

10 Mar
2020



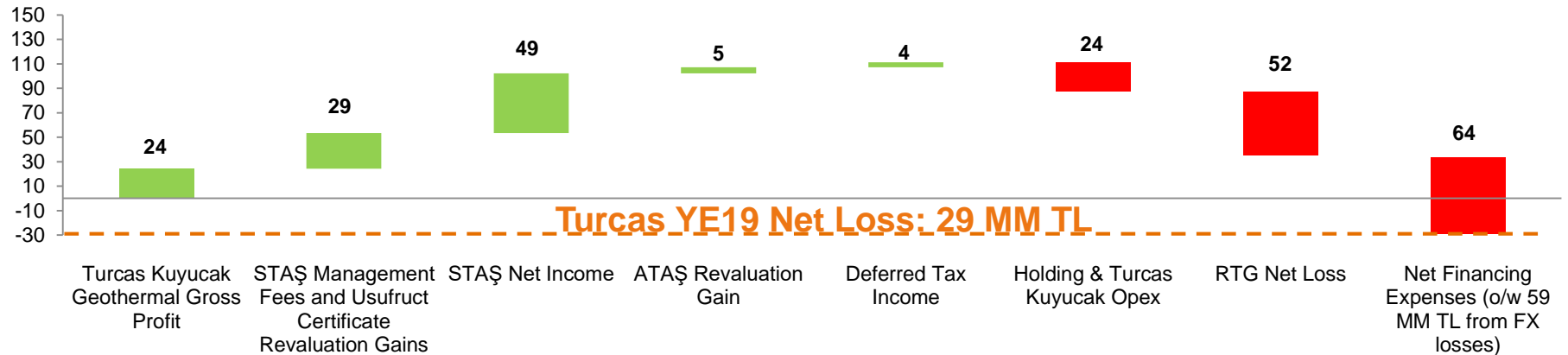
YE19 Earnings Presentation



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YE19 General Overview

Turcas Petrol IFRS Consolidated Net Income/Loss Bridging (YE19)



Message from Turcas Petrol CEO:



- **Positive contributions from our:**
 - Fuel Distribution business (Shell & Turcas), and
 - Geothermal business (Turcas Kuyucak) have been
- **Overshadowed by:**
 - The net loss of our Conventional Power Generation business (RTG Denizli CCPP) (RWE & Turcas), and
 - FX Losses related to our long term FX borrowings.
- **Disciplined Opex management leading to 2% y/y decline in Operating Expenses despite inflationary pressure,**
- **Deleveraging continues.**

At a glance- YE19



5,860
ths m3
volume
sold⁽¹⁾



39,325
MM TL
Net
Sales



1,304
MM TL
EBITDA



164
MM TL
Net
Income



2,682
million
kWh
Generation



1,041
MM TL
Net
Sales



- 2
MM TL
EBITDA



- 172
MM TL
Net Loss⁽²⁾



67
million
kWh
Generation



45
MM TL
Net
Sales



29
MM TL
EBITDA



- 3
MM TL
Net Loss ⁽³⁾

(1) Includes Onsite B2C Fuels, Onsite B2B Fuels, Commercial Fuels , LPG and Lubricants

(2) RTG Net Loss comprises of; (i) an Operating Loss of 60 MM TL (of which 59 MM TL is Non-Cash Amortisation Expense), (ii) 89 MM TL Financing Expenses (expected to significantly decline in 2020 due to the conversion of all outstanding Shareholder Loans to equity in Dec'19), and (iii) a 23 MM TL Deferred Tax Expense.

(3) TKJ Net Loss comprises of; (i) an Operating Income of 22 MM TL (of which 7 MM TL is Non-Cash Amortisation Expense), (ii) 29 MM TL Financing Expenses (of which 13 MM TL is FX loss and 16 MM TL is Interest Expense) and (iii) a 4 MM TL Deferred Tax Income.



Segmental Analysis

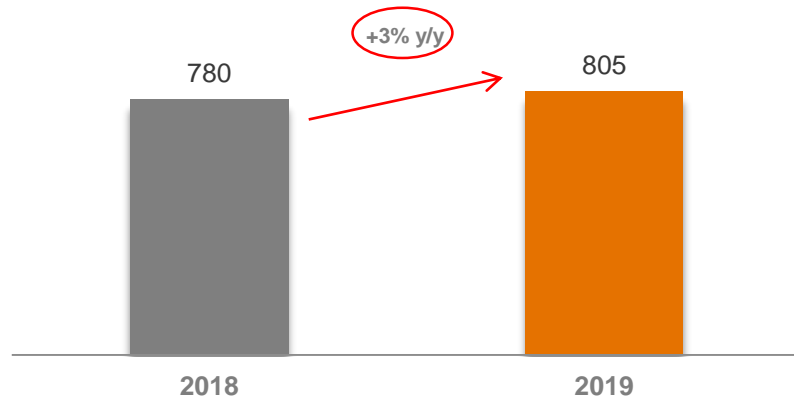
MM TL	Oil Segment			Energy Segment					
	Shell & Turcas (Turcas share: 30%)			RWE & Turcas (Turcas share: 30%)			TKG (Turcas share: 100%)		
	Revenues	EBITDA	Net Income	Revenues	EBITDA	Net Loss	Revenues	EBITDA	Net Income
YE19	39,325	1,305	164	1,041	-2	-172	45	29	-3
YE18	32,566	1,014	88	967	58	-62	46	27	-40
4Q19	9,617	287	5	356	-8	-86	12	6	-5
3Q19	10,234	404	119	346	-18	-67	8	6	3

