



Q4 2020 Earnings Presentation



11 February 2021

Disclaimer

This presentation contains forward-looking statements that reflect the Company management's current views with respect to certain future events. Although it is believed that the expectations reflected in these statements are reasonable, they may be affected by variables and changes in underlying assumptions that could cause actual results to differ materially.

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2020 Highlights: An Exceptional Year for the Oil Industry

DEMAND

Oil demand diminished severely due to the pandemic
(c.10% decline in World's oil demand)

NUMEROUS
UNPRECEDENTED
EVENTS

SUPPLY

OPEC+ settled on production cuts, targeting to take the oil surplus off the market



Negative crude prices for the first time in history



Jet fuel cracks below zero for 6 consecutive months



OPEC+'s largest production cut in history



Narrowest heavy crude oil differentials of the decade



Global crude and product inventories reached tank top

Q4 2020 in Summary



Mid distillate cracks showed slight improvement, jet cracks turned into positive territory in Q4 with inventory normalization and recovering demand.



Heavy crude differentials widened slightly (q-o-q) but are still narrower than 5-yr averages as a result of OPEC+ supply cuts and strong demand from Asia.



Brent price improved towards year-end with vaccine developments being the key catalyst.

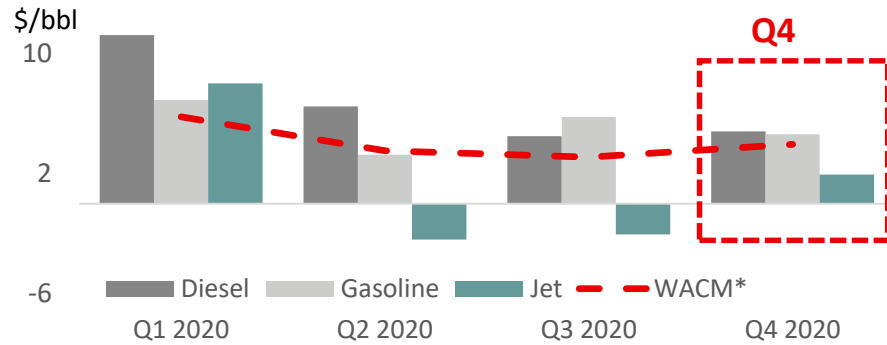


Demand for diesel and gasoline remained quite resilient in Turkey despite the additional containment measures



TL's appreciation q-o-q resulted in FX gains below EBITDA; however also limiting inventory gains in Q4.

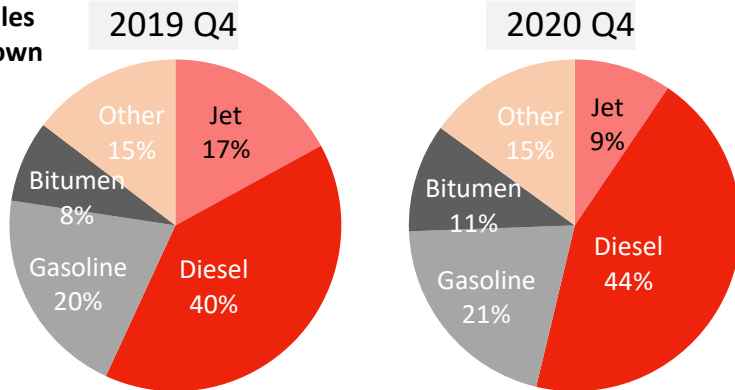
Q4 2020 Tüpraş Highlights



Mid-distillate cracks improved in Q4 after historical lows in Q3

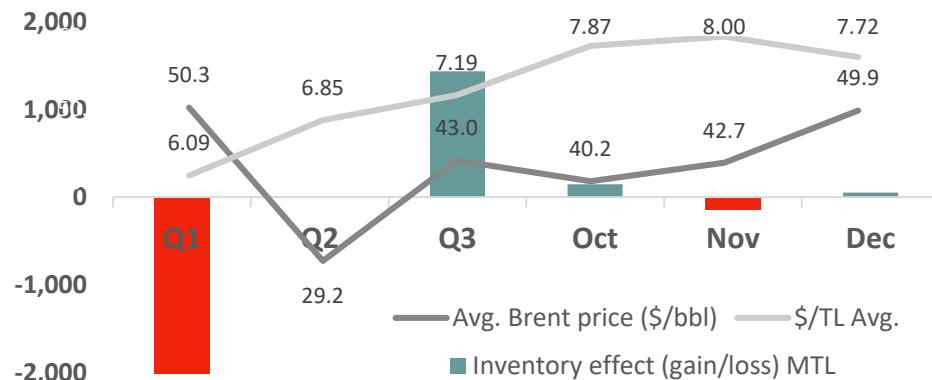
- Jet fuel cracks turned to positive in October and maintain its upward trend on a monthly basis.
- Gasoline cracks softened primarily due to seasonality, while private transportation demand remains supportive.

Total Sales Breakdown



Turkish market remained resilient in Q4, Tüpraş proactively managed its product slate to capture underlying changes

- Due to strong industrial and infrastructure demand diesel/gasoline posted 4% growth in Oct-Nov vs 2019.
- While flights continue to recover, jet fuel demand remains muted. Tüpraş actively managed production mix to accommodate to these dynamics.



Appreciation of TL capped inventory gains while supporting net financial expenses with FX gains

- Due to TL's appreciation in late December, inventory gains remained limited in Q4. Some portion of inventory gains will slip into Q1'21.
- On the other hand, TL appreciation have created FX gains in both non-operational items and financial expenses as we continue to maintain our FX position as square.

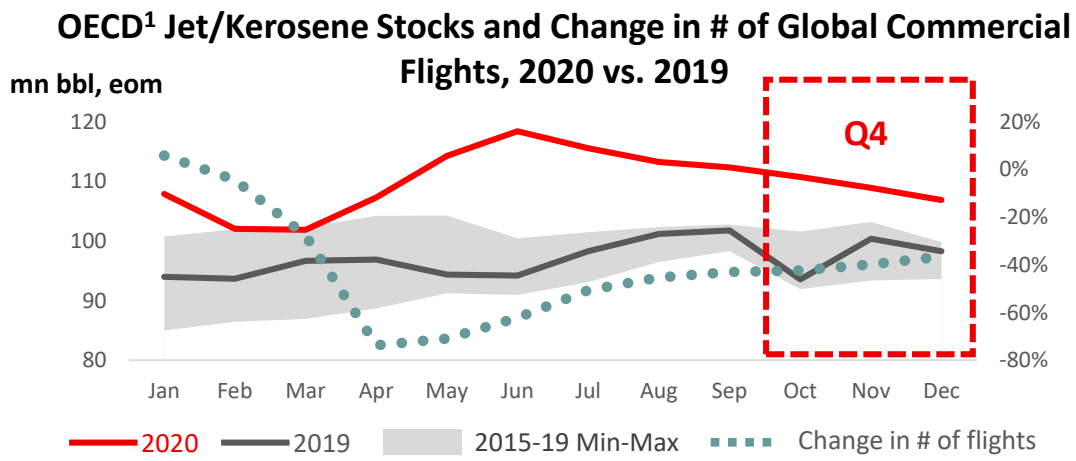


Market

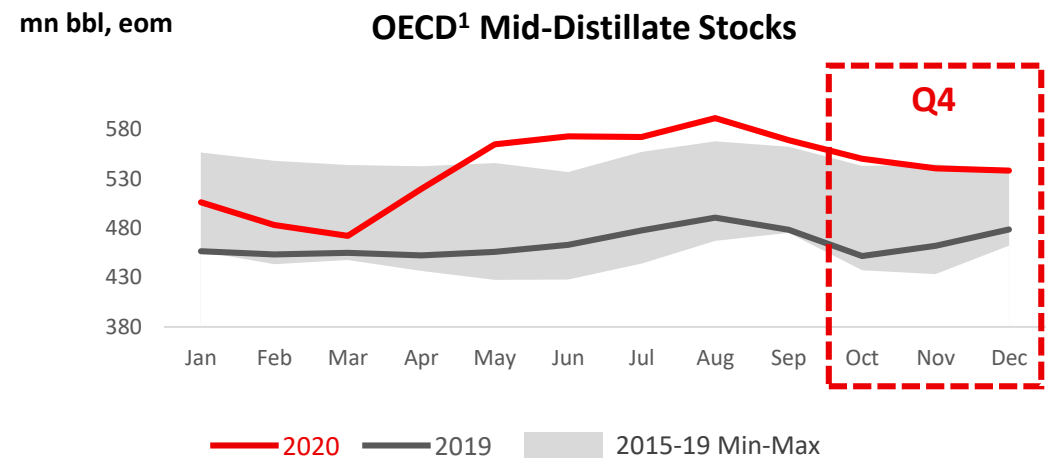
Q4 2020 – Key Market Highlights

Global Oil Market

Normalization in flights and reduced stock levels have led jet fuel cracks to climb above zero.

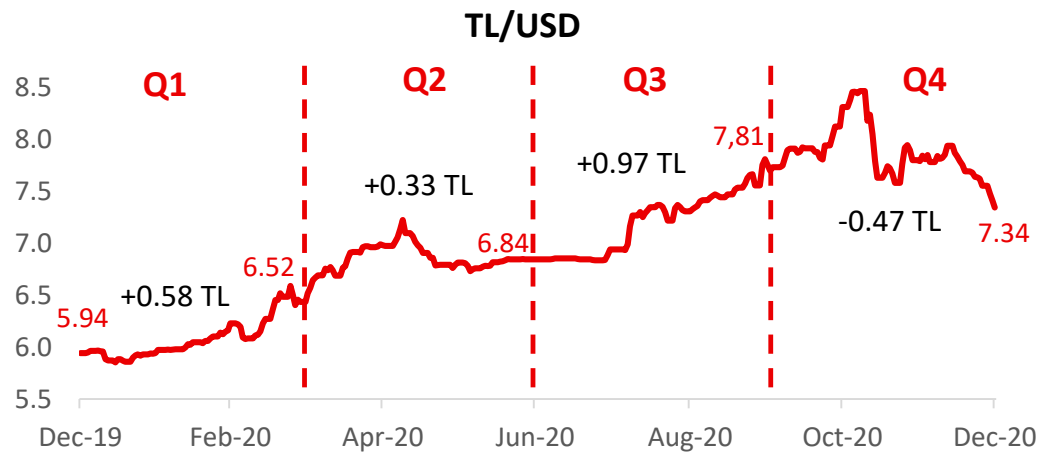


Lower jet fuel stocks helped stabilization in mid-distillate stocks, pulling them into past five years' range in Q4.

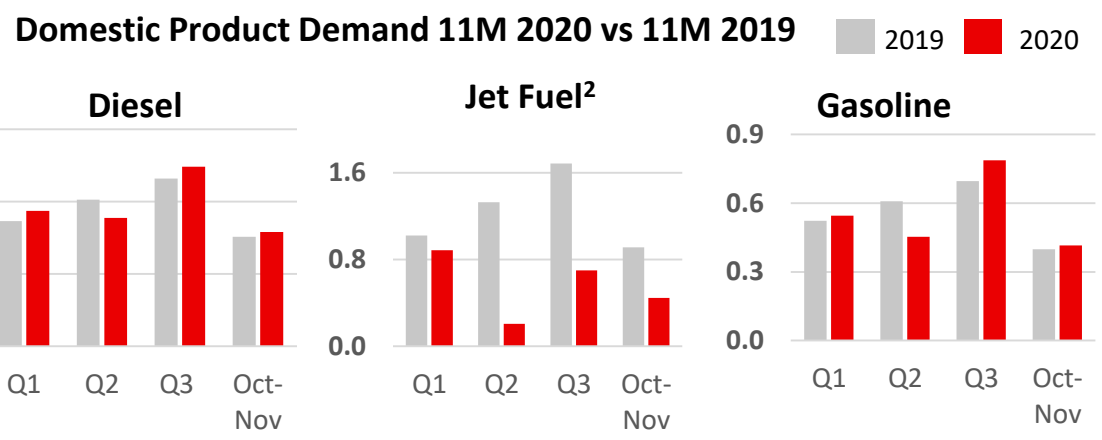


Turkish Market

TL appreciated in Q4 2020 following CBRT actions.



Turkey's diesel/gasoline demand posted growth in Q4 whereas jet fuel remains largely behind 2019.

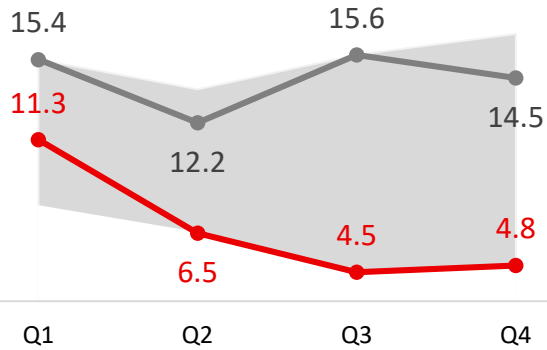


Quarterly Crack Margin Comparison (\$/bbl) 2016 - 2020

Diesel cracks improved only marginally due to elevated stock levels. Seasonality weighs on gasoline cracks.

