



Tüpraş

## Q2 2022 Earnings Presentation



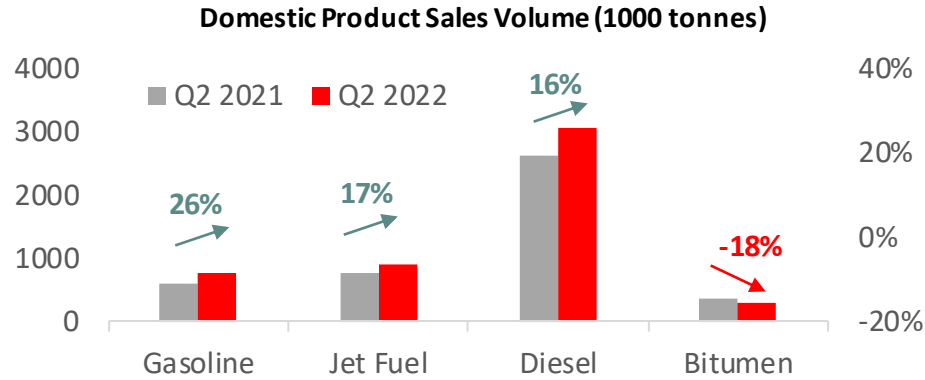
Koc | 15 August 2022

# 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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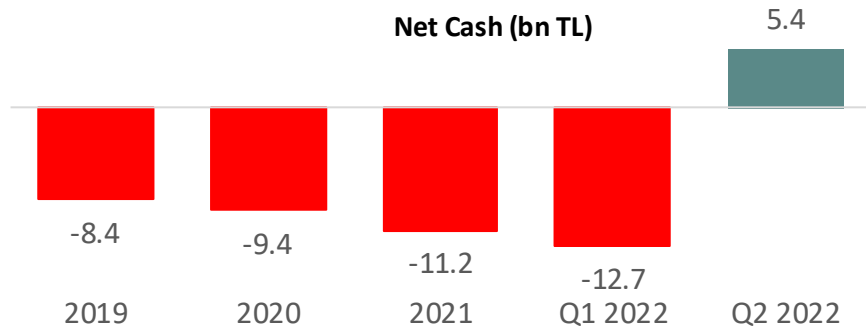
# Q2 2022 – Tüpraş Highlights



## Strong sales trend continued

- **White products posted double-digit growth rates** year on year, indicating better demand dynamics during post-pandemic.
- **Jet fuel demand continued to improve**, while kept 12% below of 2019 level.
- **Weakness in bitumen sales continues** with lower domestic demand.

## Net Cash position achieved in Q2 2022



- With the strong increase in operational profitability and improved working capital, Tüpraş maintained its solid liquidity position.
- Tüpraş ended the 2nd quarter with **TL 5.4 billion net cash position**.

## Continued to take solid steps set in Strategic Transition Plan

- The takeover process of **Entek**, our first step in the field of zero-carbon electricity generation, continues.
- An agreement was signed for the construction and installation of a **Solar Power Plant in Kırıkkale Refinery** with 12.6 MW capacity.
- Signed a license agreement with **Honeywell**, for the use of **UOP Ecofining™ technology** to produce SAF.



Honeywell's UOP Ecofining™ technology to produce SAF



12.6 mw

Solar Power Plant in Kırıkkale Refinery

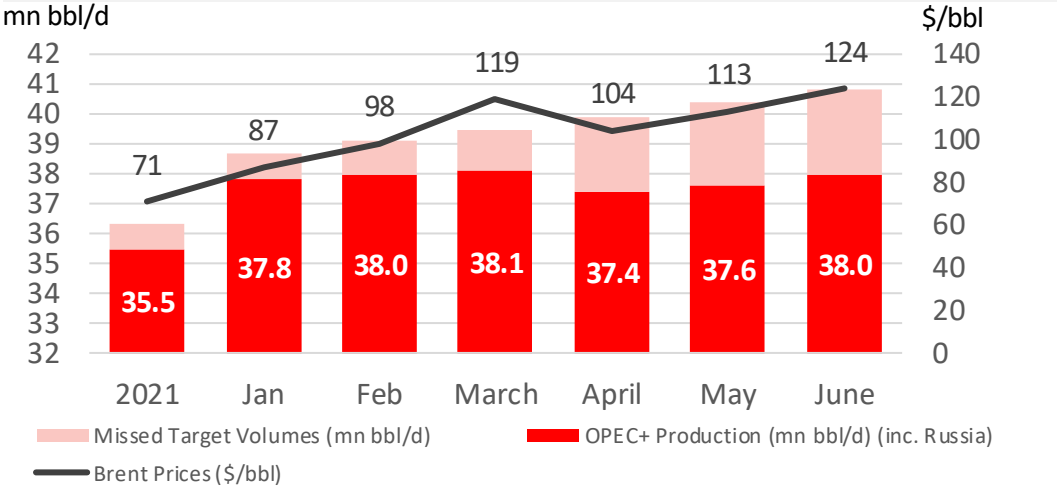


Market

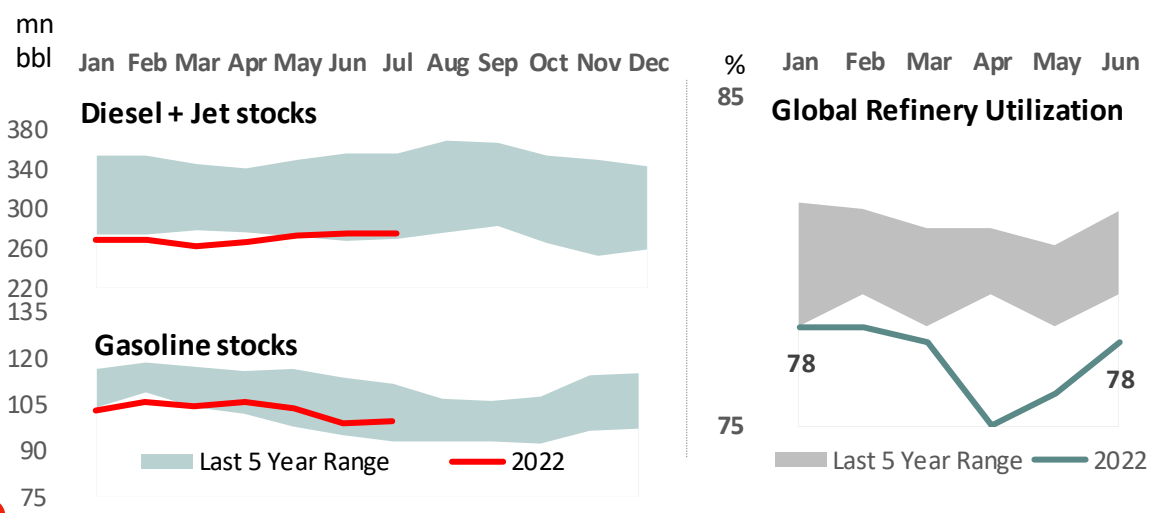
# Q2 2022 – Key Market Highlights

## Global Oil Market

Increase in Brent Prices in Q2, while OPEC+ continued to miss target production volumes