Shell & Turcas JV – YE19 Key Highlights

Volume evolution in line with the sector (sector gasoline sales: +3% y/y, diesel: -4% y/y)

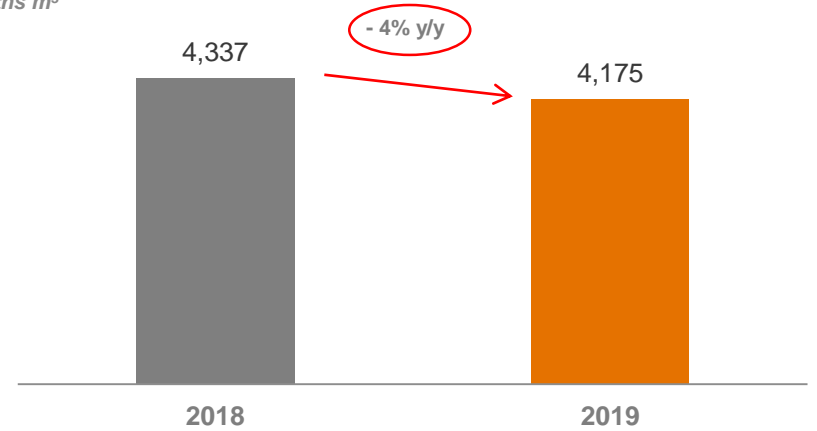
Gasoline Sales (STAŞ)

ths m³



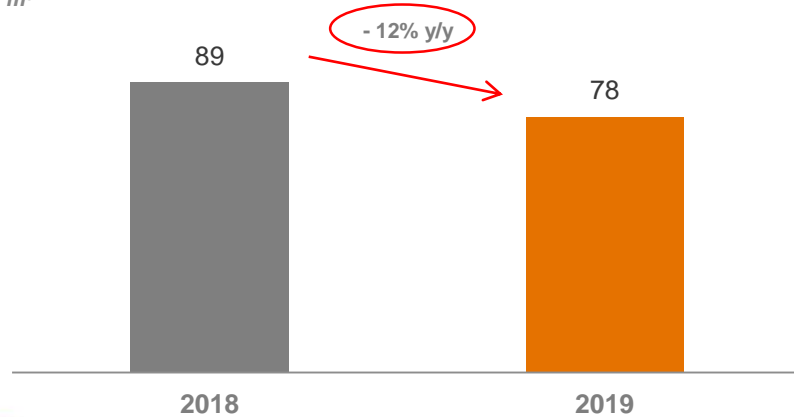
Diesel Sales (STAŞ)

ths m³

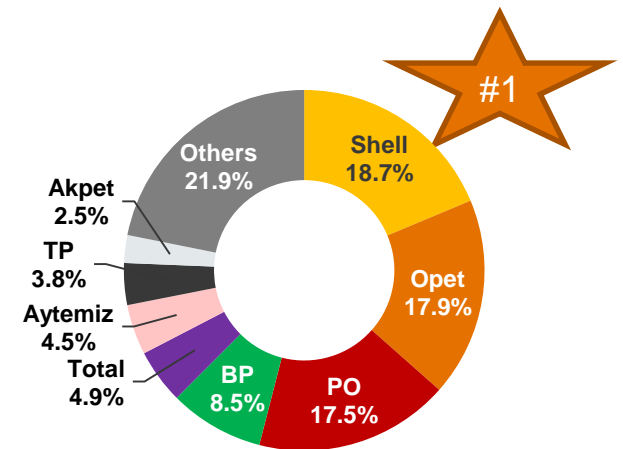


Lubricants Sales (STAŞ)

ths m³



Onsite Market Share (YE19)