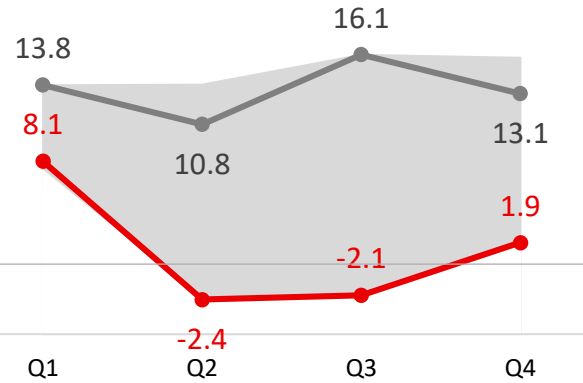
● 2020 ● 2019 2016-2020 Min - Max

Diesel



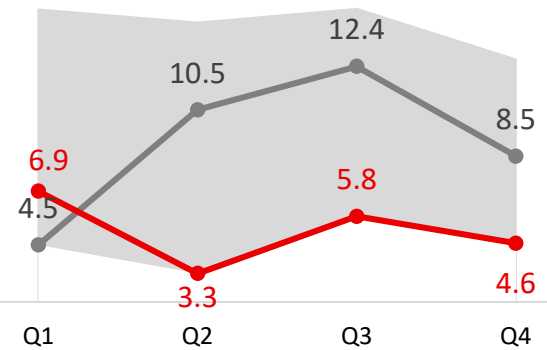
- Refineries continued to switch to diesel to reduce jet yield
- Elevated stock levels

Jet Fuel



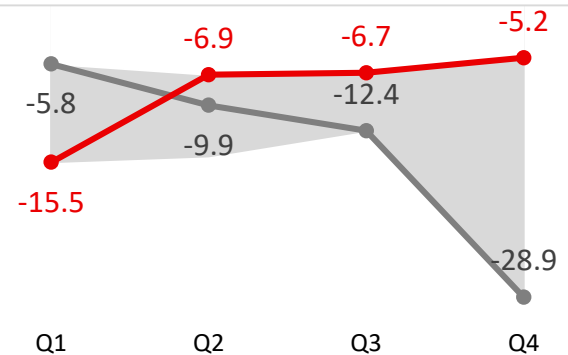
- Severe drop in global aviation activity due to the Covid-19 outbreak

Gasoline



- Adverse impact of the Covid-19
- + Increased personal transportation

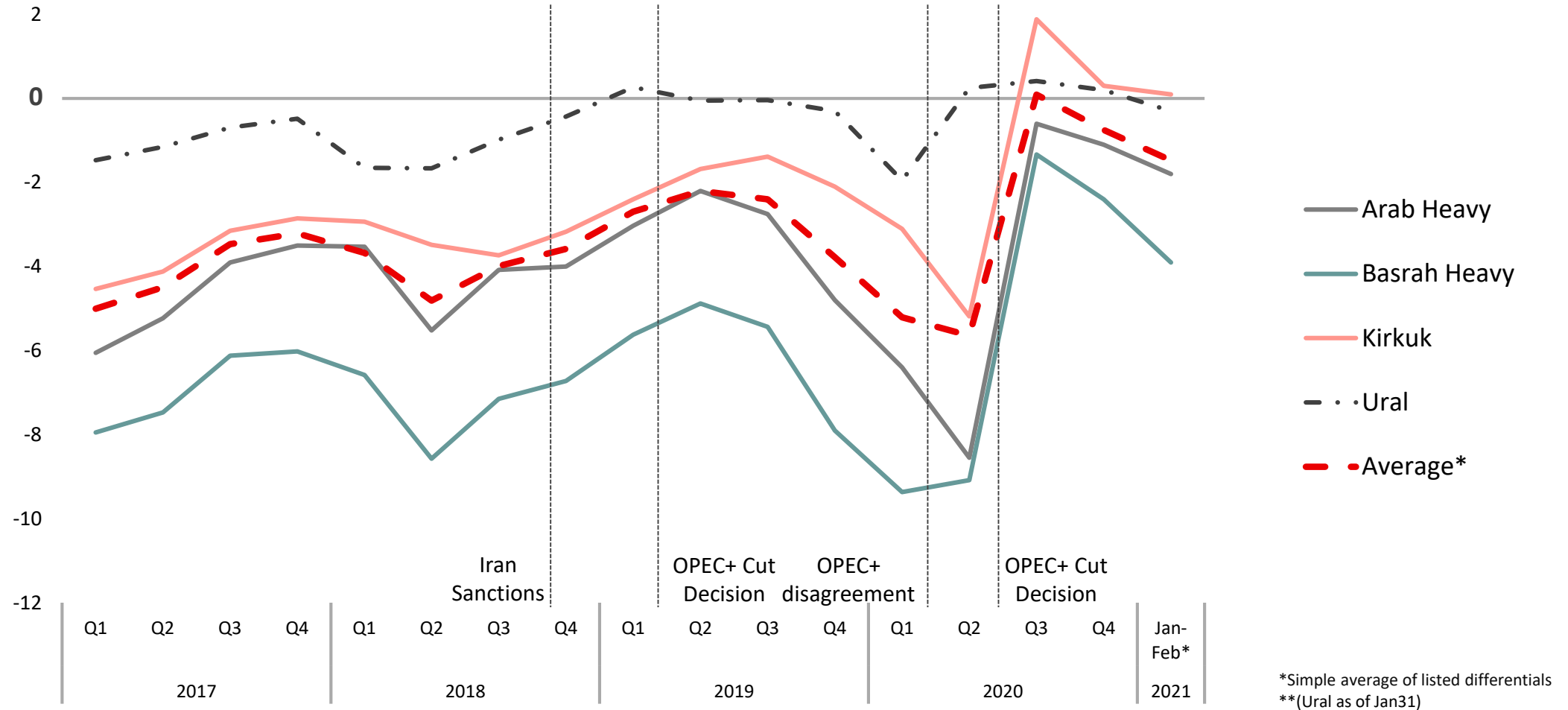
High Sulphur Fuel Oil



- + Decreased heavy crude availability
- + Run cuts by simple refineries reduce supply
- + Increased demand as conversion feedstock

Heavy Crude Price Differentials to Brent (\$/bbl)

Differentials widened slightly in Q4 but they remain narrow compared to historical averages.



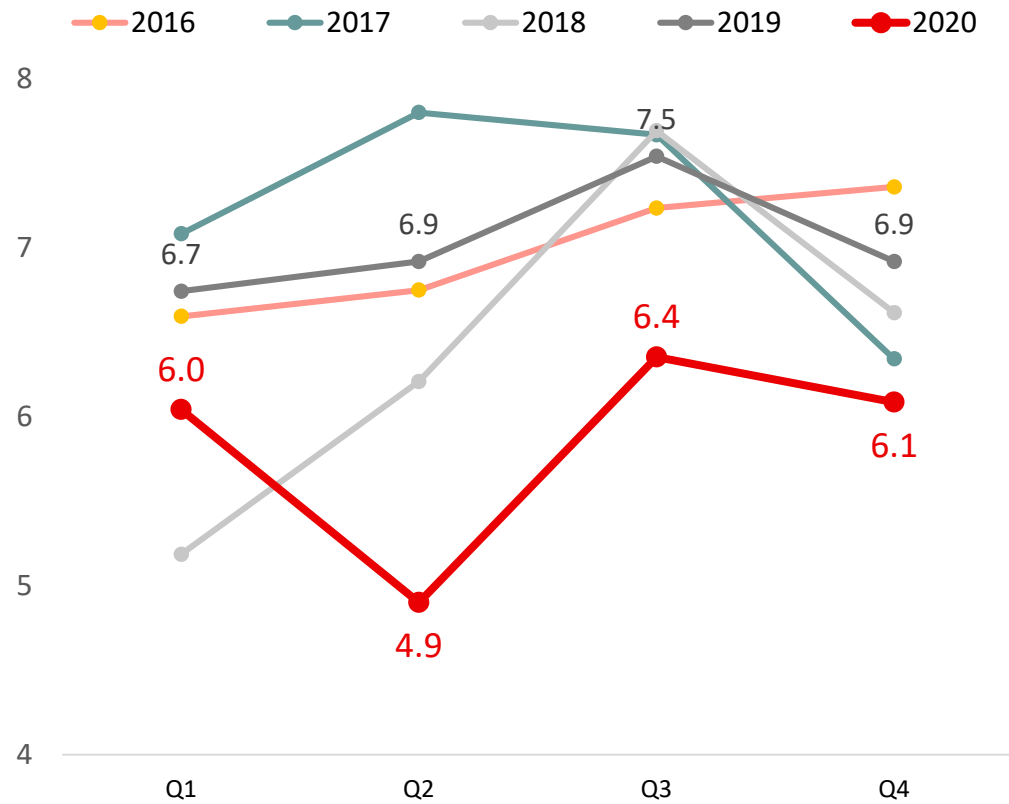


Operations

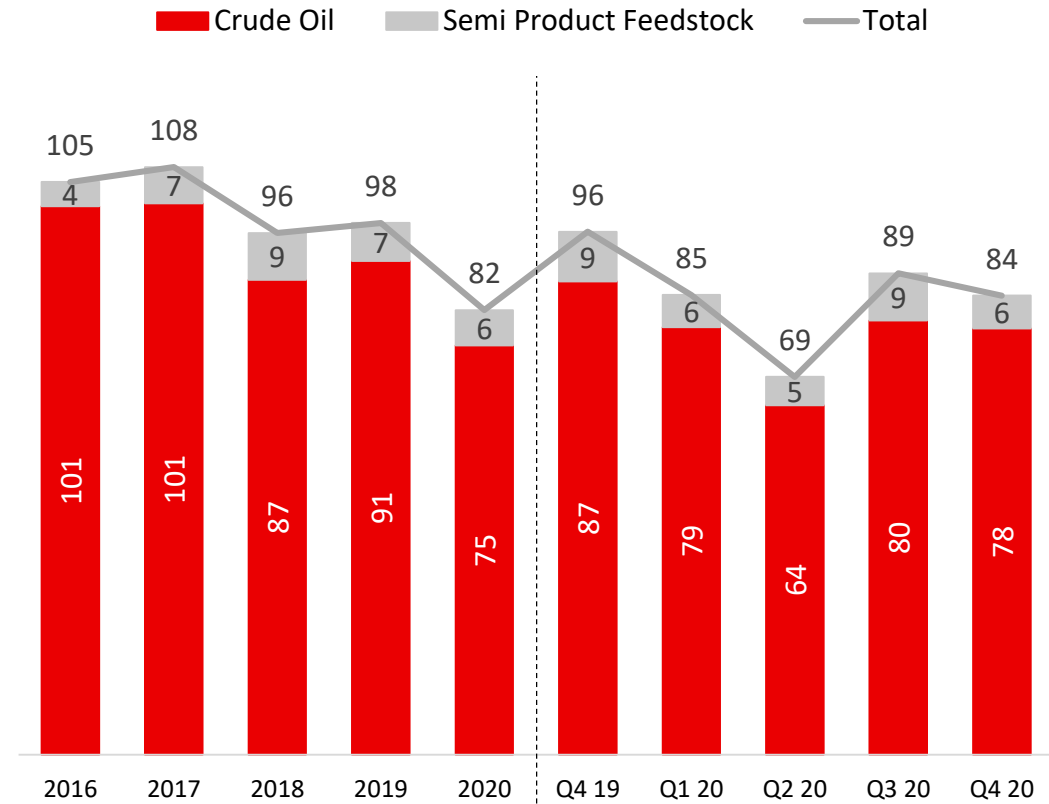
Capacity Utilization and Quarterly Production Volume

- Tüpraş produced 6.1 million tons in Q4 2020.
- Capacity utilization for Q4 2020 was 84% - supported by domestic demand and improved cracks q-o-q

Quarterly Production (Million Tons)



Capacity Utilization (%)