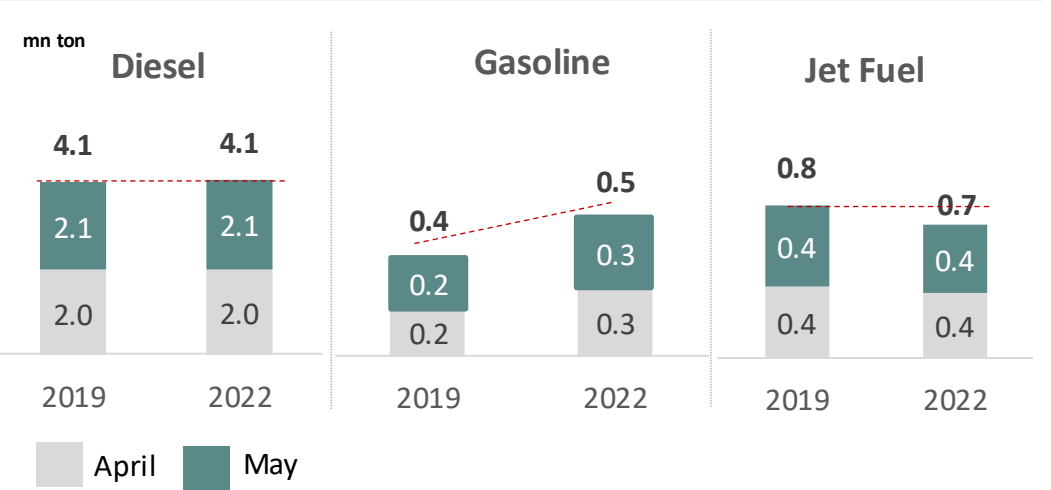


Global demand supported crack in high season, while refined product inventories continued to decline in Q2

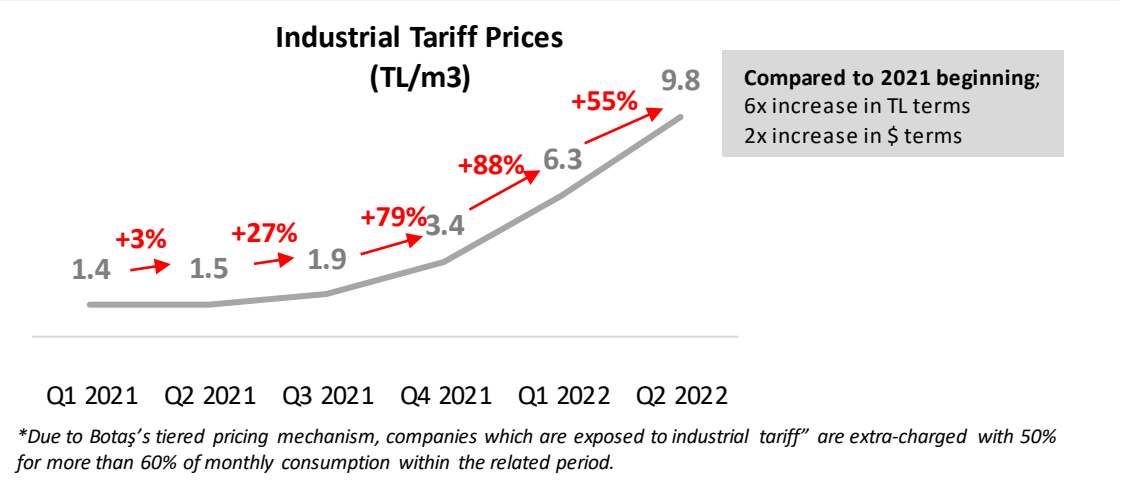


## Turkish Market

Robust demand dynamics in Turkey for land transportation and jet fuel, in line with pre-pandemic levels



Significant hikes in natural gas tariff continue to hamper profitability



# Quarterly Crack Margin Comparison (\$/bbl)

Pent up demand coinciding with supply issues emanating from Russia-Ukraine War and increasing refining costs led to record high mid-distillate & gasoline cracks in Q2'22.

## Diesel

	2022	2021	2017-2019 avg.
Q1	18.5	4.5	12.7
Q2	45.3	5.0	12.3
Q3		7.1	14.4
Q4		11.2	14.5

- Decreasing Russian exports and capacity disruptions, pushed up diesel cracks
- Higher demand while post pandemic recovery continues

## Jet Fuel

	2022	2021	2017-2019 avg.
Q1	15.4	1.9	12.2
Q2	44.9	2.3	11.5
Q3		4.4	13.9
Q4		9.1	13.7

- Air traffic continues to grow with pent-up demand
- Mid-distillate capacity limitations also supported jet fuel cracks

## Gasoline

	2022	2021	2017-2019 avg.
Q1	12.3	7.9	9.6
Q2	35.5	11.0	12.5
Q3		14.8	13.3
Q4		12.5	8.0

- Increased mobility supported gasoline demand amid tight supply
- Higher feedstock costs pushed up cracks

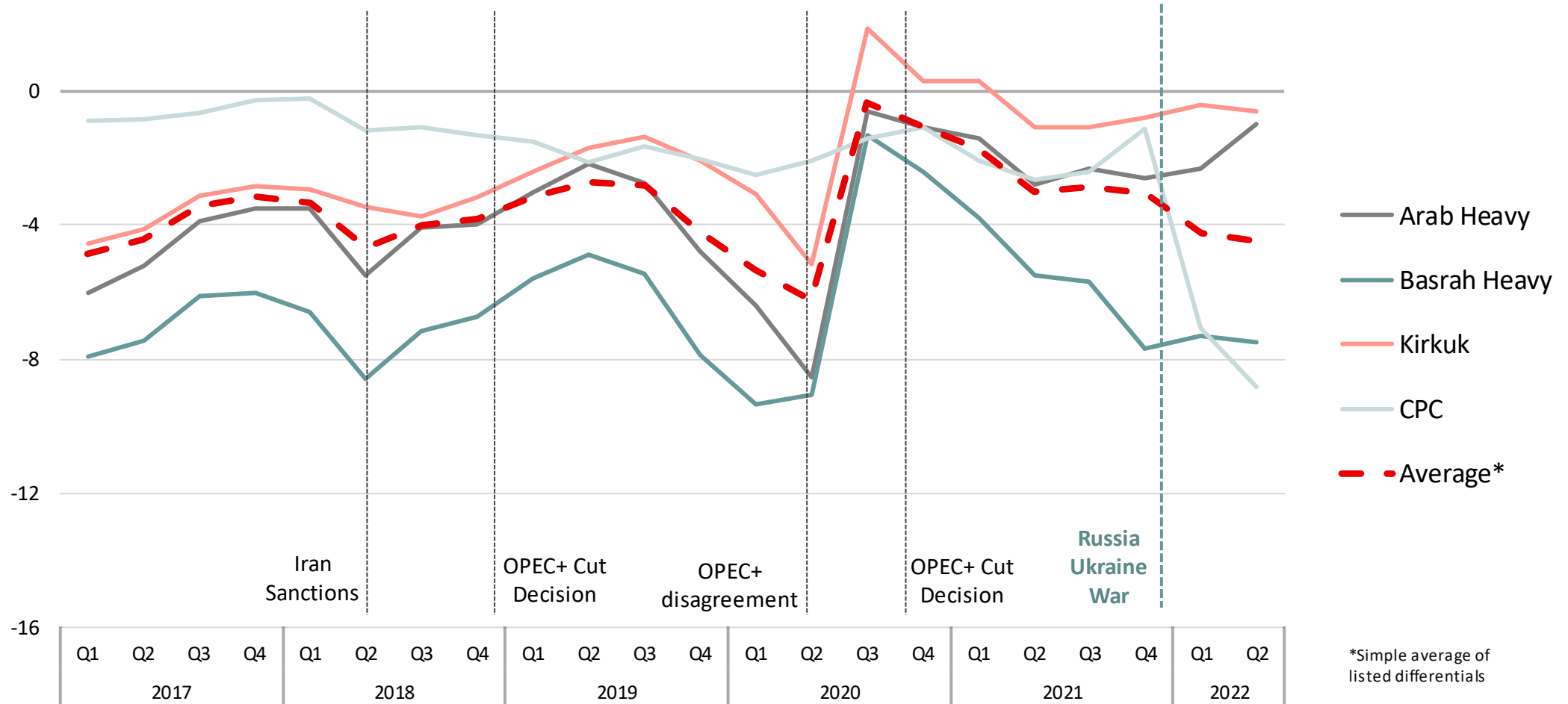
## HSFO

	2022	2021	2017-2019 avg.
Q1	-21.6	-8.9	-9.2
Q2	-29.2	-12.4	-9.8
Q3		-12.4	-9.8
Q4		-14.5	-15.3

- Strong Brent prices kept HSFO cracks down
- Ample supply amid fairly stable demand pushed down cracks

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

Average differentials widened despite the fact that heavy grades became more expensive in Q2 while crude oil demand was strong due to continued self-sanctioning in Europe.



