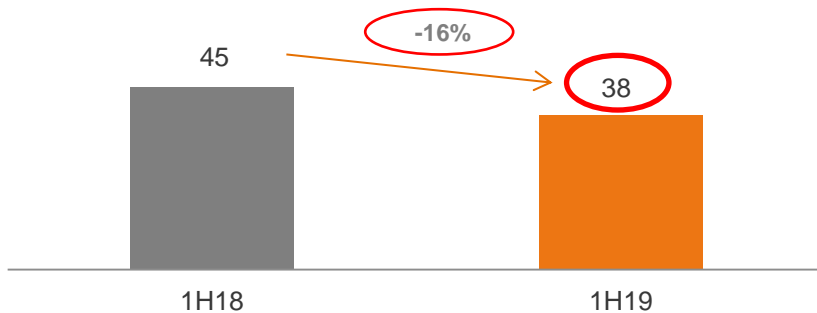
## EBITDA

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

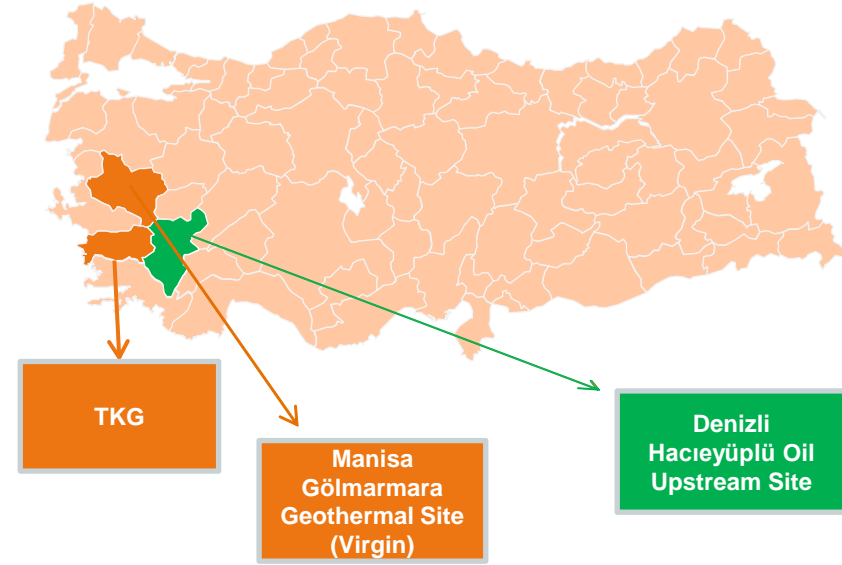
## Geothermal Energy

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

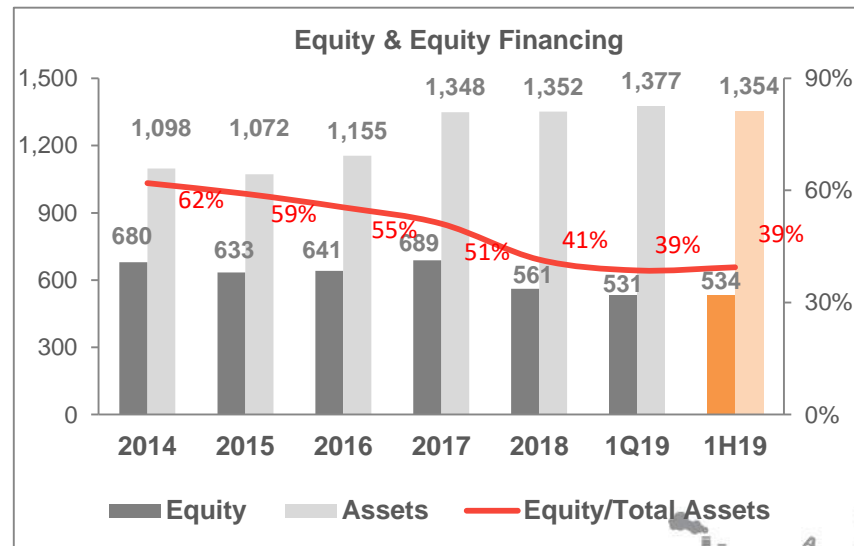
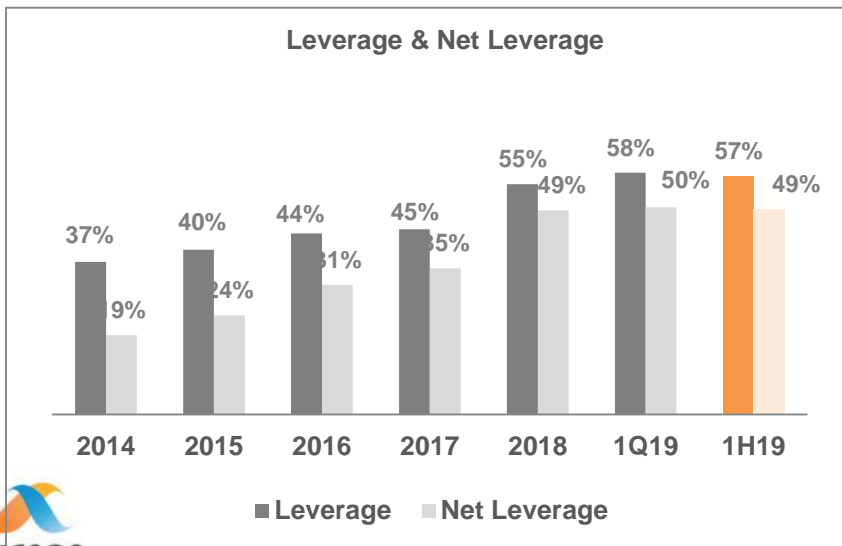


# Turcas Consolidated IFRS Summary BS & PL

## 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 &amp; 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%
<b>Total Assets</b>	<b>1,352</b>	<b>1,354</b>	<b>0%</b>
S - T Financial Liabilities <small>(PF Loans for RTG &amp; TKG)</small>	135	159	18%
L - T Financial Liabilities <small>(PF Loans for RTG &amp; TKG)</small>	615	618	1%
Equity	561	534	-5%
<b>Total Liabilities &amp; Equity</b>	<b>1,352</b>	<b>1,354</b>	<b>0%</b>
<b>Net Debt</b>	<b>664</b>	<b>669</b>	<b>1%</b>

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%
<b>Operating Profit</b>	<b>1</b>	<b>17</b>	<b>n.m.</b>
<b>Income from Investments</b>	<b>21</b>	<b>15</b>	<b>-30%</b>
<b>Income from Subsidiaries</b>	<b>46</b>	<b>6</b>	<b>-87%</b>
<i>Shell &amp; Turcas</i>	48	12	-75%
<i>RWE &amp; Turcas</i>	-3	-6	n.m.
<b>Earnings Before Financing &amp; Tax</b>	<b>68</b>	<b>37</b>	<b>-45%</b>
Net Financial Losses	-92	-55	n.m.
<i>FX Losses</i>	-89	-47	n.m.
<b>Net Income Before Tax</b>	<b>-24</b>	<b>-18</b>	<b>n.m.</b>
Tax	4	1	-63%
<b>Net Income/Loss</b>	<b>-20</b>	<b>-16</b>	<b>n.m.</b>





# Thank you!

## Contact Information

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