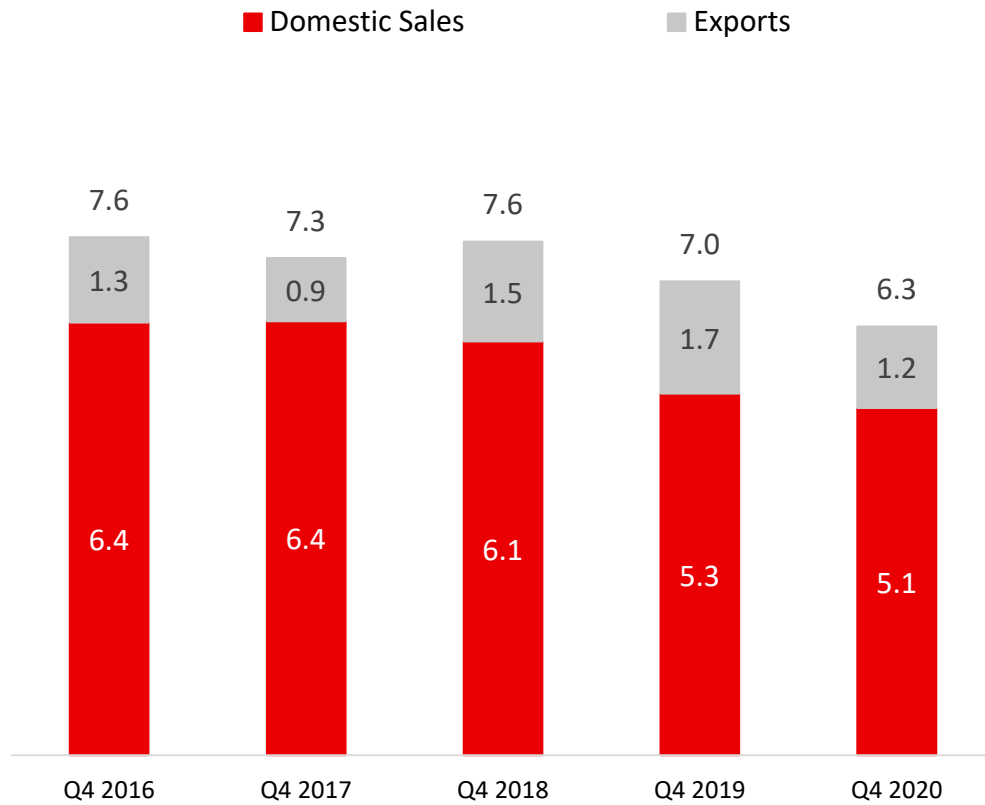


*Capacity utilization calculation is based on 30 mn tons for Q1 2019 and onwards.

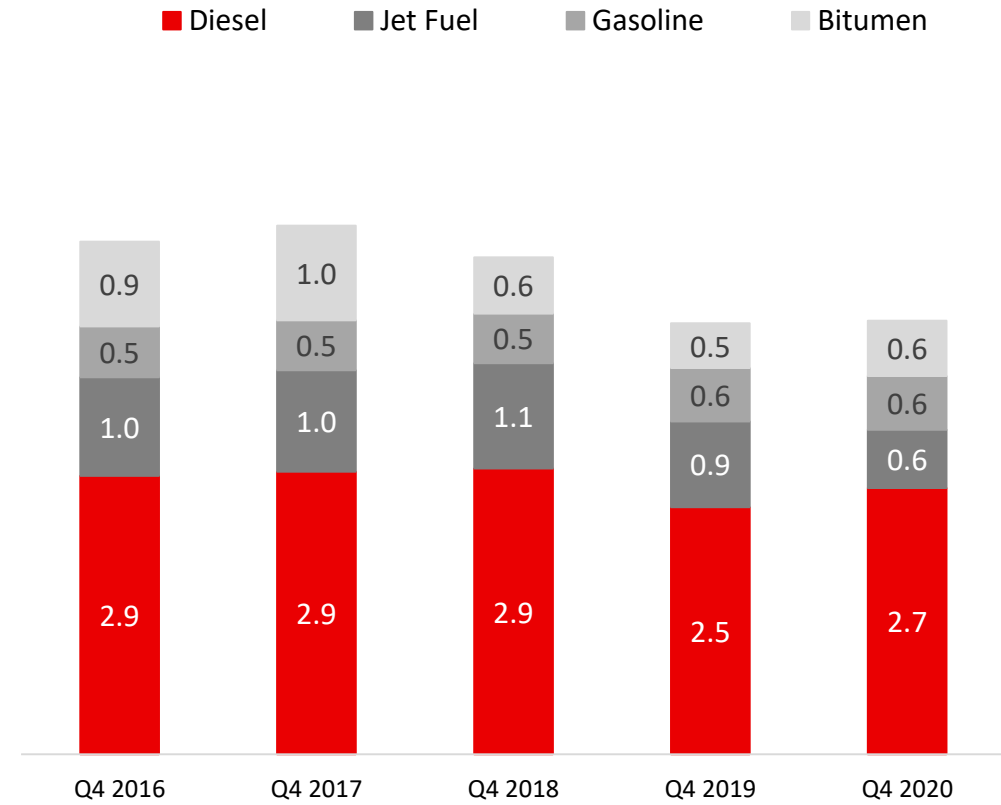
Sales in Q4 (Million Tons)

Tüpraş generated 6.3 million tons of sales in Q4 2020. Y-o-y decline in jet fuel sales off-set by diesel and bitumen.

Total Sales



Domestic Sales of Selected Products

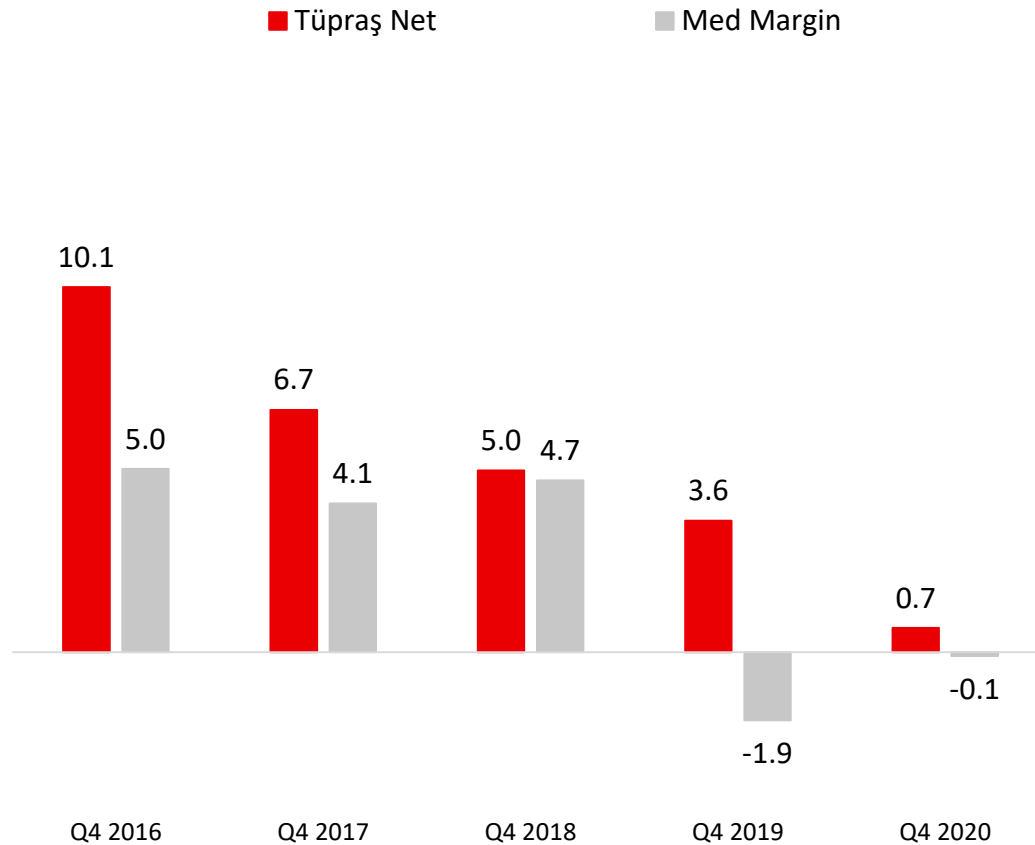




Financials

Tüpraş Net Margin and Med Complex Margin Comparison (\$/bbl)

Q4 Margins



- Despite Tüpraş' fundamental cost advantage with lower OPEX/bbl, Tüpraş net refining margin declined compared to Q4 2019 due to historically weak crack margins and narrower differentials.
- Tüpraş Net Margin outperformed Med Margin with the help of positive inventory effect and more favorable crude slate.

Effect of hedging operations excluded from above calculations.

Income Statement (Million TL)

EBITDA realized as 383 mn TL in Q4 2020.

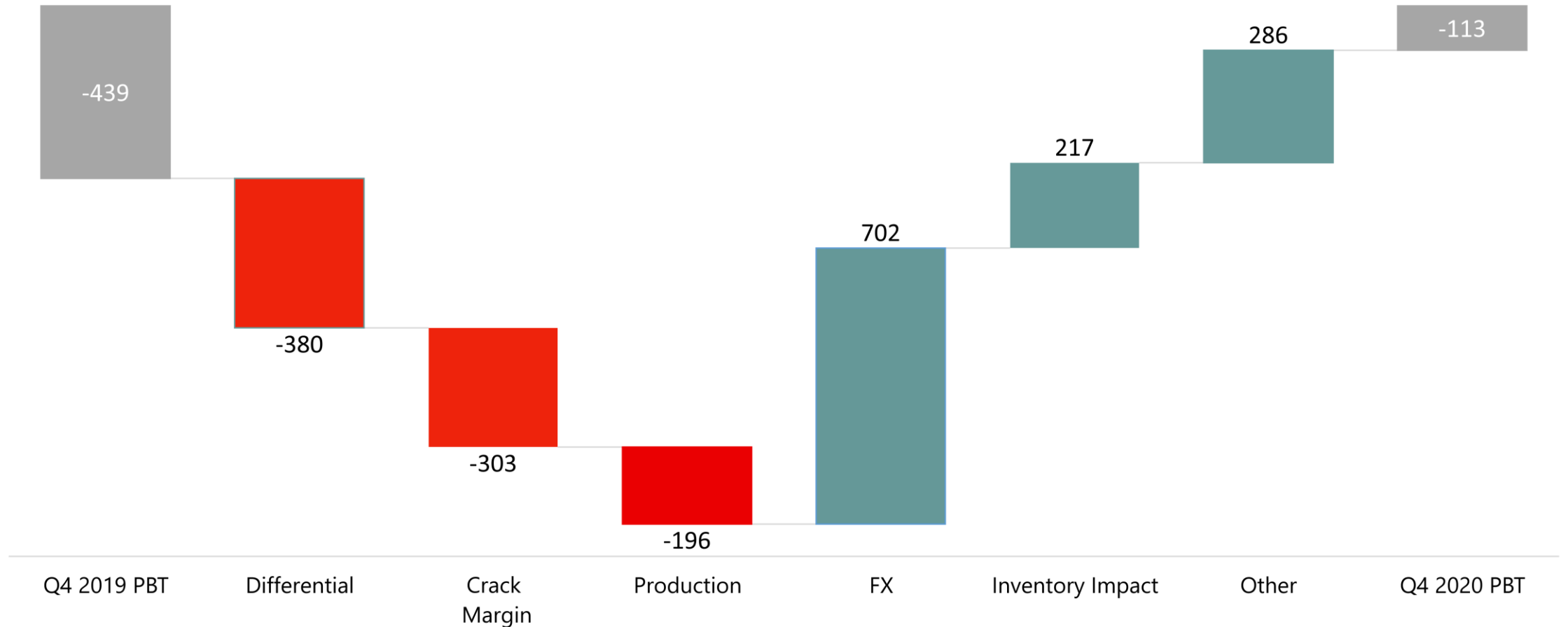
Million TL	Q4 2020	Q4 2019	%	12M 2020	12M 2019	%
Net Sales	19,990	21,631	-8%	63,244	89,601	-29%
COGS	-19,396	-20,566	6%	-61,480	-84,716	27%
Gross Profit	593	1,065	-44%	1,764	4,884	-64%
Operating Expenses	-535	-540	1%	-2,012	-1,783	-13%
Income/Loss from other operations	562	-464	221%	-371	-871	57%
Operating Profit	620	61	912%	-619	2,230	-128%
Income/Loss from equity investment	120	25	383%	-28	197	-114%
Operating Profit Before Fin. Income/Loss	739	86	760%	-647	2,427	-127%
Financial Income/Expense	-852	-525	-62%	-3,149	-2,739	-15%
Profit Before Tax	-113	-439	74%	-3,795	-311	-1,119%
Net Profit (excluding minority interest)	376	186	102%	-2,494	526	-574%
EBITDA*	383	738	-48%	545	4,039	-86%
Inventory Gain/Loss	127	-89	-242%	-457	194	-336%
EBITDA* CCS	256	827	-69%	1,003	3,845	-74%

*On CMB reports. EBIT includes extra items such as FX impacts of trade receivables and payables. In our EBITDA calculation. FX related items are excluded from EBIT as customary in international practices.

Q4 Profit Before Tax Bridge (2019-2020)

Despite the narrower crude oil differentials and worsening crack margins, Q4 2020 PBT was supported with TL appreciation and inventory gains.