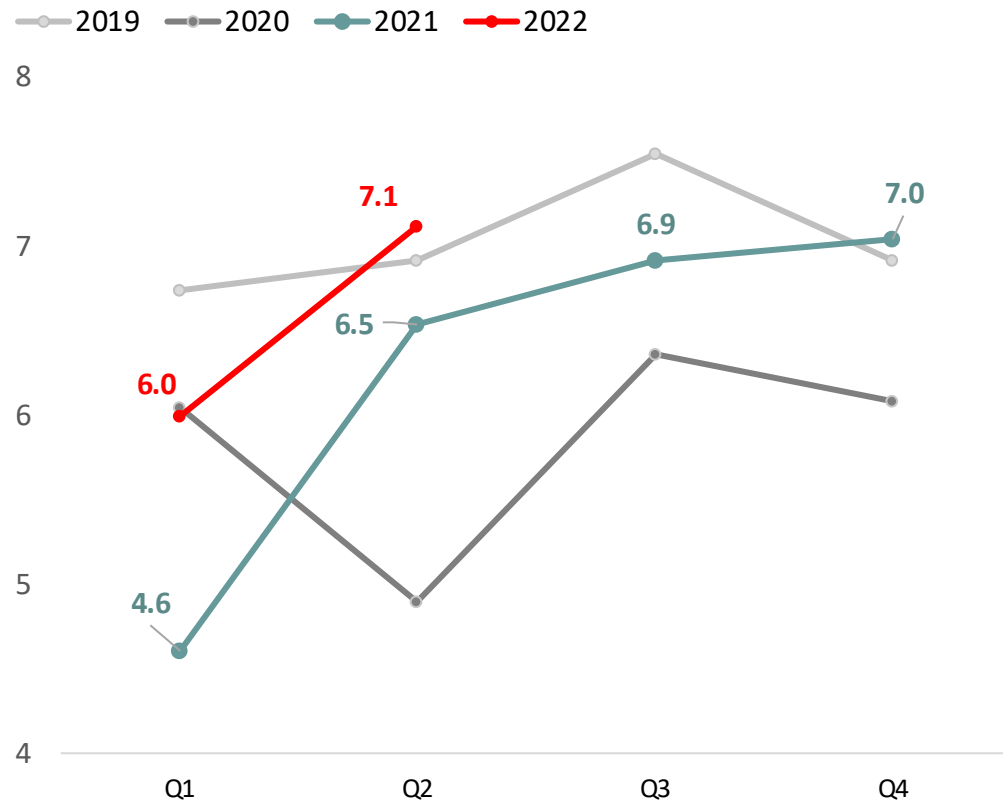


# Operations

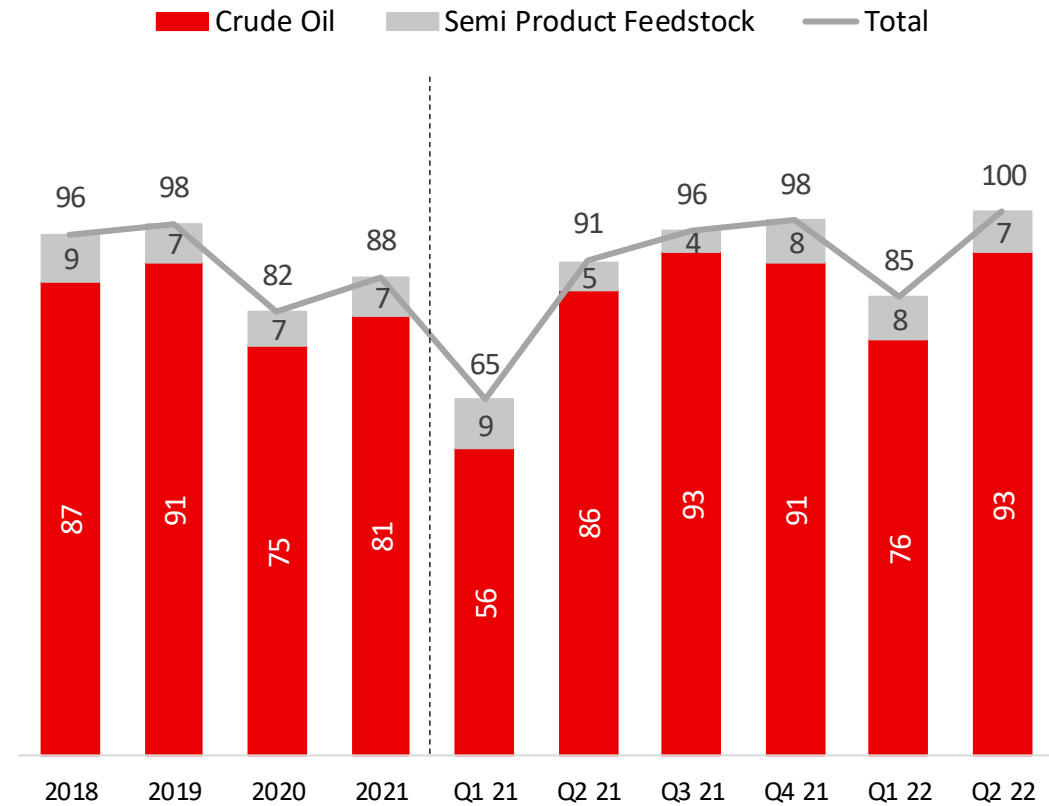
# Capacity Utilization and Quarterly Production Volume

- Tüpraş produced 7.1 million tons in Q2 2022.
- Capacity utilization for Q2 2022 was 100%, higher both on q-o-q and y-o-y.

Quarterly Production (Million Tons)



Capacity Utilization (%)