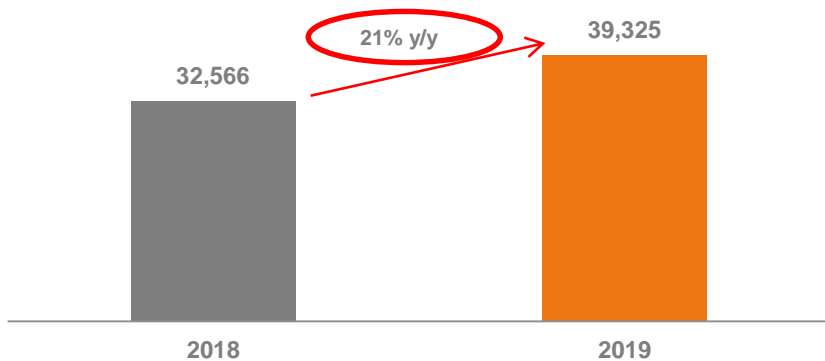
Source: PETDER. Market share info EMRA



Shell & Turcas JV – YE19 Key Highlights

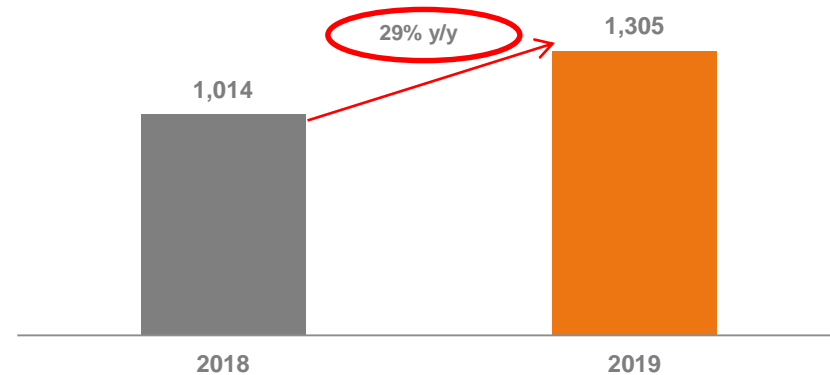
Net Sales

MM TL



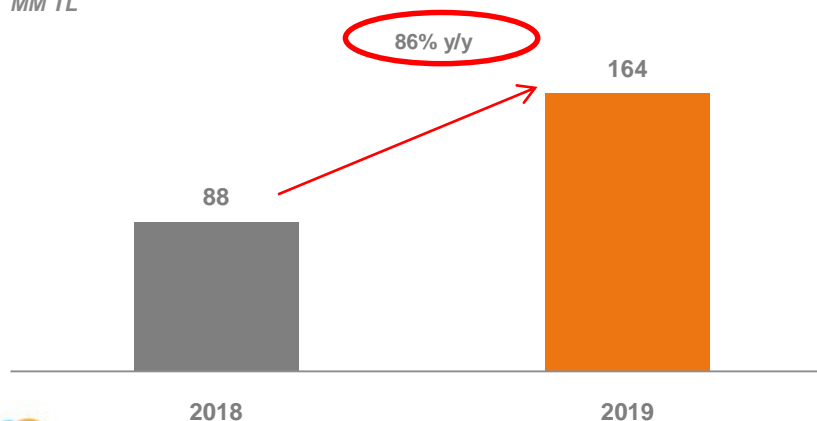
EBITDA

MM TL



Net Income

MM TL



Shell & Turcas YE19 Highlights

- **Solid increase (+21% y/y) in net sales** driven by higher prices although white product volume growth is down by 3% y/y,
- **EBITDA up by 29% y/y driven by significantly lower FX losses from product sourcing** compared to YE18,
- Strong recovery in net income on an annual basis due to i) **higher gross profit**, and ii) **lower FX losses from operations**.



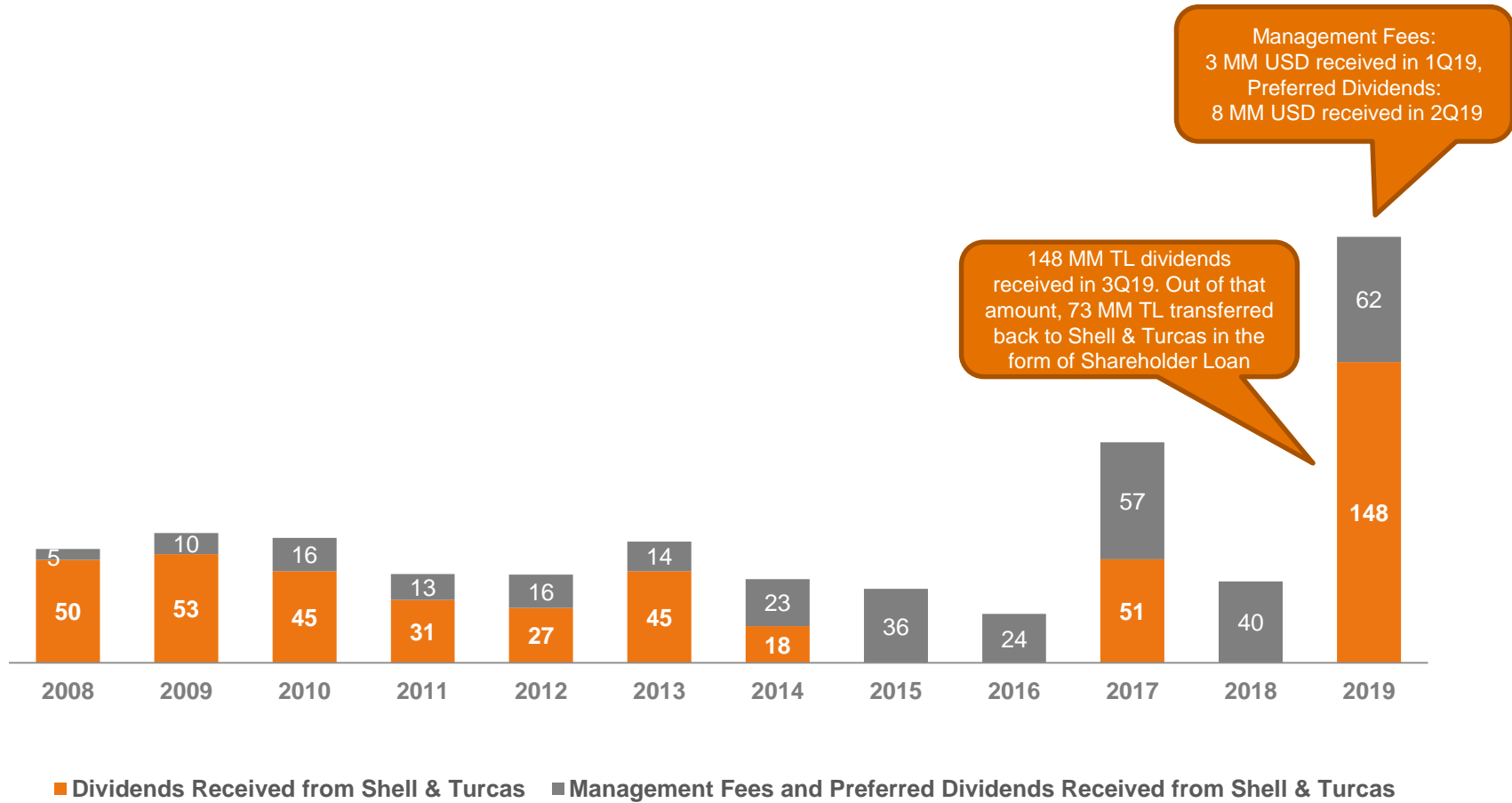
Source: STAŞ IFRS consolidated financials