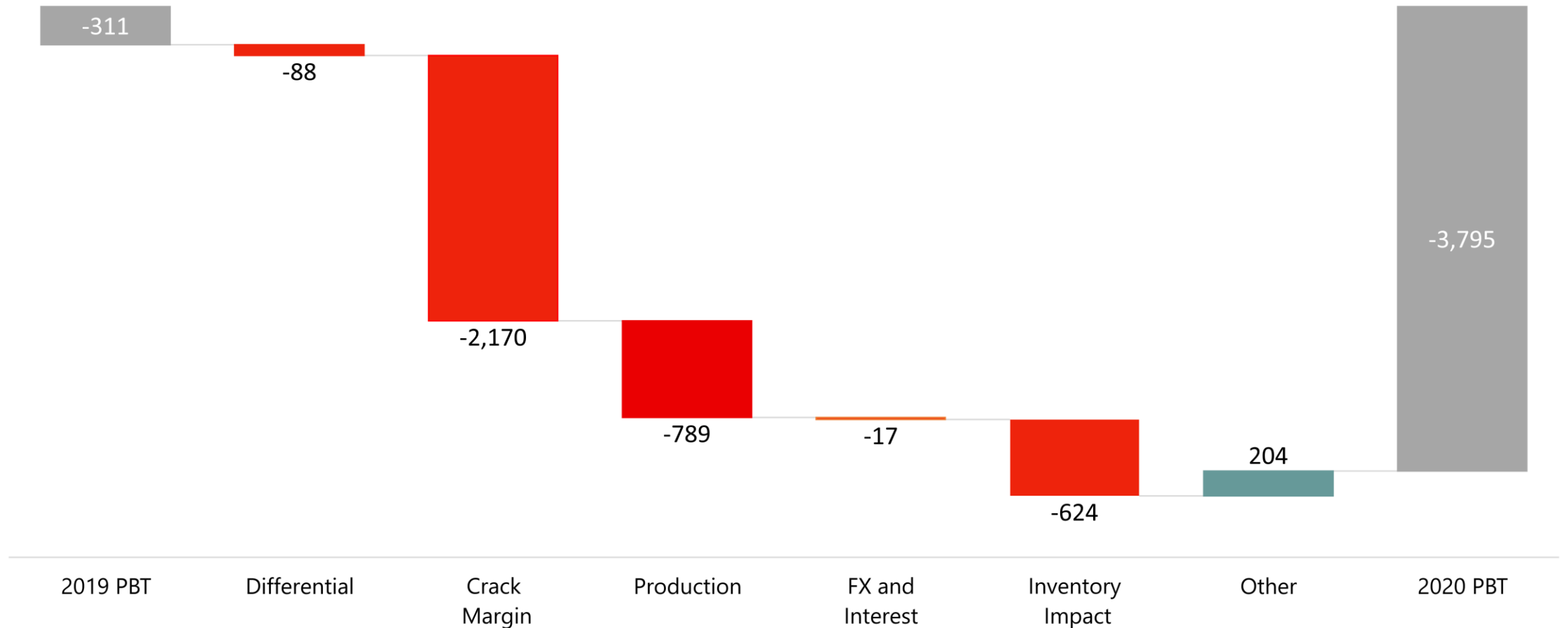
Million TL



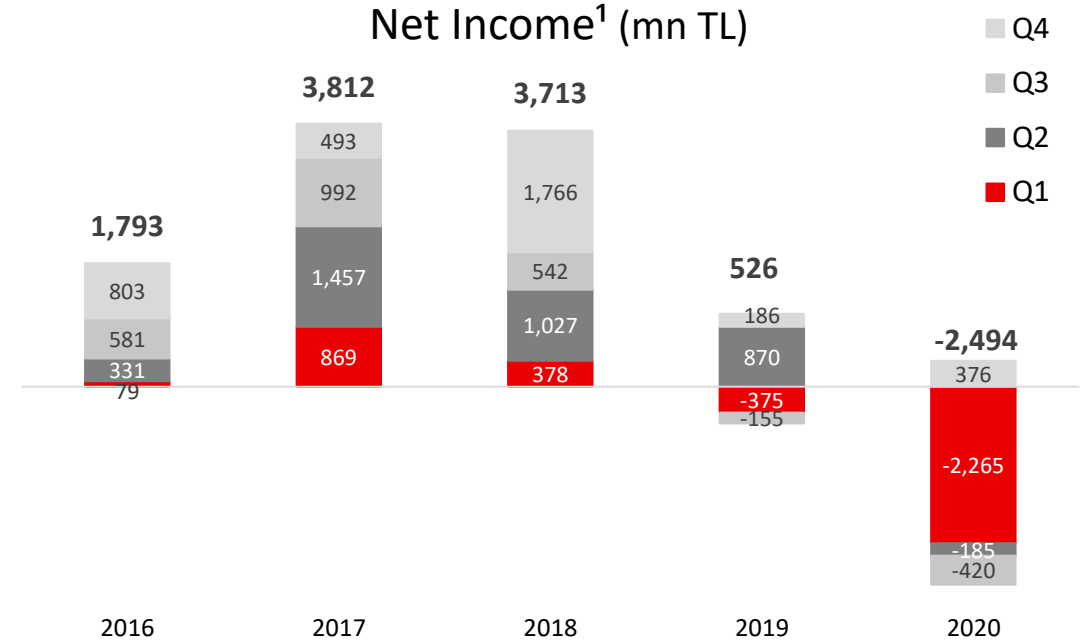
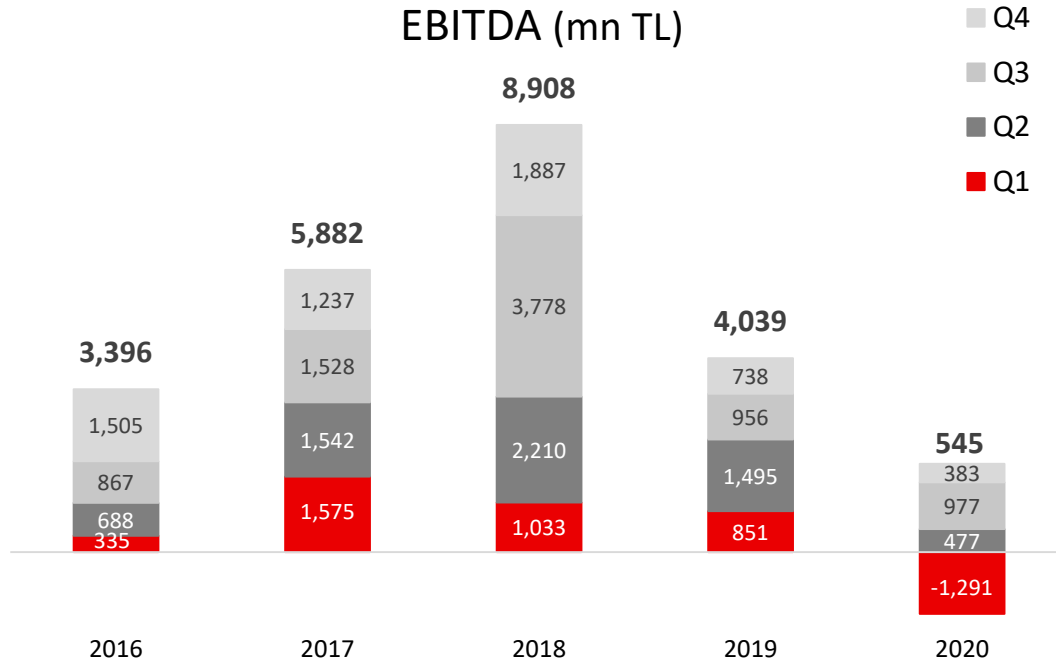
Profit Before Tax Bridge (2019-2020)

2020 PBT was adversely affected from historically low crack margins, lower production and inventory losses due to Covid19

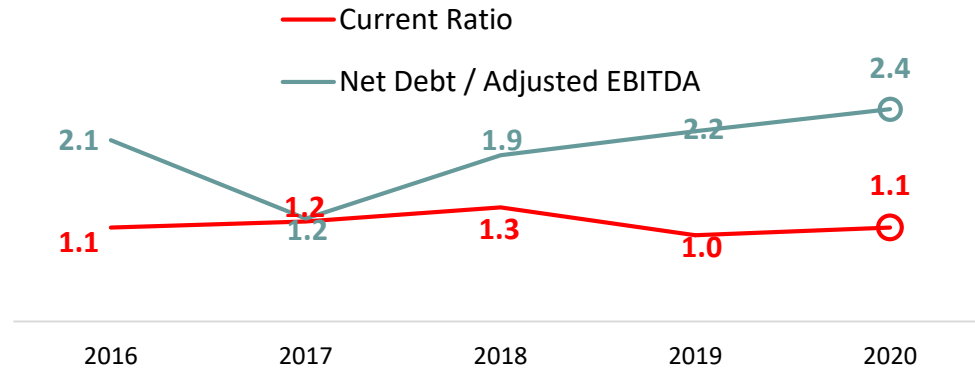
Million TL



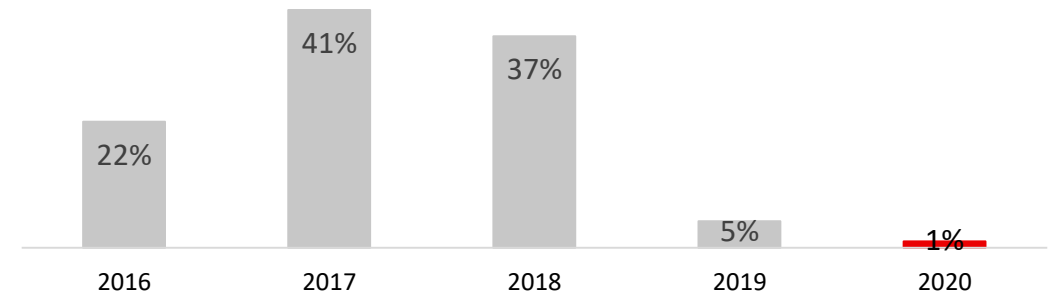
Financial Highlights



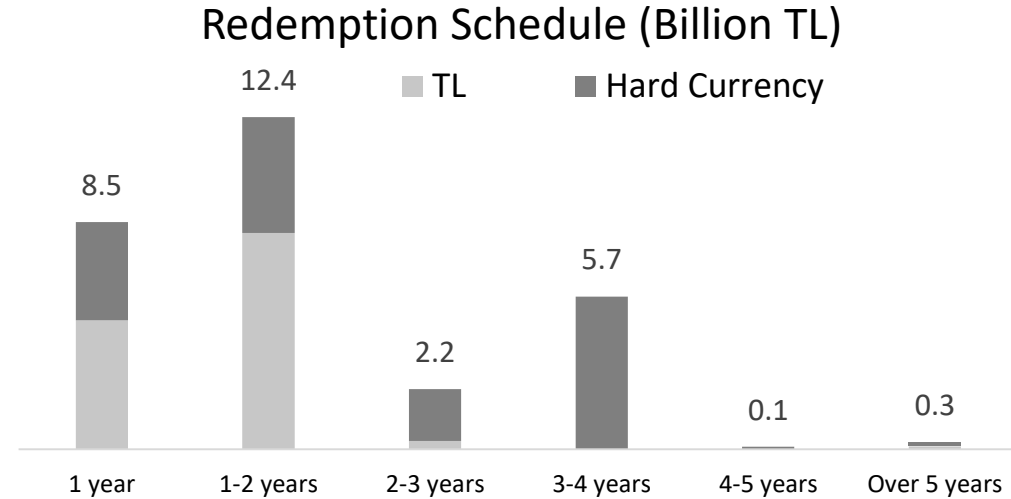
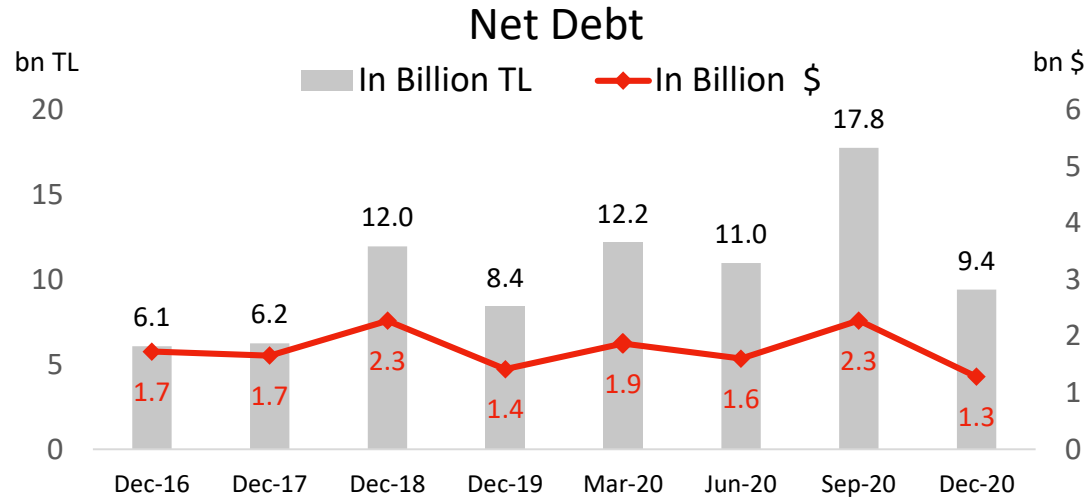
Current Ratio & Net Debt / Adj. EBITDA²