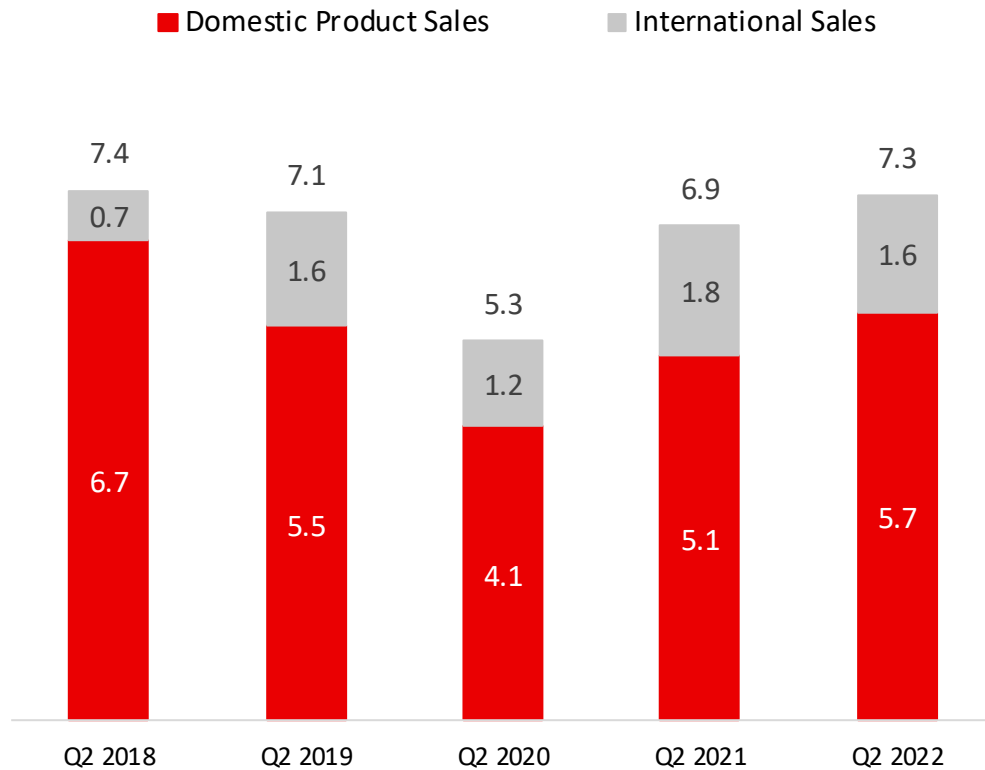


\*Capacity utilization calculation is based on 30 mn tons for Q1 2019 and onwards.

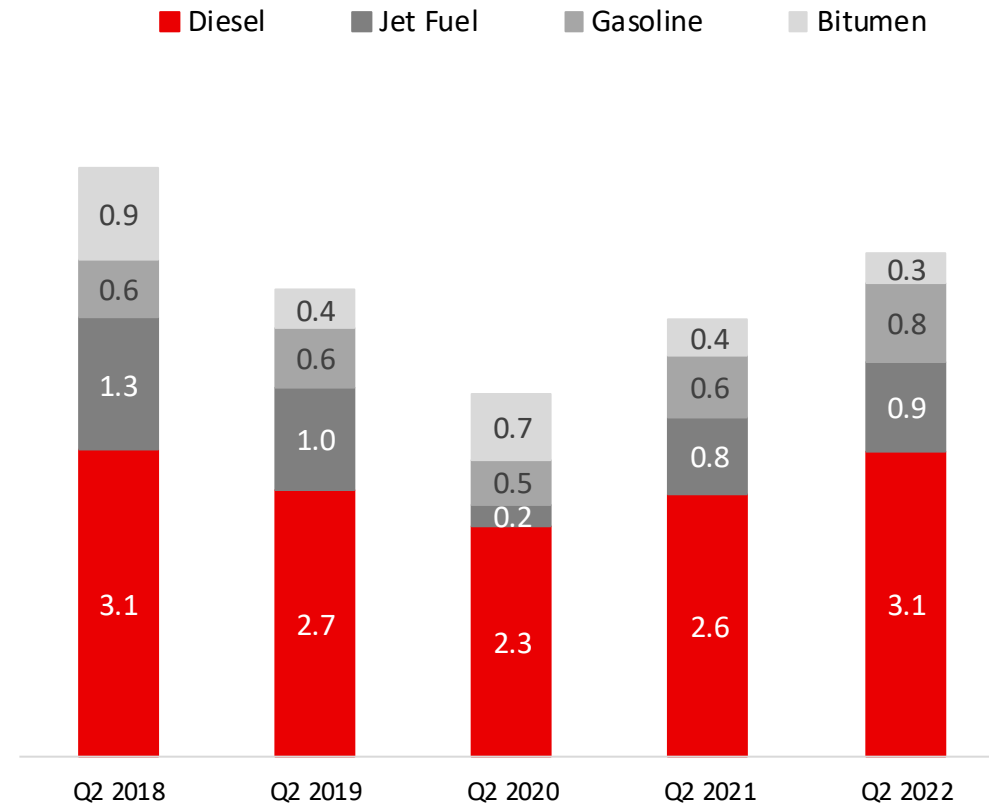
# Product Sales in Q2 2022 (Million Tons)

- Tüpraş generated 7.3 million tons of sales in Q2 2022, 6% higher y-o-y.
- Y-o-y growth in domestic jet fuel, gasoline, and diesel sales were strong with robust demand.

## Total Product Sales



## Domestic Sales of Selected Products





# Financials

# Income Statement (Million TL)

Million TL	Q2 2022	Q2 2021	%	H1 2022	H1 2021	%
Net Sales	135,785	33,688	303%	212,326	53,509	297%
COGS	-118,048	-30,724	284%	-189,285	-49,018	286%
<b>Gross Profit</b>	<b>17,737</b>	<b>2,964</b>	<b>498%</b>	<b>23,041</b>	<b>4,491</b>	<b>413%</b>
Operating Expenses	-2,047	-691	196%	-3,097	-1,248	148%
Income/Loss from other operations	-3,531	-325	986%	-5,029	-1,910	163%
<b>Operating Profit</b>	<b>12,159</b>	<b>1,948</b>	<b>524%</b>	<b>14,915</b>	<b>1,334</b>	<b>1018%</b>
Inc./Loss from Equity pick ups	126	50	149%	335	60	457%
<b>Operating Profit Before Fin. Income/Loss</b>	<b>12,285</b>	<b>1,999</b>	<b>515%</b>	<b>15,251</b>	<b>1,394</b>	<b>994%</b>
Financial Income /Expense	-1,332	-702	90%	-3,236	-1,058	206%
<b>Profit Before Tax</b>	<b>10,953</b>	<b>1,297</b>	<b>745%</b>	<b>12,015</b>	<b>337</b>	<b>3469%</b>
<b>Net Profit (excluding minority interest)</b>	<b>10,611</b>	<b>1,700</b>	<b>524%</b>	<b>11,507</b>	<b>939</b>	<b>1125%</b>
<b>EBITDA *(mn. TL)</b>	<b>16,066</b>	<b>2,512</b>	<b>540%</b>	<b>20,733</b>	<b>3,681</b>	<b>463%</b>
Inventory Gain/Loss (mn. TL)	2,931	1,407	108%	7,034	2,919	141%
<b>EBITDA* (mn. TL) CCS</b>	<b>13,134</b>	<b>1,105</b>	<b>1089%</b>	<b>13,700</b>	<b>763</b>	<b>1696%</b>