Continuous Cash inflows from Shell & Turcas

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

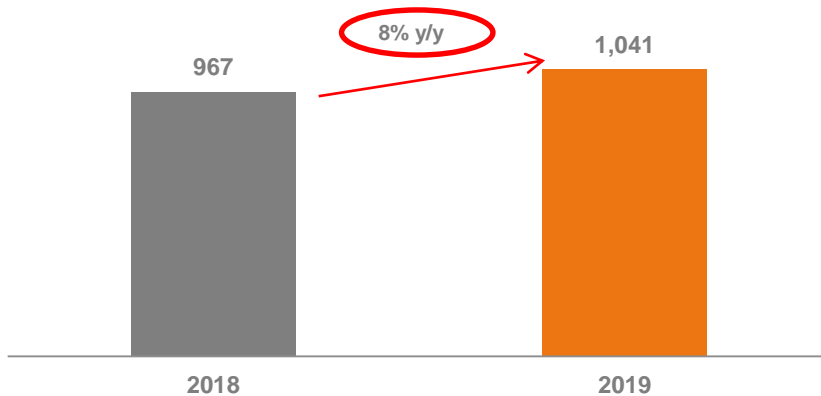
MM TL



RWE & Turcas JV – YE19 Key Highlights

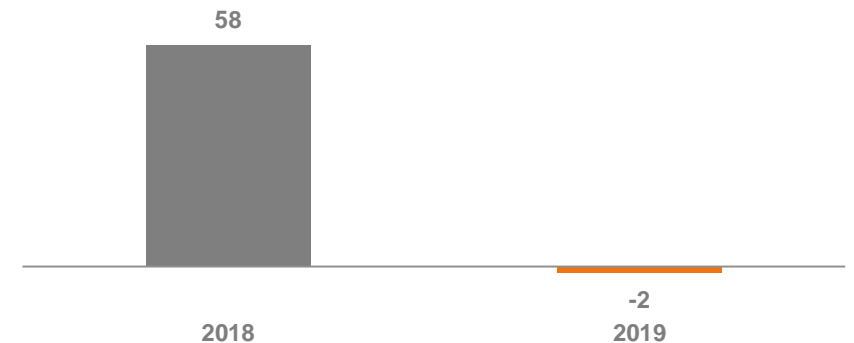
Net Sales*

MM TL



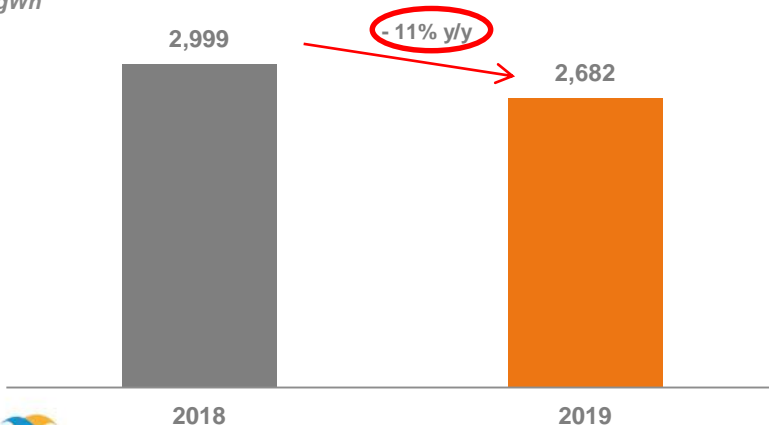
EBITDA

MM TL



Electricity Generation

gWh



RWE & Turcas YE19 Highlights

- Capacity utilization realized at 47% in 2019 (vs 49% in YE18), hence electricity generation is down by 11% y/y,
- **56 MM TL Capacity Payments** received in 2019 (1Q19: 13 MM TL, 2Q19: 18 MM TL, 3Q19: 10 MM TL, 4Q19: 15 MM TL),