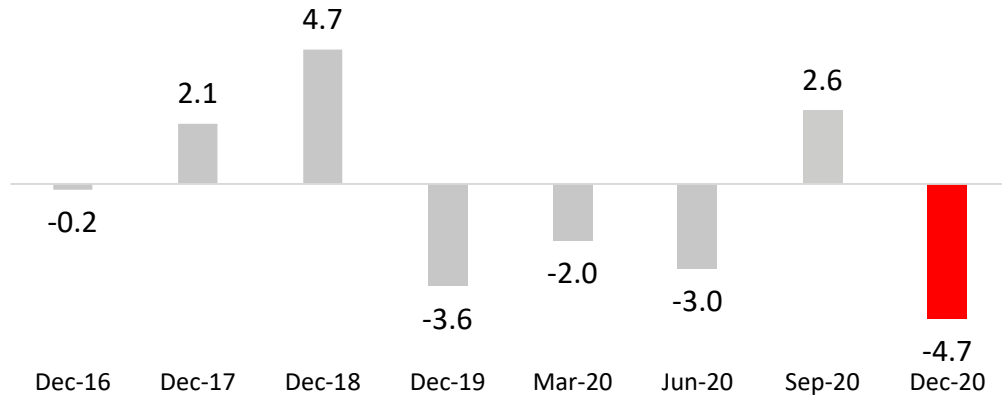
Return on Average Equity²



Balance Sheet Analysis



Working Capital Requirement (Billion TL)

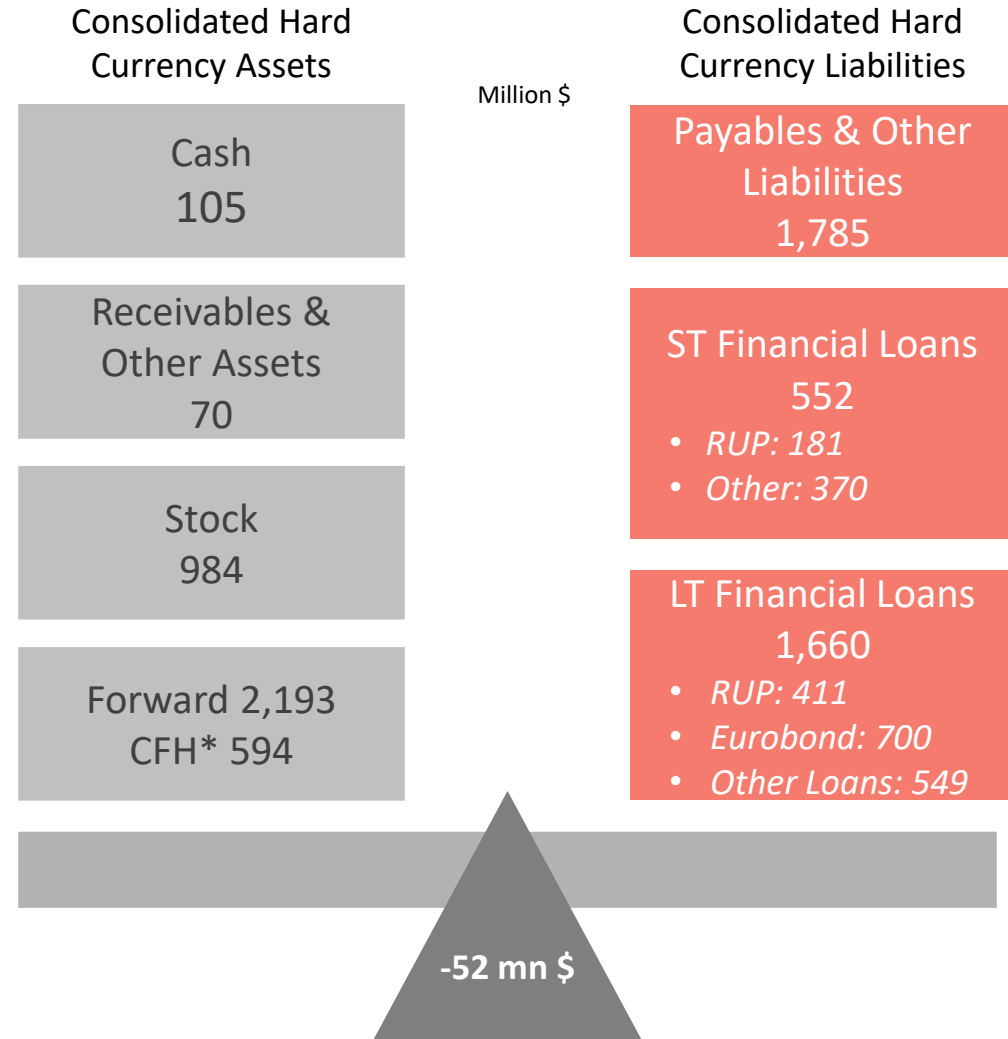


Financial Management

- Supplier financing with fully collateralized receivables resulted in early collections
- Extended payment terms to our suppliers, especially for spot cargoes which have improved payables

FX Exposure Management (31 December 2020)

Tüpraş continues to employ strict FX policies to mitigate currency risks stemming from volatility.



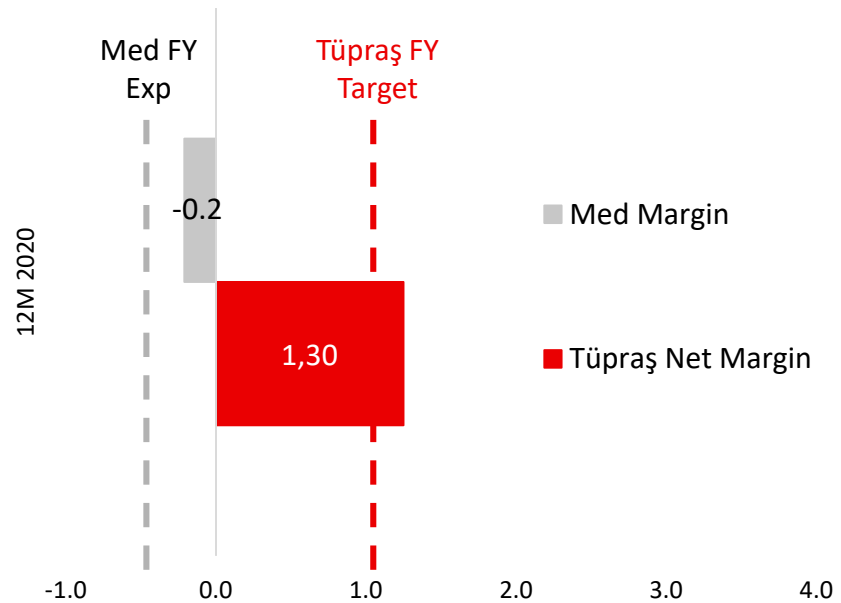
*Cash Flow Hedge



Outlook for 2021

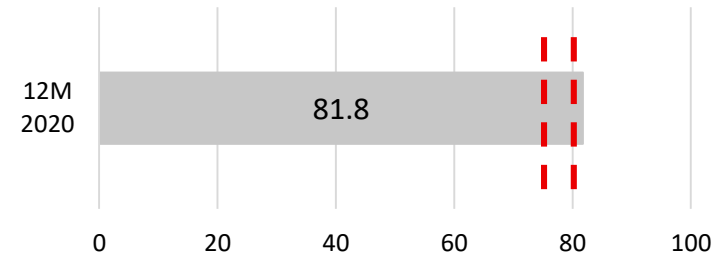
12M 2020 Results

Refining Margins (\$/bbl)



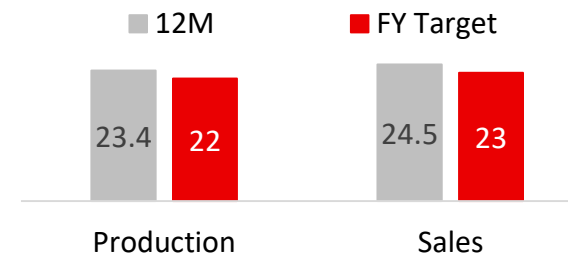
1.3 \$/bbl net refining margin in 12M 2020

Capacity Utilization (%)



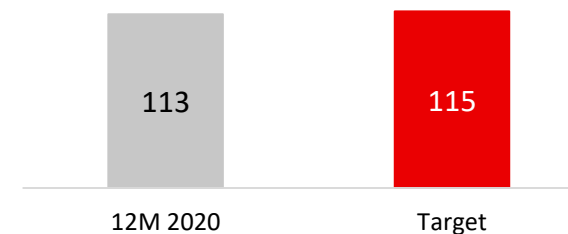
81.8 % total capacity utilization in 12M 2020

Operational



24.5 mn tons of sales and 23.4 mn tons of production in 12M 2020

Refining Capex (mn \$)



113 mn \$ refining CAPEX in 12M 2020

2021 Refinery Maintenance Schedule

Refinery	Unit	Starting Quarter	Duration (weeks)	Purpose	Status
Batman	Crude Oil & Vacuum	Q1	7*	Seasonal	Ongoing
İzmir	Crude Unit	Q1	9	Revamp / Opportunity Maintenance	Ongoing
	CCR	Q1	10		Ongoing
	FCC	Q1	9		Ongoing
	Isomerization	Q1	10		Ongoing
	Desulphurizer	Q1	11		Ongoing
İzmit	Desulphurizer	Q1	4	Periodic Maintenance	Planned
	FCC	Q1	30	Revamp	Planned
Kırıkkale					

(*) This activity started in Q4-20. Duration figure indicates the portion carried out in 2021

2021 Expectations

Med Complex Refining Margin 0.0 - 0.5 \$/bbl

- Better mid-distillate cracks, weaker HSFO cracks compared to 2020
- Ural-Brent differential slightly wider compared to 2020

Tüpraş Net Refining Margin 2.5-3.5 \$/bbl

- Better mid-distillate and gasoline cracks, weaker HSFO cracks
- Flattish differentials, slight inventory gain, lower opex/bbl
- **26-27 mt production, 26-27 mt sales and 90 - 95% capacity utilization**

Consolidated Capex ~200 million \$

- ~40% of capex for sustainability focused energy efficiency and environmental projects