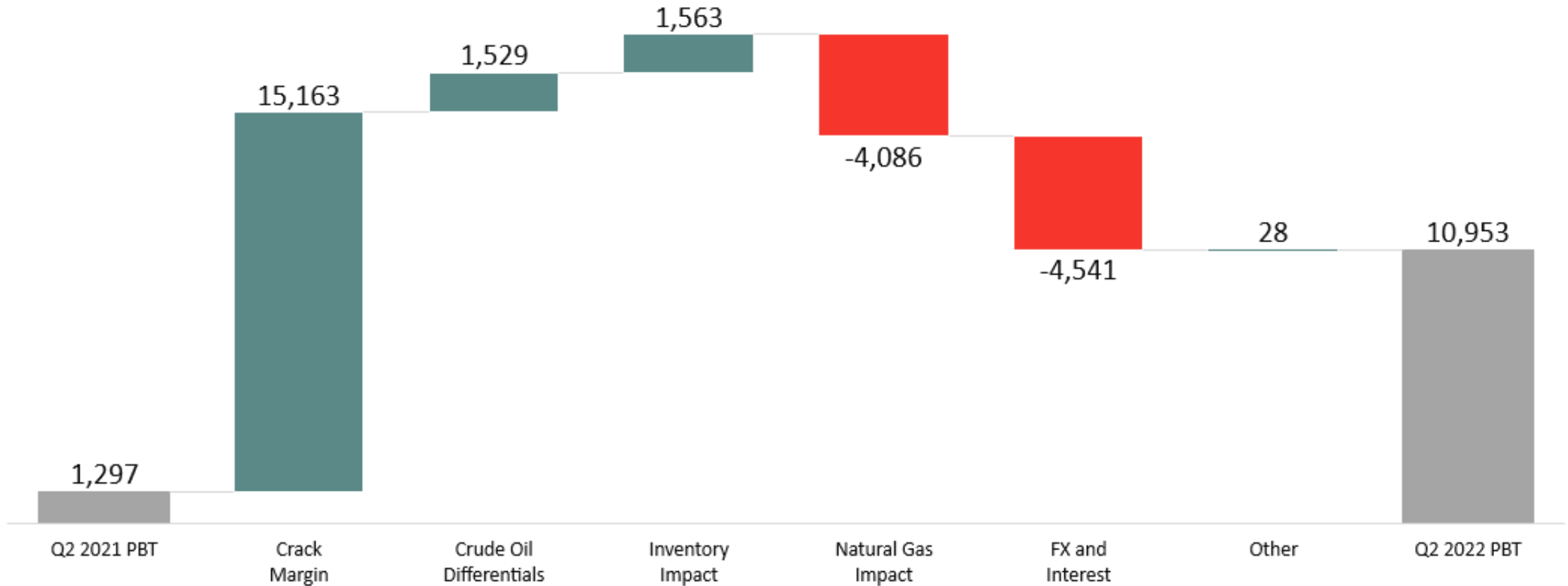
## Details of Income Statement

- Y-o-y increase in Opex is mainly driven by logistics expenses increasing to 1 bn TL due to higher sales and TL depreciation in Q2'22.
- Loss from other operations are mainly due to FX losses from trade payables, offset by reciprocal inventory gains in gross profit.
- Opet's contribution is recorded under income from equity-pickup.
- Financial Income and Expenses consist of hard currency balance sheet items' FX gains/losses and related FX derivative gains/losses, balance of which are offset by reciprocal inventory gains.

# Profit Before Tax Bridge (Q2 2021 – Q2 2022)

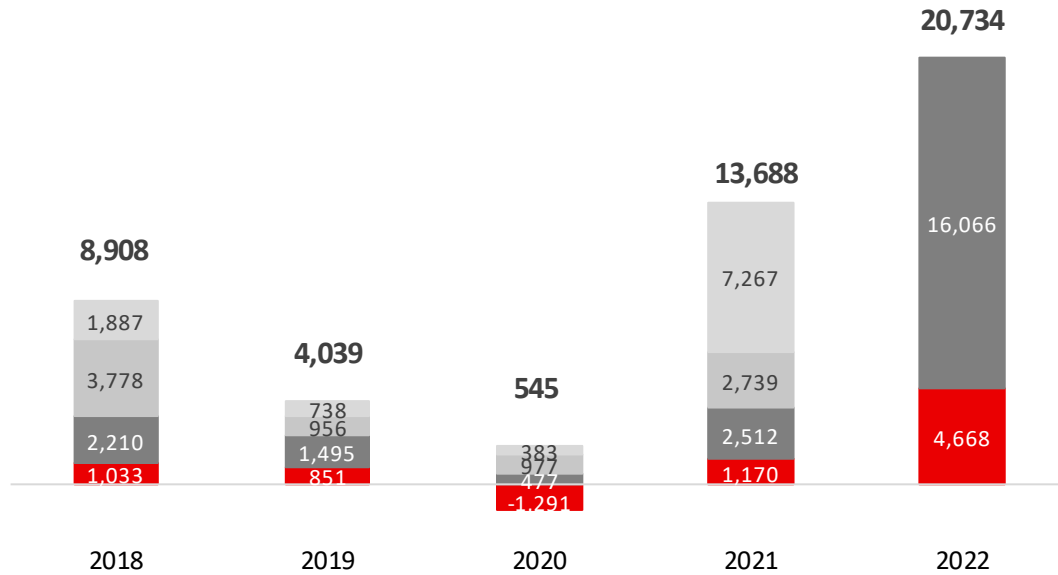
Strong crack margins and wider differentials boosted PBT despite elevated energy expenses and TL devaluation.

Million TL

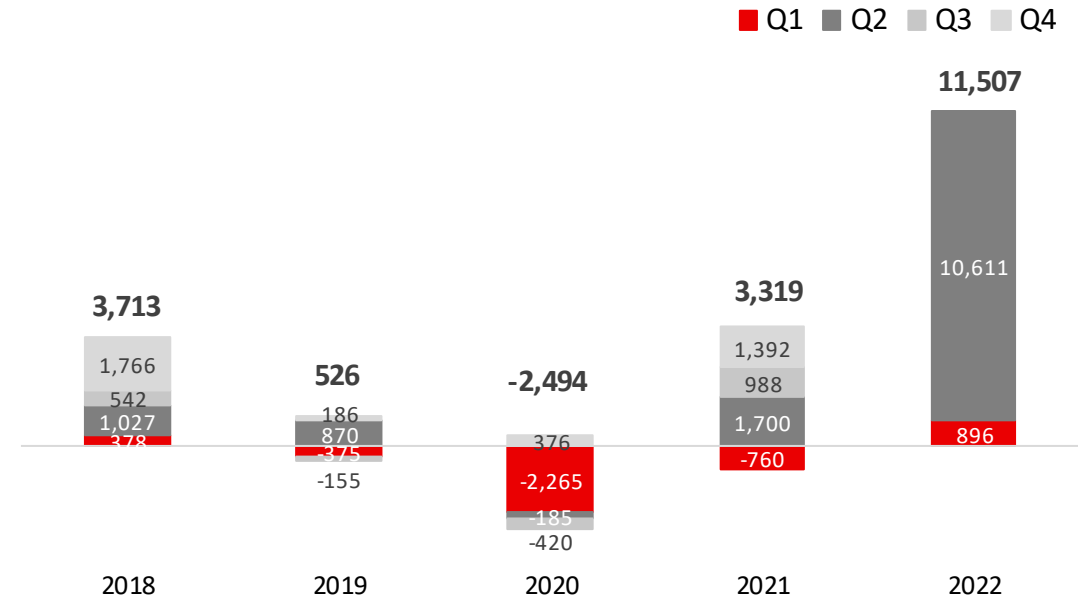


# Financial Highlights

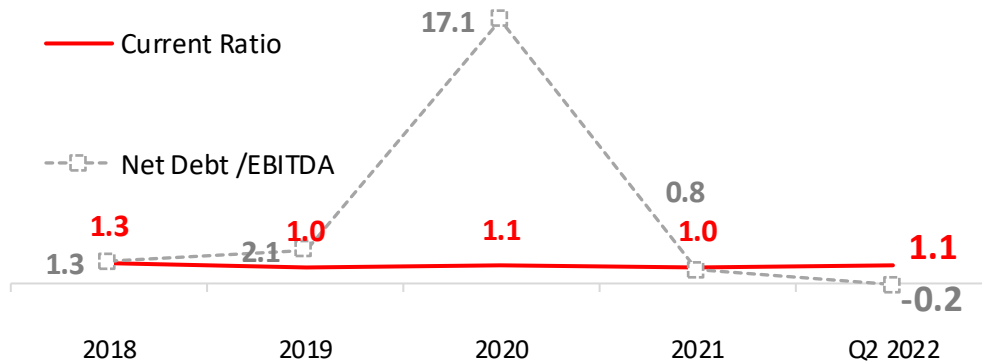
EBITDA (mn TL) ■ Q1 ■ Q2 ■ Q3 ■ Q4



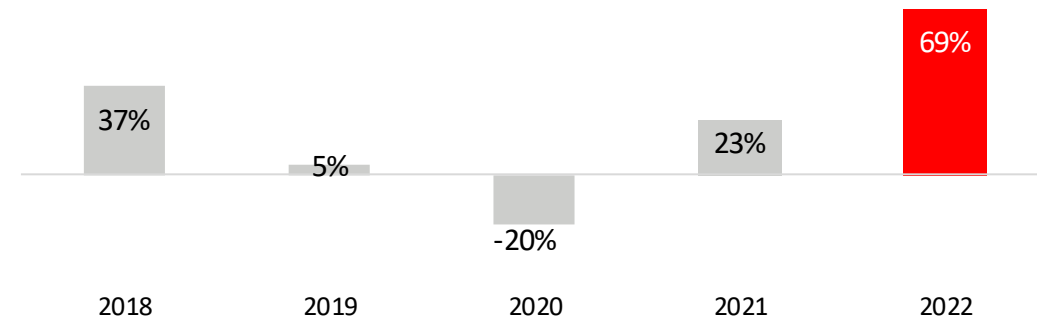
Net Income<sup>1</sup> (mn TL) ■ Q1 ■ Q2 ■ Q3 ■ Q4