- EBITDA in negative territory due to shrinking spark spread in an exceptionally wet year while fulfilling Take-Or-Pay obligations to the state-run gas utility BOTAŞ. However, in 2020, gas supply flexibility is expected to increase on the back of private & state gas mix optimization.

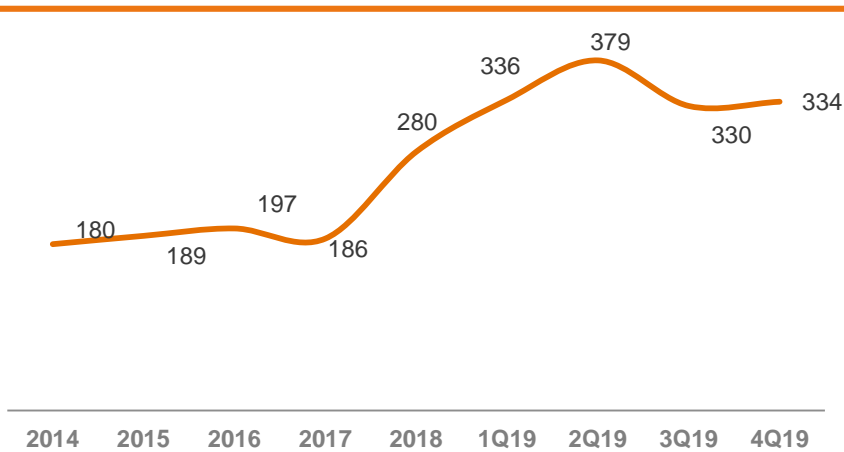


Source: RWE & Turcas IFRS consolidated financials.
* Net sales include capacity payments

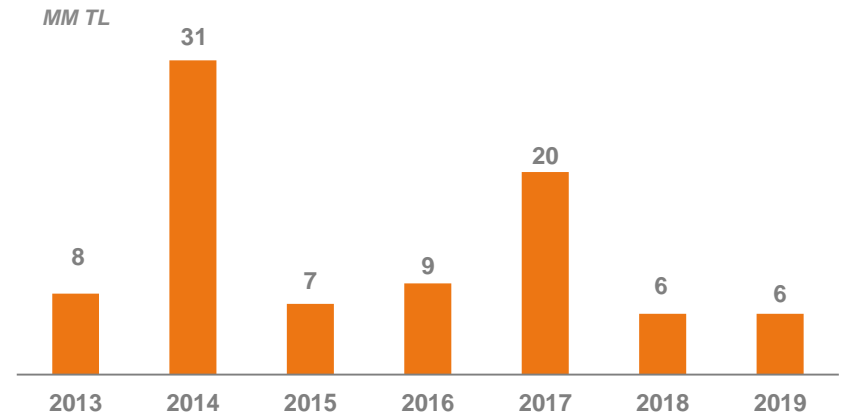


RWE & Turcas JV – YE19 Key Highlights

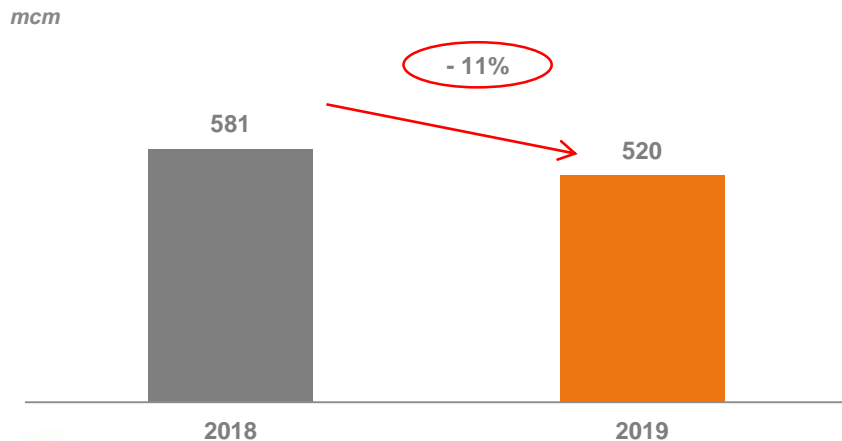
RTG Average Electricity Sales Price (TL/MWh)