 **Tüpraş**

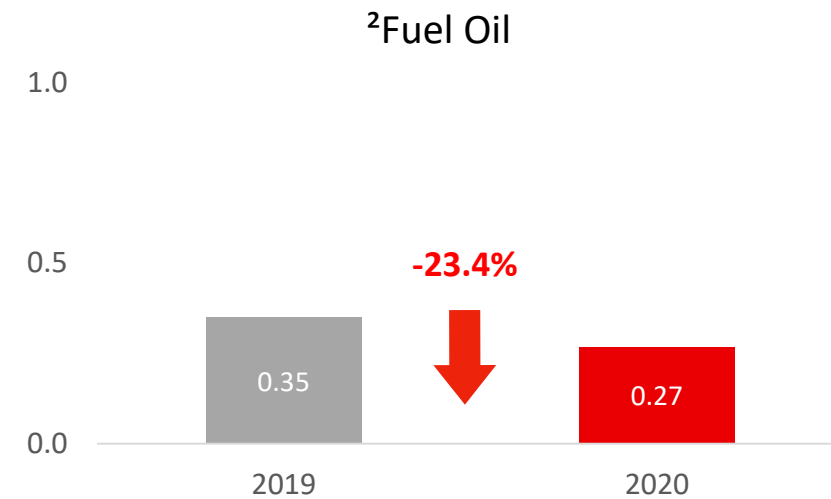
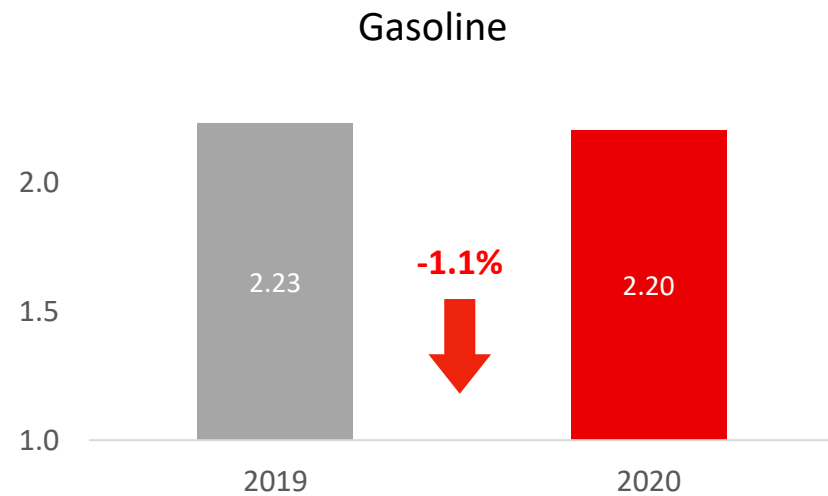
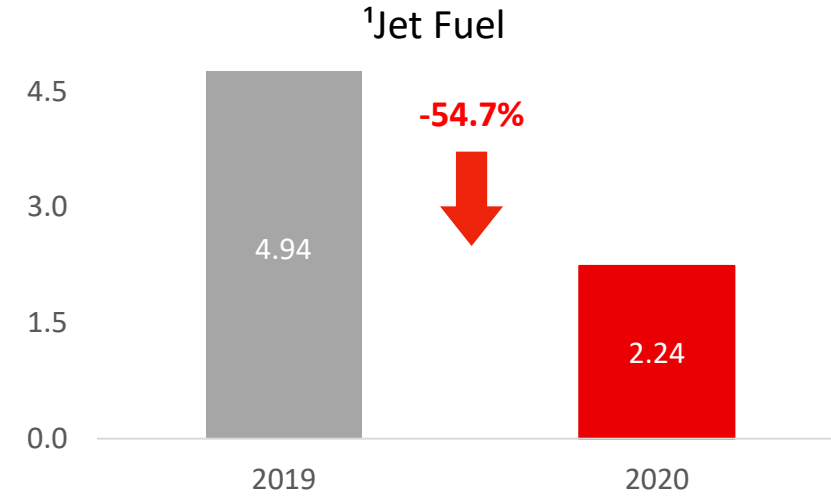
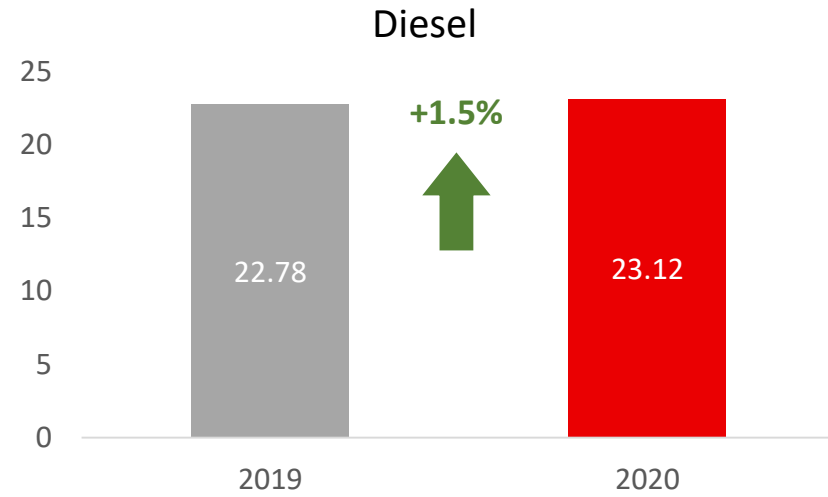
 **Koç**

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Appendix

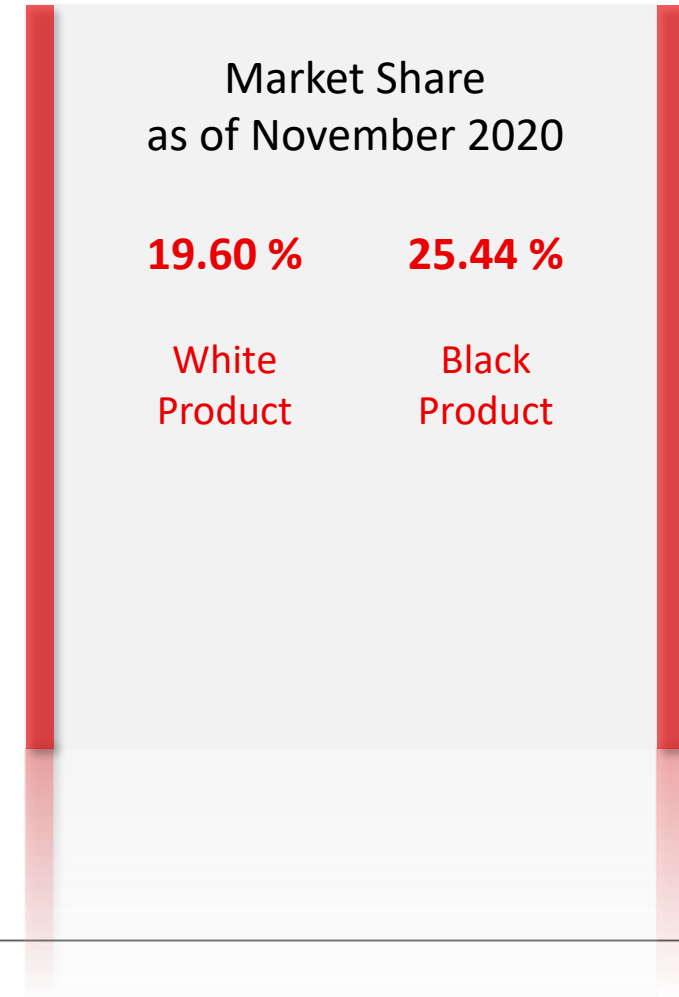
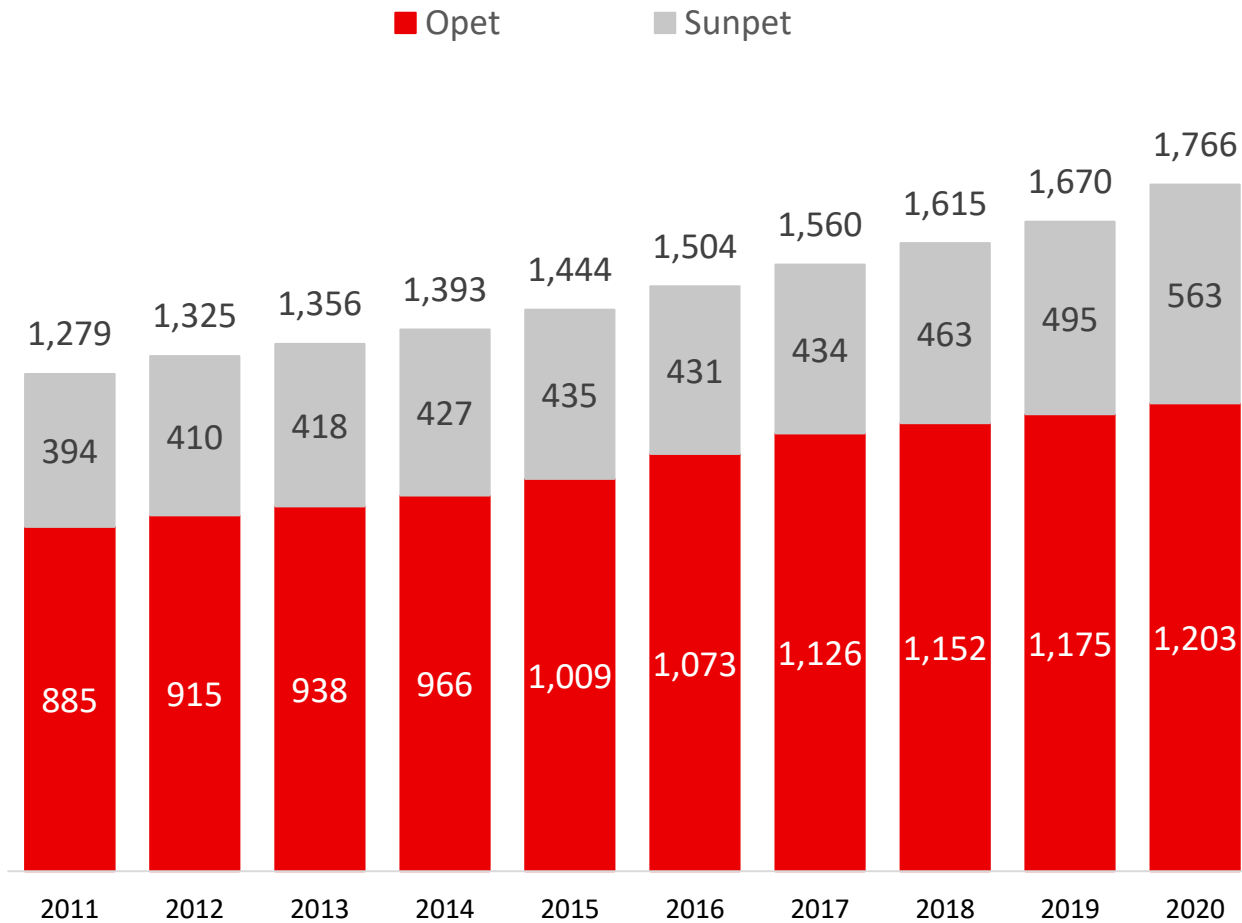
Turkish Market, Jan-Nov 2019/20 (Million Tons)



¹Transit flight consumption included

²Bunker excluded

Opet has 1,766 fuel stations as of December 2020 - end.



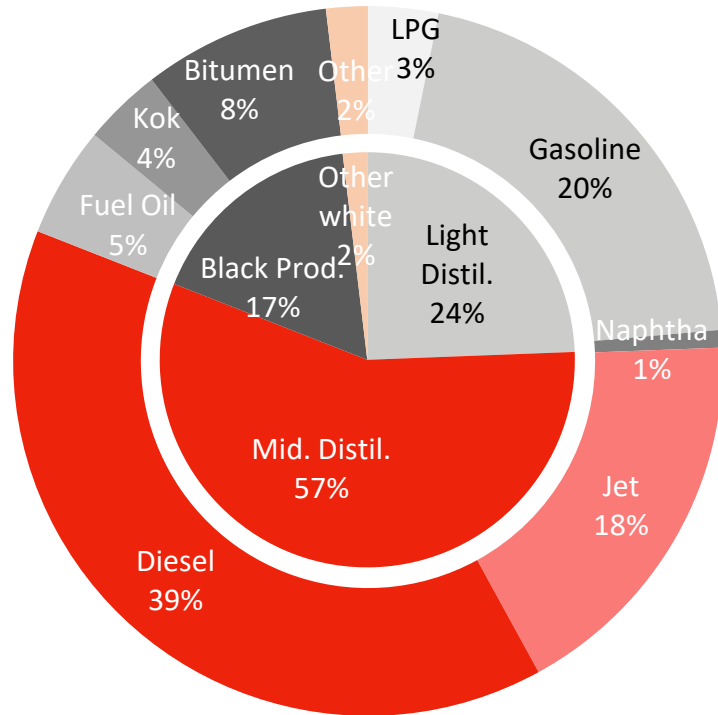
Crack Margin Effect on Tüpraş in Q4 (FOB Italy Prices)

Product	Product Price (\$/ton)		Tüpraş	Crack Margin (\$/bbl)	
	2020	2019	Production Yields	2020	2019
LPG	387	410	4,5%	-9,8	-26,8
Gasoline	397	582	22,9%	4,6	8,5
Naphtha	379	488	0,5%	-1,5	-8,1
Jet Fuel	363	601	8,8%	1,9	13,1
Diesel	365	578	41,9%	4,8	14,5
Diesel 1000	362	565	1,9%	4,4	12,7
Fuel Oil 1%	300	404	0,6%	2,1	-1,0
Fuel Oil 3.5%	253	223	1,1%	-5,2	-28,9
Others	286	221	13,0%	0,1	-26,4
Dated Brent (\$/bbl)	44,2	63,3	95,2%		

Total Crack Margin (\$/bbl)			Total Processed	Total Effect mn \$	Total Effect mn TL
2020 Q4	2019 Q4	Difference			
2,9	3,7	-0,8	46,0	-38,4	-302,9

Q4 Product Yields

2019 Q4



White Product Yield (%)