Current Ratio & Net Debt / EBITDA

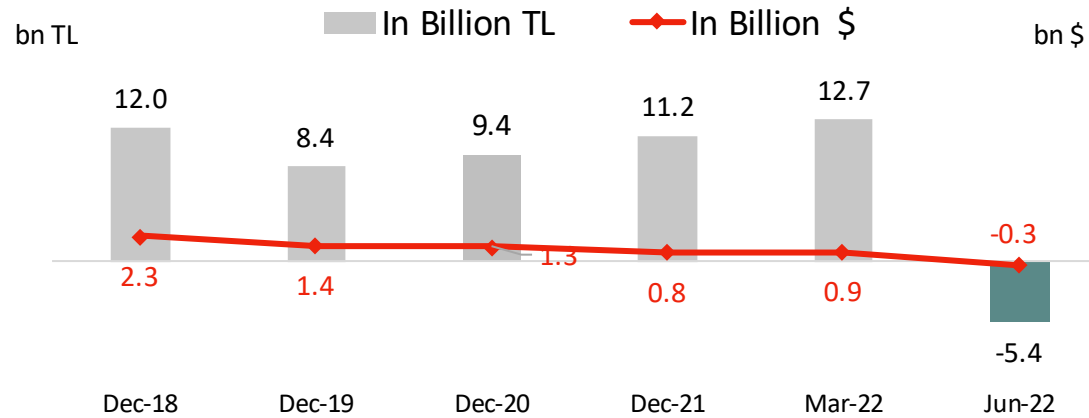


Return on Average Equity (%)