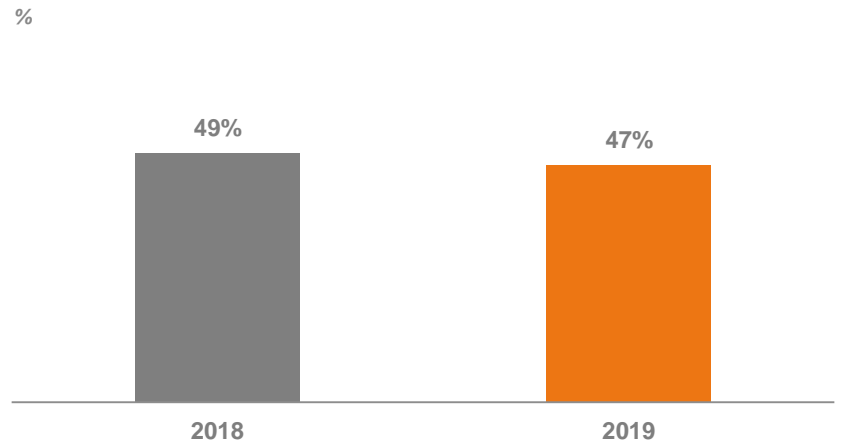
Cash inflows to Turcas from RWE & Turcas JV (under SHL repayment)



Gas Consumption



Capacity Utilization Rate



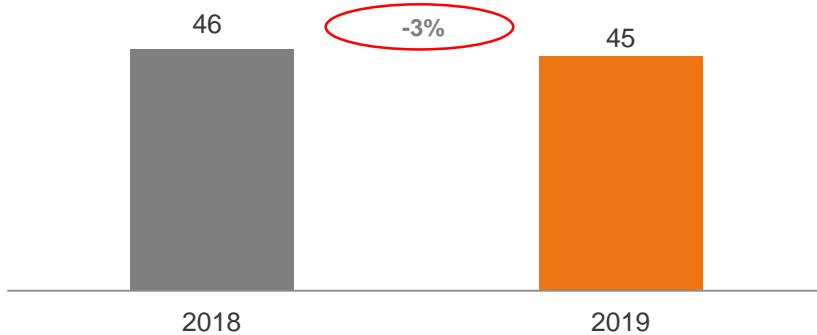
Source: RWE & Turcas IFRS consolidated financials. Cash inflows indicate shareholder loan repayments from RWE & Turcas to Turcas



Turcas Kuyucak Geothermal (TKG) PP-YE19 Key Highlights

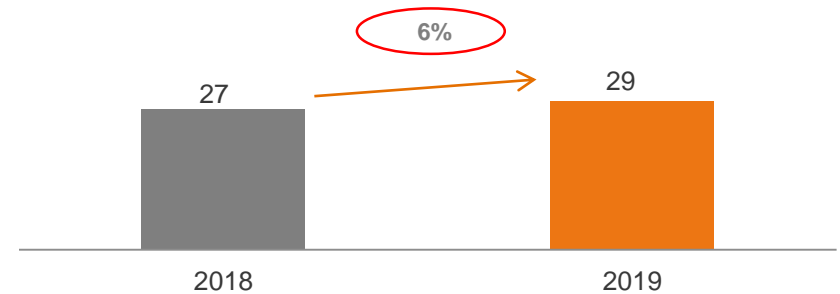
Net Sales

MM TL



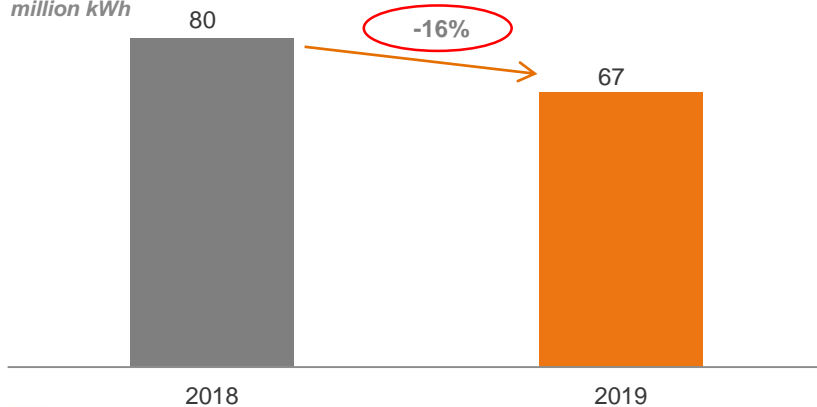
EBITDA

MM TL



Electricity Generation

million kWh



Turcas Kuyucak Geothermal PP YE19 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 continued successfully thanks to TKG's cash generation,
- Additional production well expected to be connected to the main grid from 2Q20 onwards with the goal of increasing generation and maximizing EBITDA.