81.7%

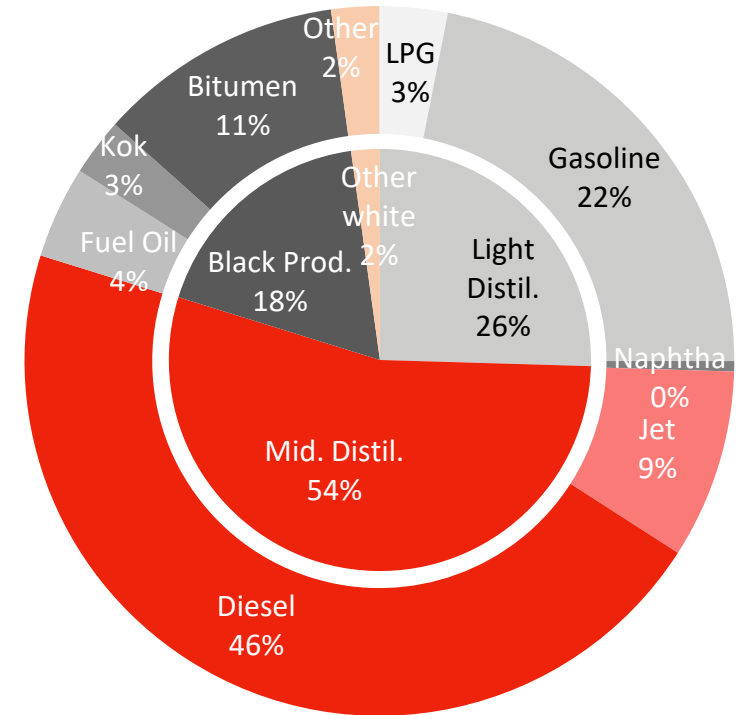
Production

6.9 mn tons

API

31.9

2020 Q4



White Product Yield (%)

81.0%

Production

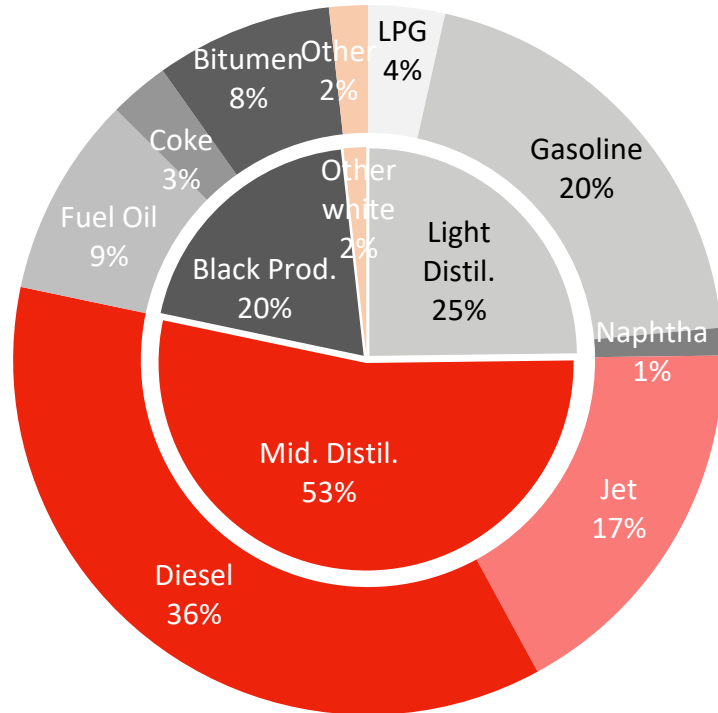
6.1 mn tons

API

31.6

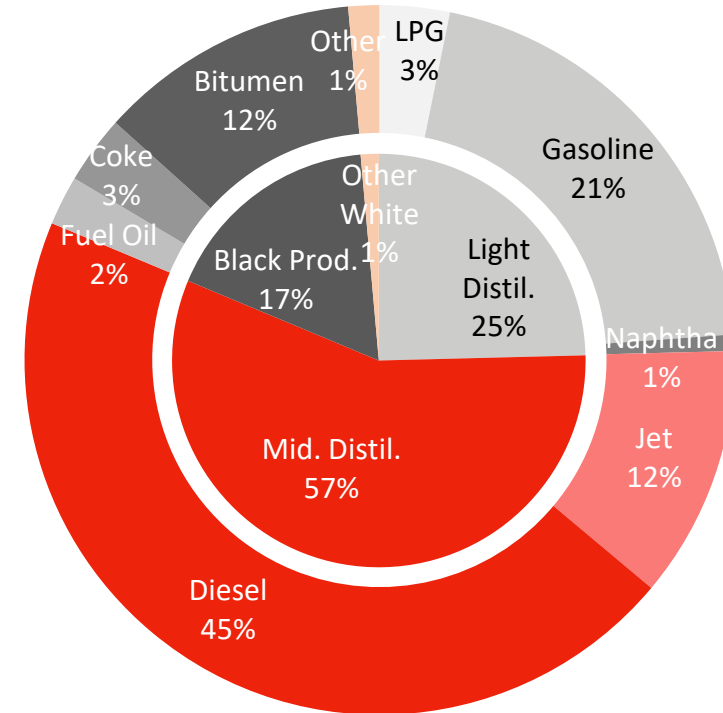
12M Product Yields

2019 12M



White Product Yield (%)	79.0%
Production	28.1 mn tons
API	32.0

2020 12M



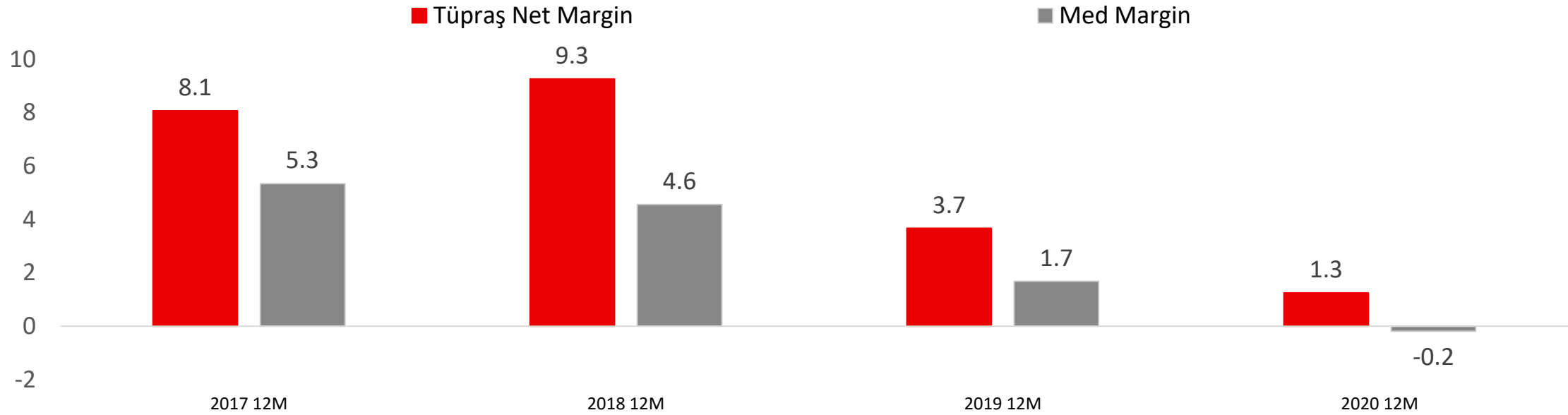
White Product Yield (%)	81.5%
Production	23.4 mn tons
API	31.5

Tüpraş Balance Sheet (Million TL)

	31.12.2020	31.12.2019	Diff.	Diff. (%)
Current Assets	30,663	27,919	2,744	10
Cash & C. Equivalents	19,825	10,652	9,173	86
Trade Receivables	1,736	4,788	-3,052	-64
Derivatives	380	304	76	25
Inventories	7,701	9,469	-1,768	-19
Pre-paid expenses	234	237	-3	-1
Other Current Assets	788	2,470	-1,682	-68
Long Term Assets	30,505	27,593	2,913	11
Financial Assets & Subsidiaries	1,330	1,363	-33	-2
Fixed Assets	22,137	20,587	1,550	8
Derivatives	88	99	-11	-11
Pre-paid expenses	135	199	-64	-32
Deferred Tax	5,002	3,768	1,235	33
Other Long Term Assets	1,813	1,578	235	15
Total Assets	61,169	55,512	5,657	10
Short Term Liabilities	28,341	28,120	220	1
Financial Loans	8,502	5,178	3,324	64
Trade Payables	14,137	17,816	-3,679	-21
Derivatives	763	79	684	863
Provisions	142	117	25	21
Other ST Liabilities	4,796	4,930	-134	-3
Long Term Liabilities	21,155	14,255	6,901	48
Financial Loans	20,743	13,898	6,845	49
Payables & Provisions	356	316	40	13
Derivatives	45	32	14	42
Other LT Liabilities	10	9	2	18
Total equity attributable to equity holders of the parent	11,446	12,963	-1,517	-12
Minority Interests	226	174	52	30
Total Liabilities & Equity	61,169	55,512	5,657	10

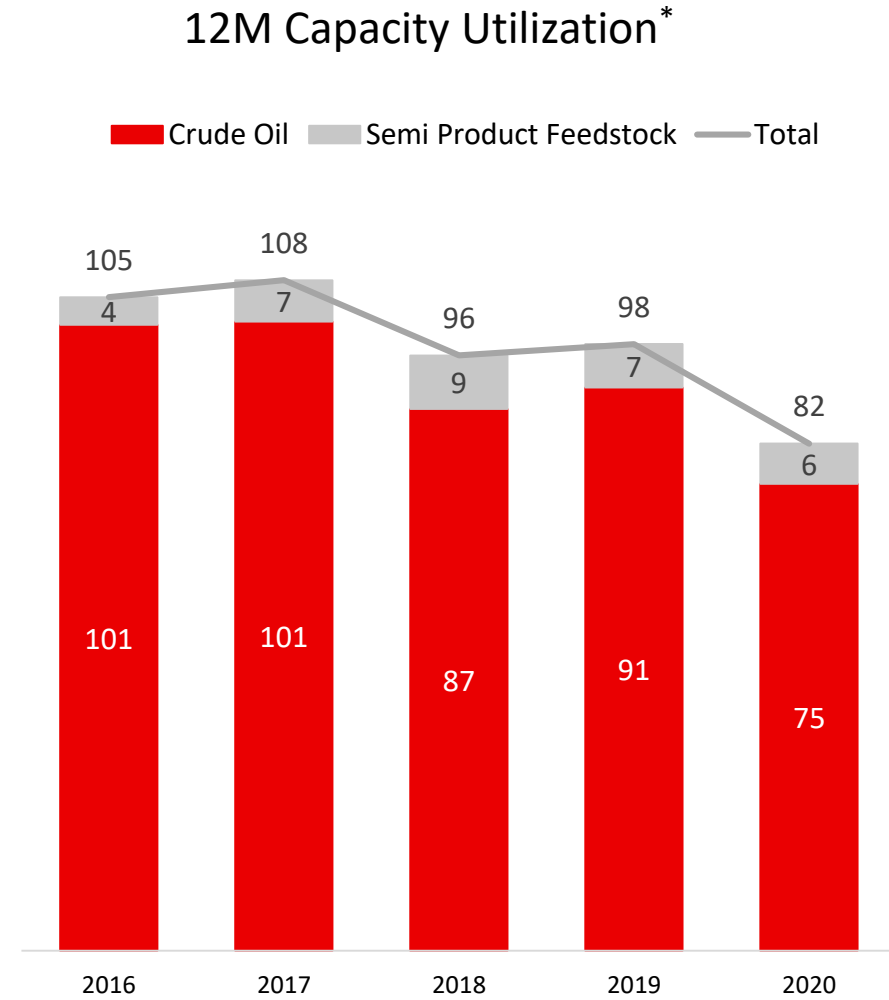
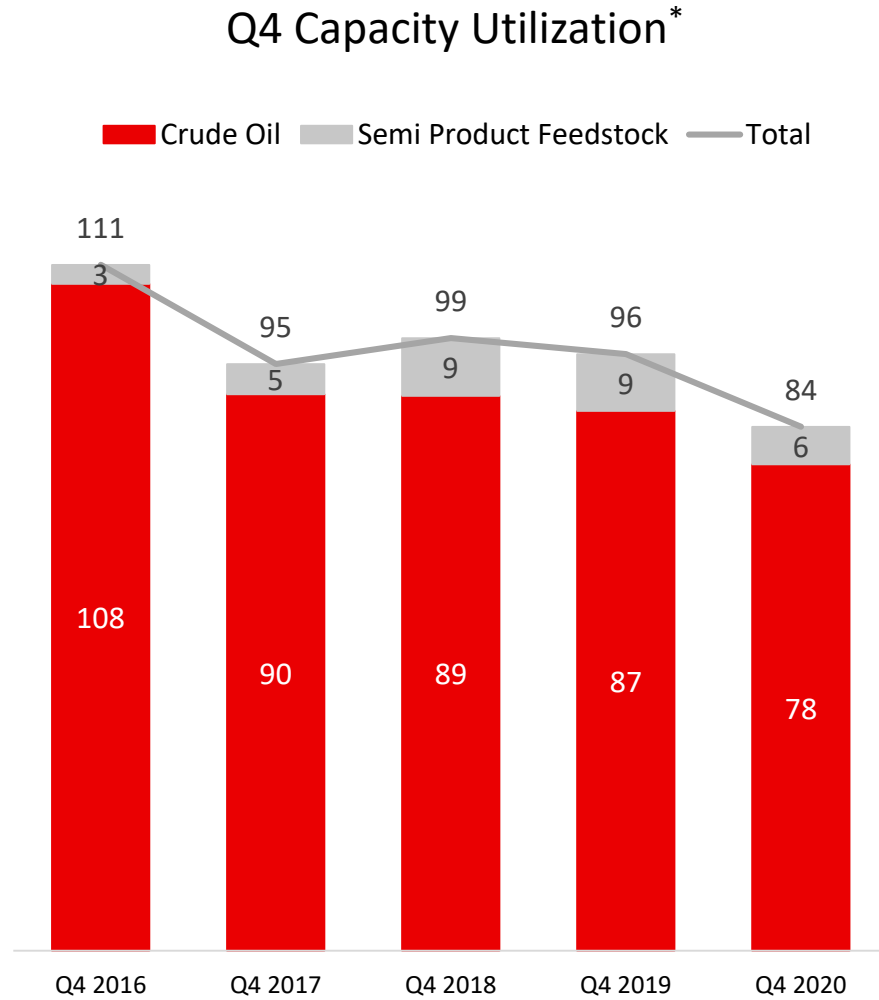
Tüpraş and Med Margins (\$/bbl)