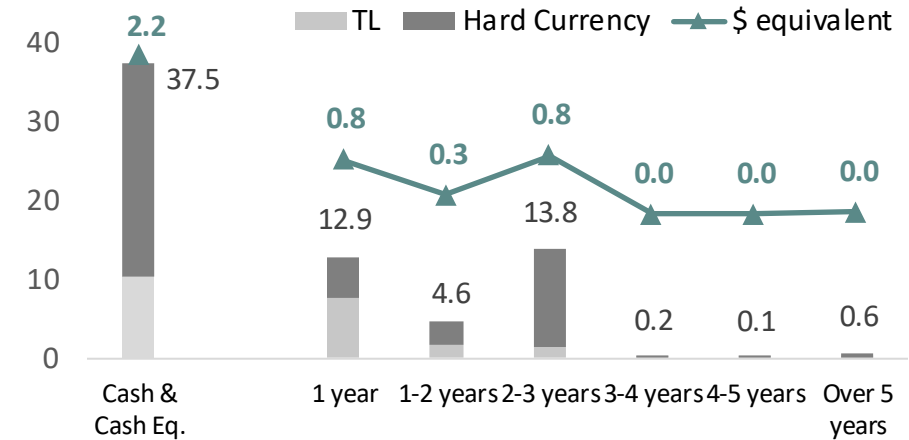


# Balance Sheet Analysis

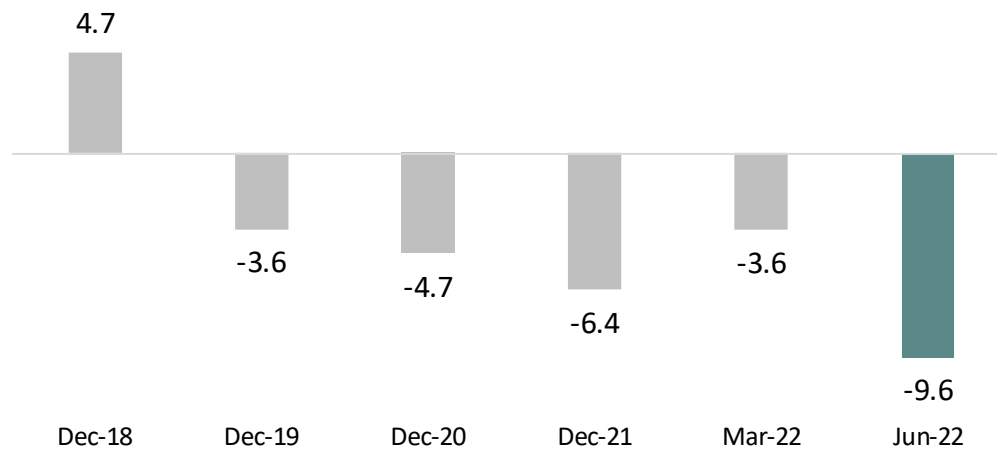
## Net Debt



## Redemption Schedule (Billion TL)



## Working Capital Requirement (Billion TL)

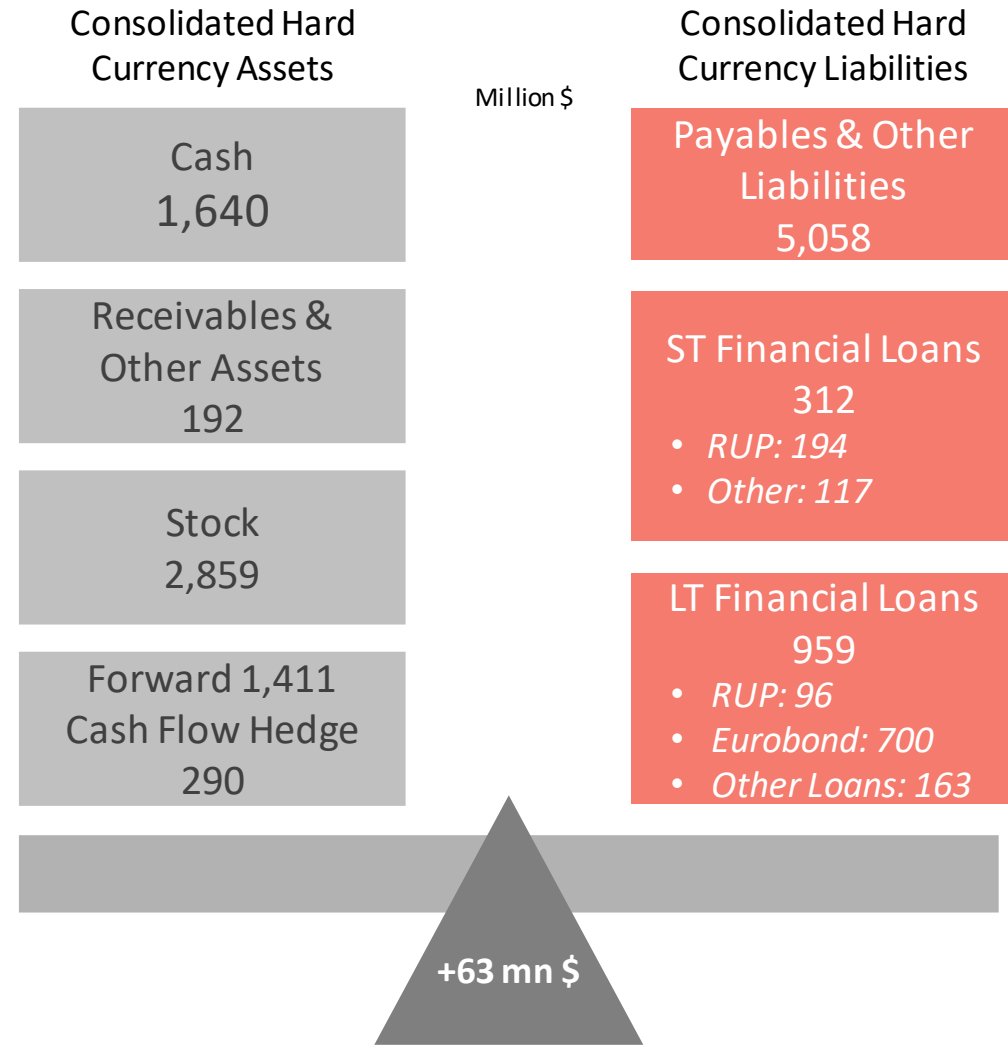


## Financial Management

- Working capital buffer expanded with better collection performance and higher inventory turnover
- Strong operating cash flow and working capital management has led to net cash position

# FX Exposure Management (30 June 2022)

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





## Outlook for 2022

# 2022 Refinery Maintenance Schedule

Refinery	Unit	Starting Quarter	Duration (weeks)	Purpose	Status
Batman	Crude Oil & Vacuum	Q1	15	Seasonal	Done
	Crude Oil & Vacuum	Q4	4		Planned
İzmir	Vacuum	Q1	6	Periodic Maintenance	Done
	Lube Complex	Q1	7		Done
	Crude Oil	Q4	9	Revamp	Planned
	CCR & Isom. & Desulp. & FCC	Q4	9		Planned
	HYC	Q4	4		Planned
İzmit	Isomerization	Q1	5	Periodic Maintenance	Done
	Vacuum	Q1	3		Done
	Desulphurizer	Q1	3		Done
	Crude Oil & Vacuum	End of Q3	6		Planned
	HYC	End of Q3	6		Planned

# 2022 Expectations

Med Complex Refining Margin Expectation Withdrawn

**Tüpraş Net Refining Margin 13 - 14 \$/bbl**

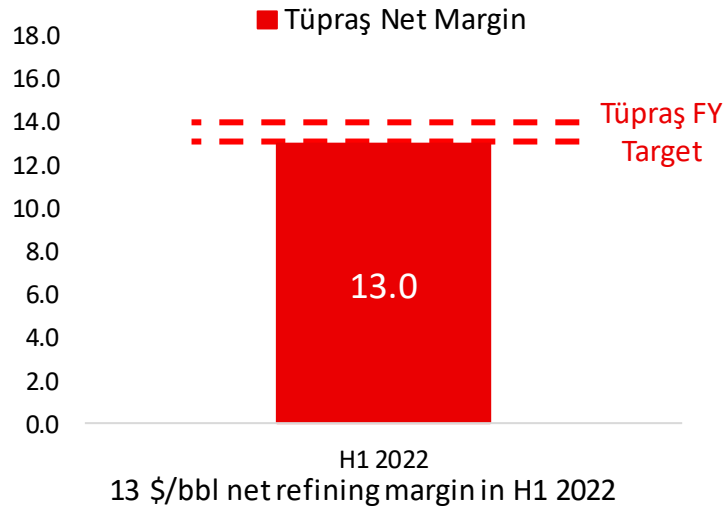
- 26-27 mt production, 28-29 mt sales and 90 - 95% capacity utilization

**Consolidated Capex ~200 million \$**

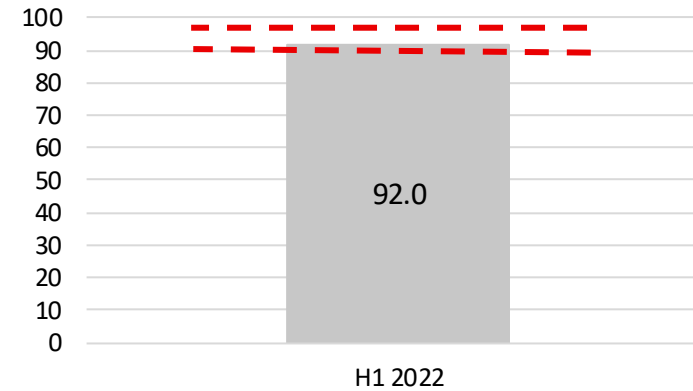
- ~45% of capex for sustainability focused energy efficiency and environmental projects

# H1 2022 Results

## Refining Margins (\$/bbl)



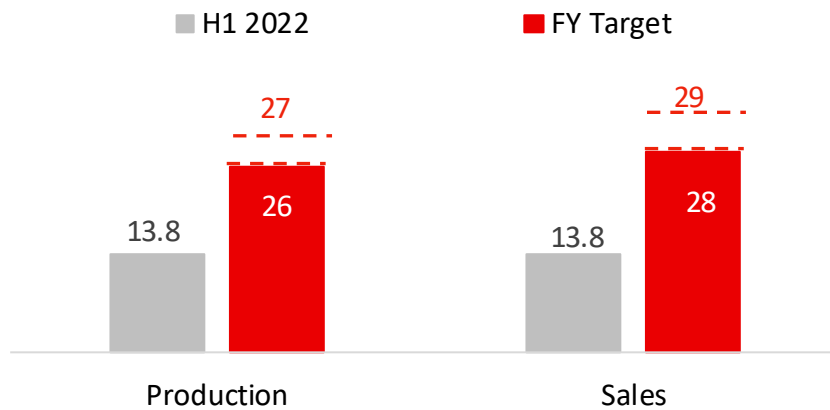
## Capacity Utilization (%)



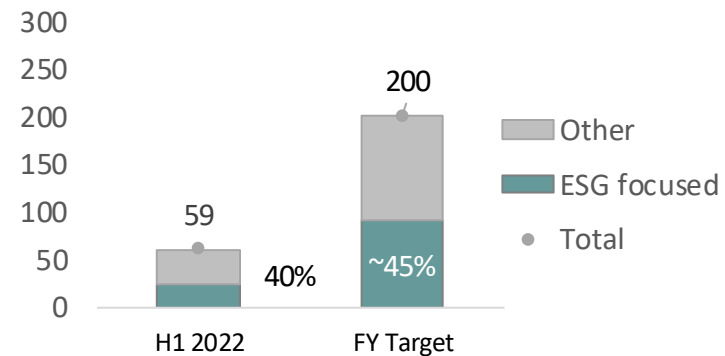
92% total capacity utilization in H1 2022

13.8 mn tons of sales and 13.1 mn tons of production in H1 2022

## Operational (mn Ton)



## Total Capex (mn \$)<sup>(\*)</sup>



59 mn \$ total CAPEX in H1 2022, with 40% spent on ESG related investments

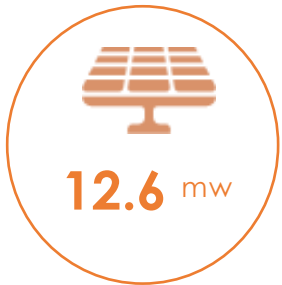
# Strategic Transition Plan - Latest Updates



## ZERO CARBON ELECTRICITY



The takeover process of Entek, our first breakthrough in the field of zero-carbon electricity generation, continues.