Source: Turcas Kuyucak financials



Potential Project Pipeline

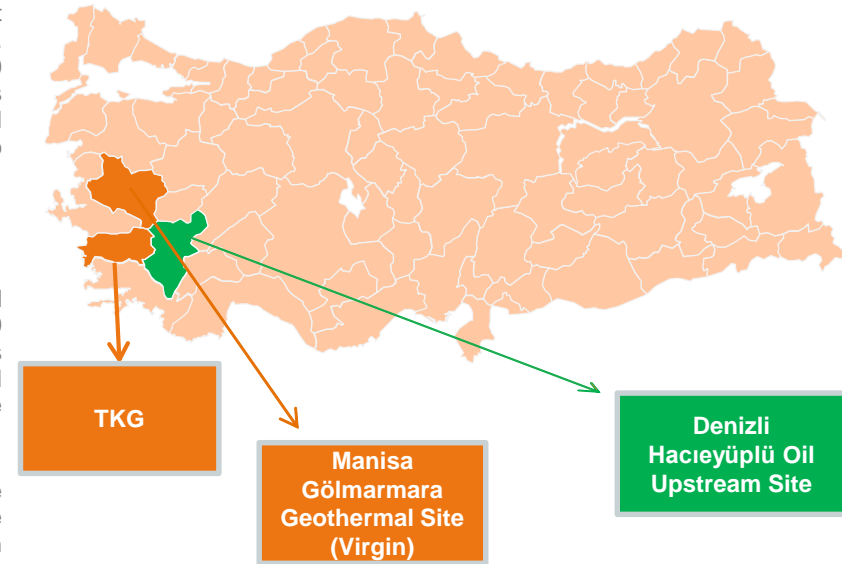
Geothermal Energy

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 2Q20 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 Gölarmara 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)

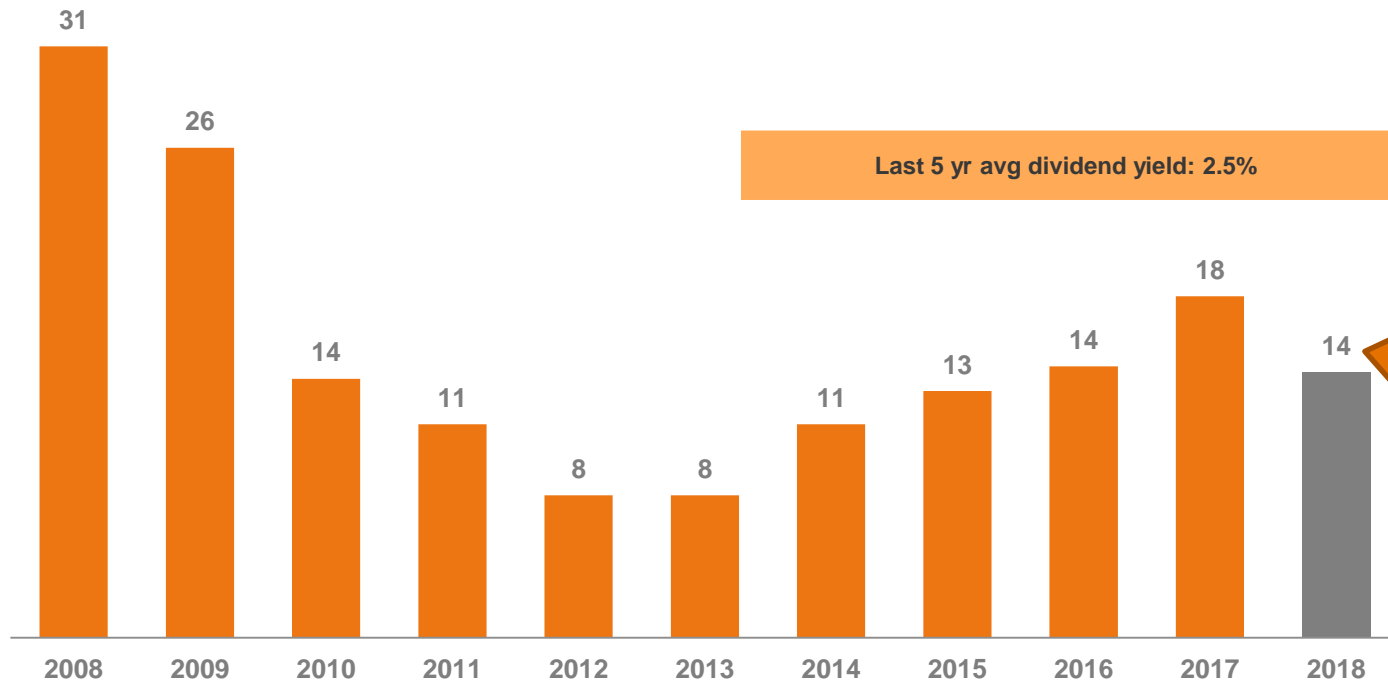
- Our 2,600 m deep geothermal well (drilled 1Q-2017) in Denizli Hacıyüplü did not yield enough thermal heat for power generation but encountered oil findings around 700 to 900 meters depth. Turcas completed the geological and geophysical studies in 2018 and plans to move forward with seismic studies 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 will be submitted to GDMPA in order to establish license utilization rights accordingly (Turcas: 50%, Perenco: 50%).