Average Margins



(\$/bbl)	Gross Margin	Inventory Effect	Clean Gross Margin	Clean NET Margin	Net Margin	Med Margin
2020 Q4	5.6	0.7	4.8	-0.1	0.7	-0.1
2020 12M	6.4	0.0	6.4	1.2	1.3	-0.2
2019 Q4	9.7	0.7	9.0	2.9	3.6	-1.9
2019 12M	9.2	0.1	9.1	3.6	3.7	1.7

Capacity Utilization (%)

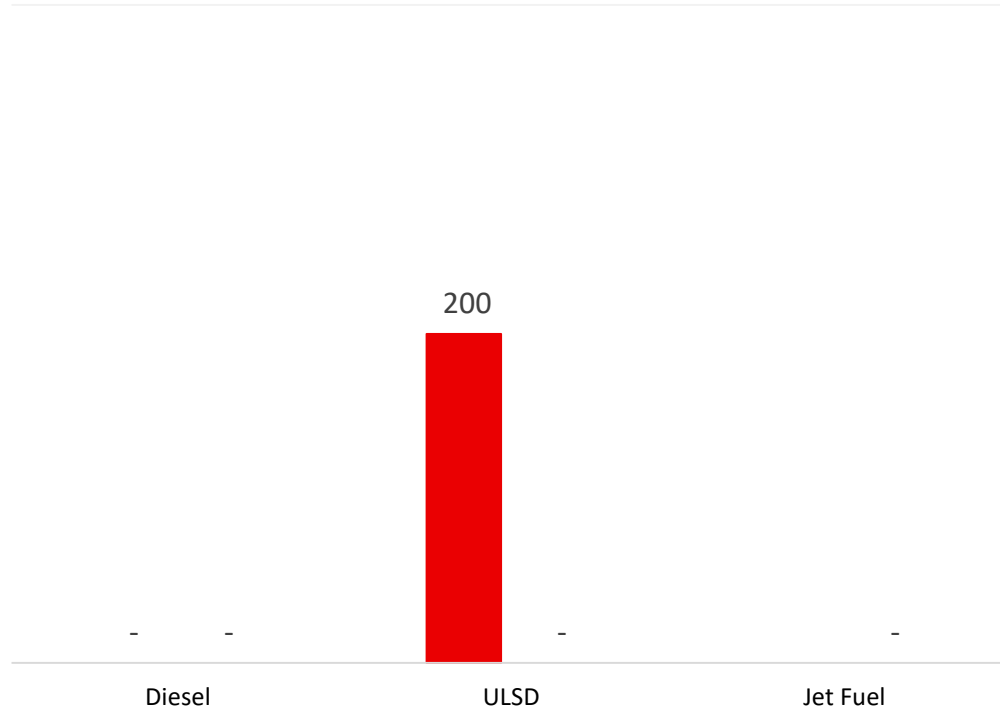


*Capacity utilization calculation is based on 30 mn tons for Q1 2019 and onwards. Nameplate capacity calculated by standard 330 days of operations.

Finished Product and Semi Product Imports (Thousand Tons)

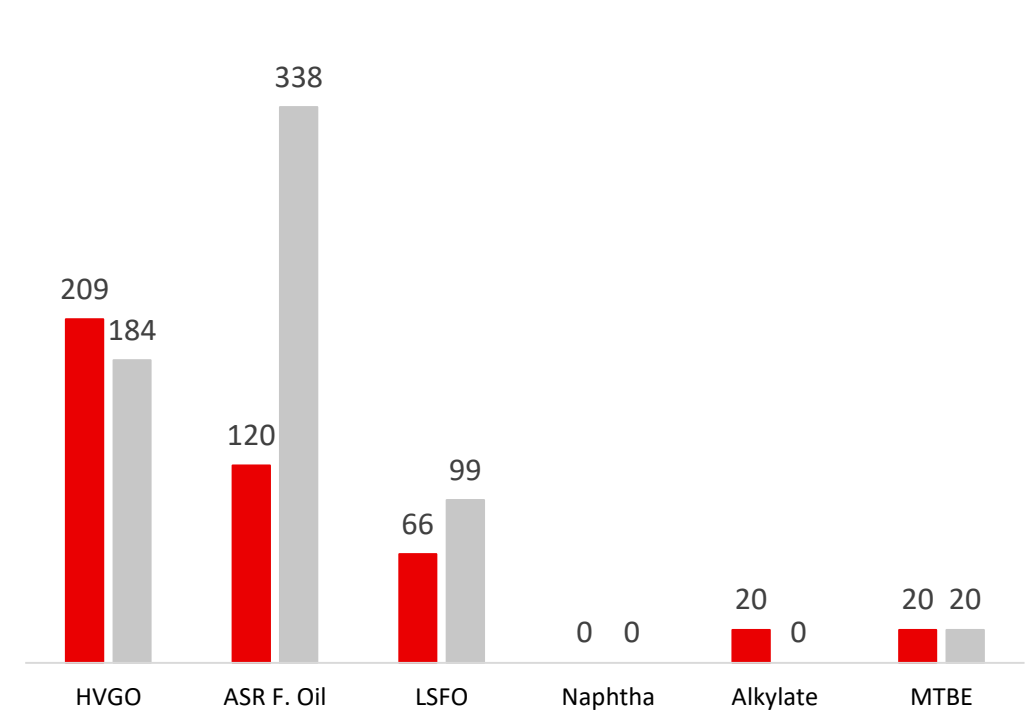
Product Imports

■ Q4 2020 ■ Q4 2019



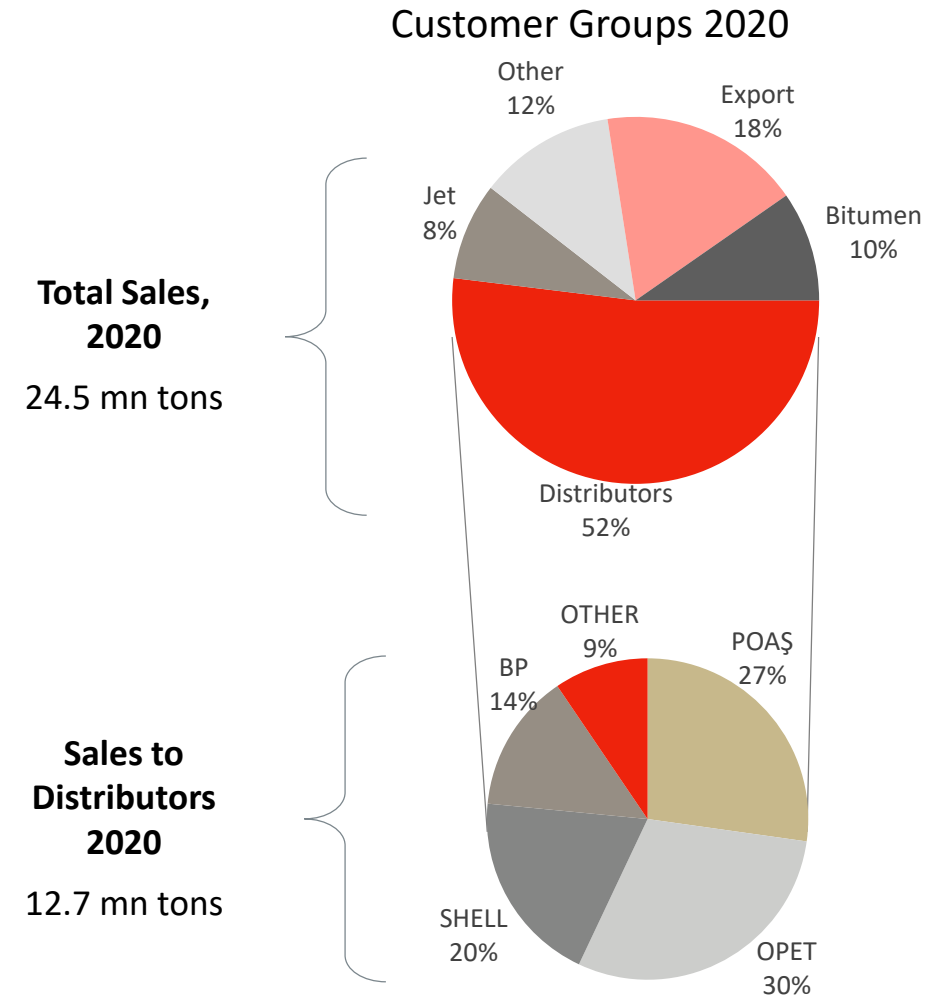
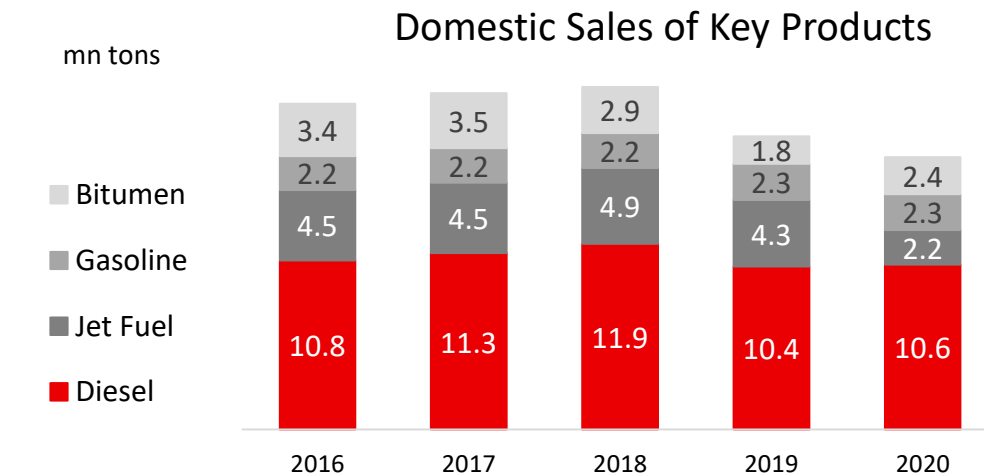
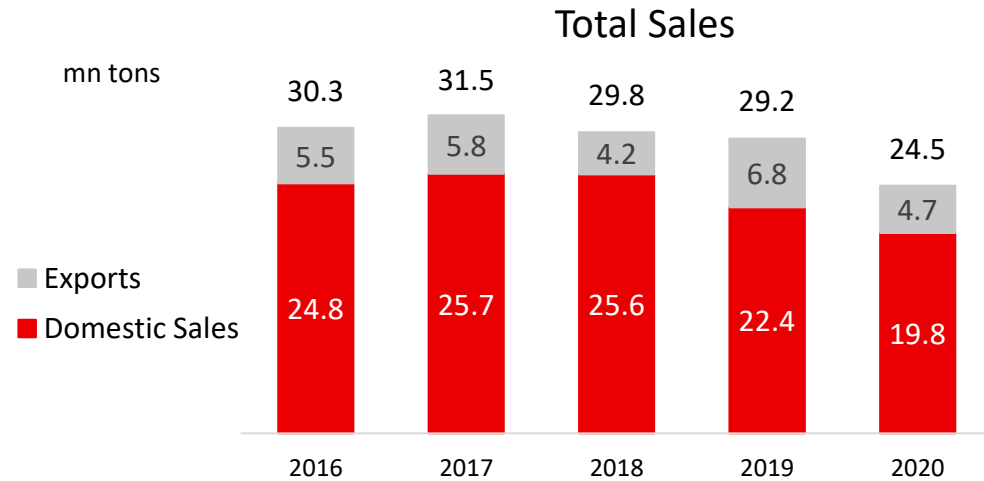
Intermediate Imports

■ Q4 2020 ■ Q4 2019



Annual Sales

- Tüpraş generated 24.5 million tons of total sales in 2020.



 **Tüpraş**

 **Koç**

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