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

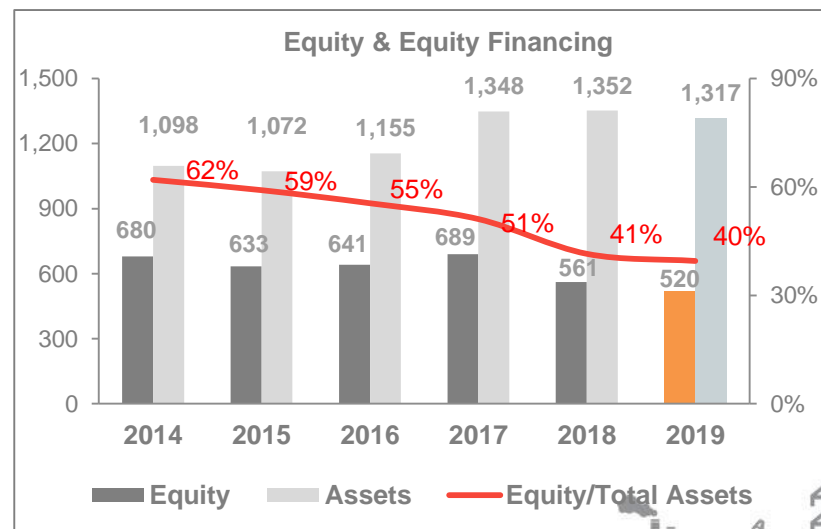
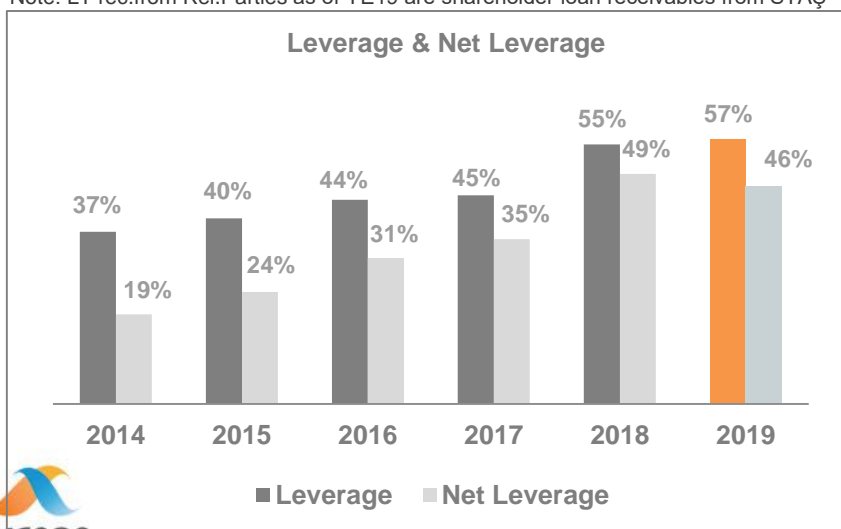
Turcas Consolidated IFRS Summary BS & PL

IFRS Consolidated Financial Statements & Financing Ratios

Balance Sheet , million TL	2018	2019	Ytd
Cash & Cash Equivalents	86	133	56%
S - T Rec. From Rel.Parties <small>(from RTG and STAS)</small>	19	0	n.m.
L - T Rec. From Rel.Parties <small>(from RTG & STAS)</small>	70	74	6%
Associates <small>(STAS & RTG)</small>	806	763	-5%
Fixed Assets <small>(TKJ Capex Investments)</small>	264	265	0%
Financial Assets <small>(FMV of Usufruct Certificates)</small>	74	42	-43%
Total Assets	1,352	1,317	-3%
S - T Financial Liabilities <small>(PF Loans for RTG & TKG)</small>	135	116	-14%
L - T Financial Liabilities <small>(PF Loans for RTG & TKG)</small>	615	629	2%
Equity	561	520	-7%
Total Liabilities & Equity	1,352	1,317	-3%
Net Debt	664	612	-8%

Income Statement, million TL	2018	2019	Y/Y
Revenues (Electricity Sales)	46	45	-3%
Gross Profit	30	24	-20%
Other Operational Income (Net)	-10	14	n.m.
Operating Expenses	-24	-24	-2%
Operating Profit	-4	15	n.m.
Income from Investments	33	19	-44%
Income from Subsidiaries	8	-2	n.m.
<i>Shell & Turcas</i>	26	49	86%
<i>RWE & Turcas</i>	-19	-52	n.m.
Earnings Before Financing & Tax	37	31	-17%
Net Financial Losses	-180	-64	n.m.
<i>FX Losses</i>	-279	-59	n.m.
Net Income Before Tax	-143	-33	n.m.
Tax	12	4	-67%
Net Income/Loss	-131	-29	n.m.

Note: LT rec.from Rel.Parties as of YE19 are shareholder loan receivables from STAS





Thank you!

Contact Information

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