An agreement was signed for the construction and installation of a **Solar Power Plant in Kırıkkale Refinery with 12.6 MW capacity.**



## BIOFUELS



We are in the installation phase to produce sustainable aviation fuel, We will use Honeywell's **UOP Ecofining™** technology in our Izmir refinery.



**8,300 b/d**

With this technology, we plan to convert approximately **8,300 b/d waste** into sustainable aviation fuel (SAF), renewable diesel and other products.

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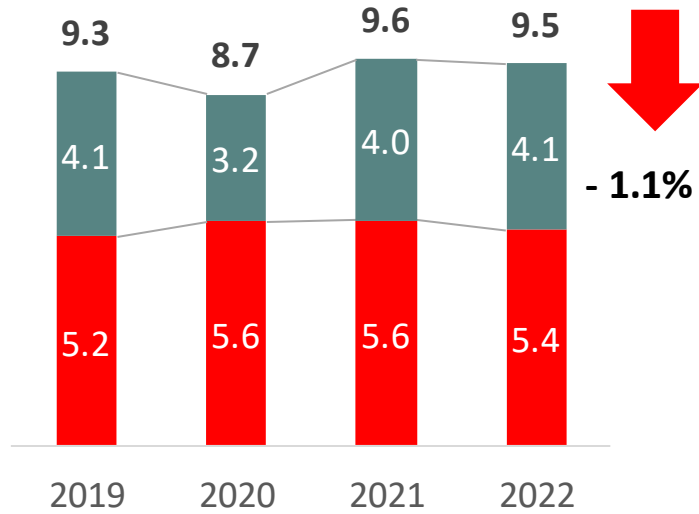
# Appendix

# Turkish Market, 5M 2022

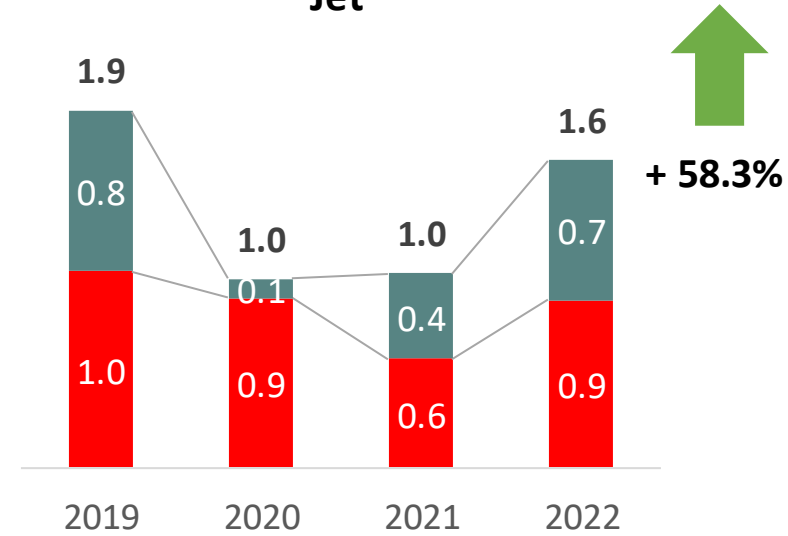
■ Q1 ■ Apr + May

Million  
Tons

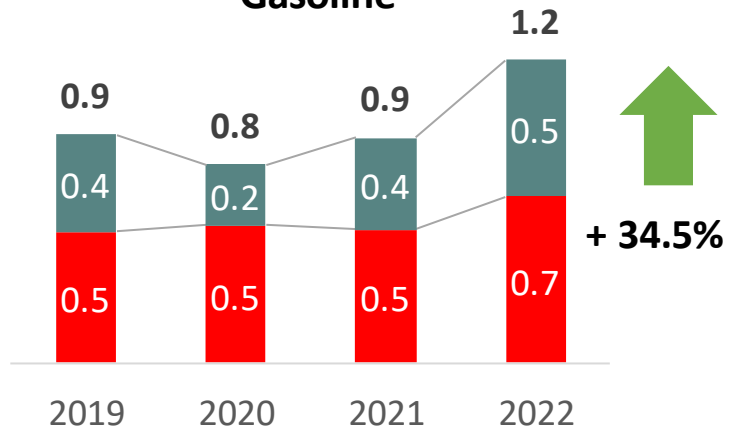
## Diesel



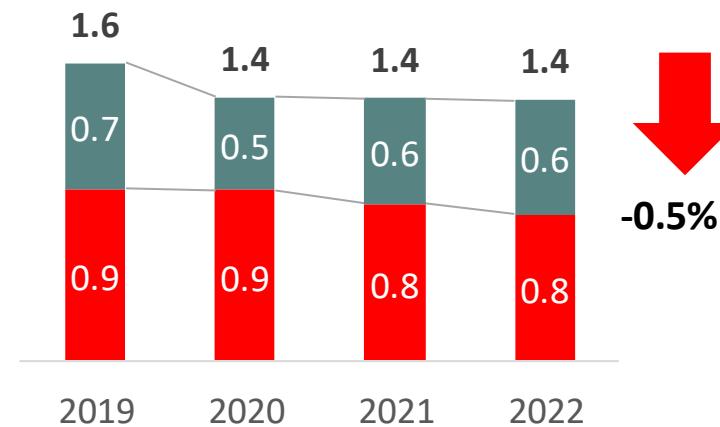
## Jet<sup>1</sup>



## Gasoline



## LPG



<sup>1</sup>Transit flight consumption included

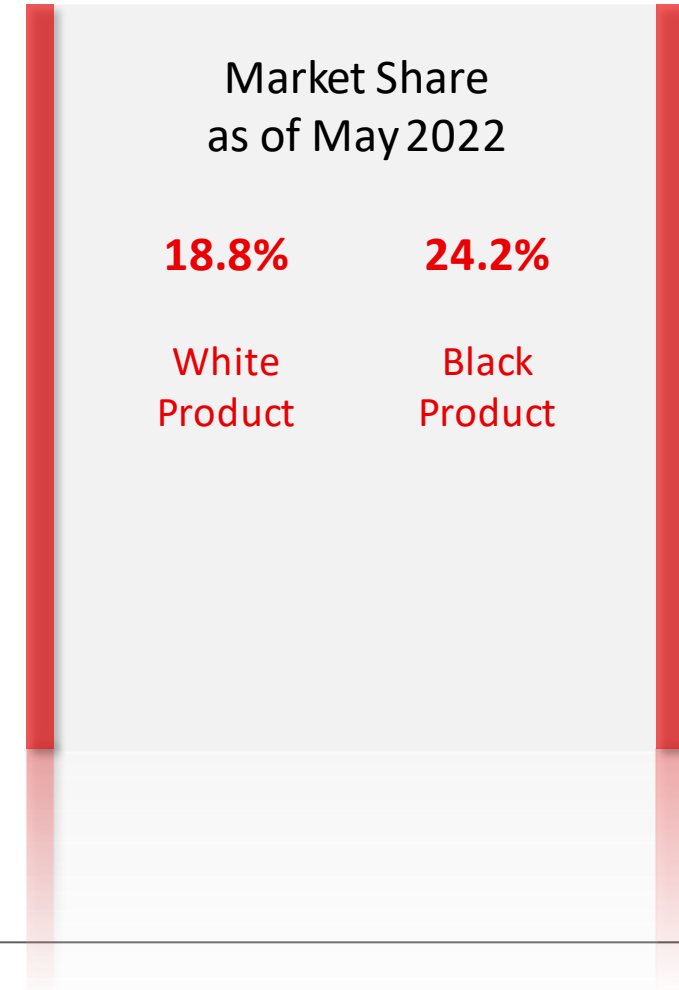
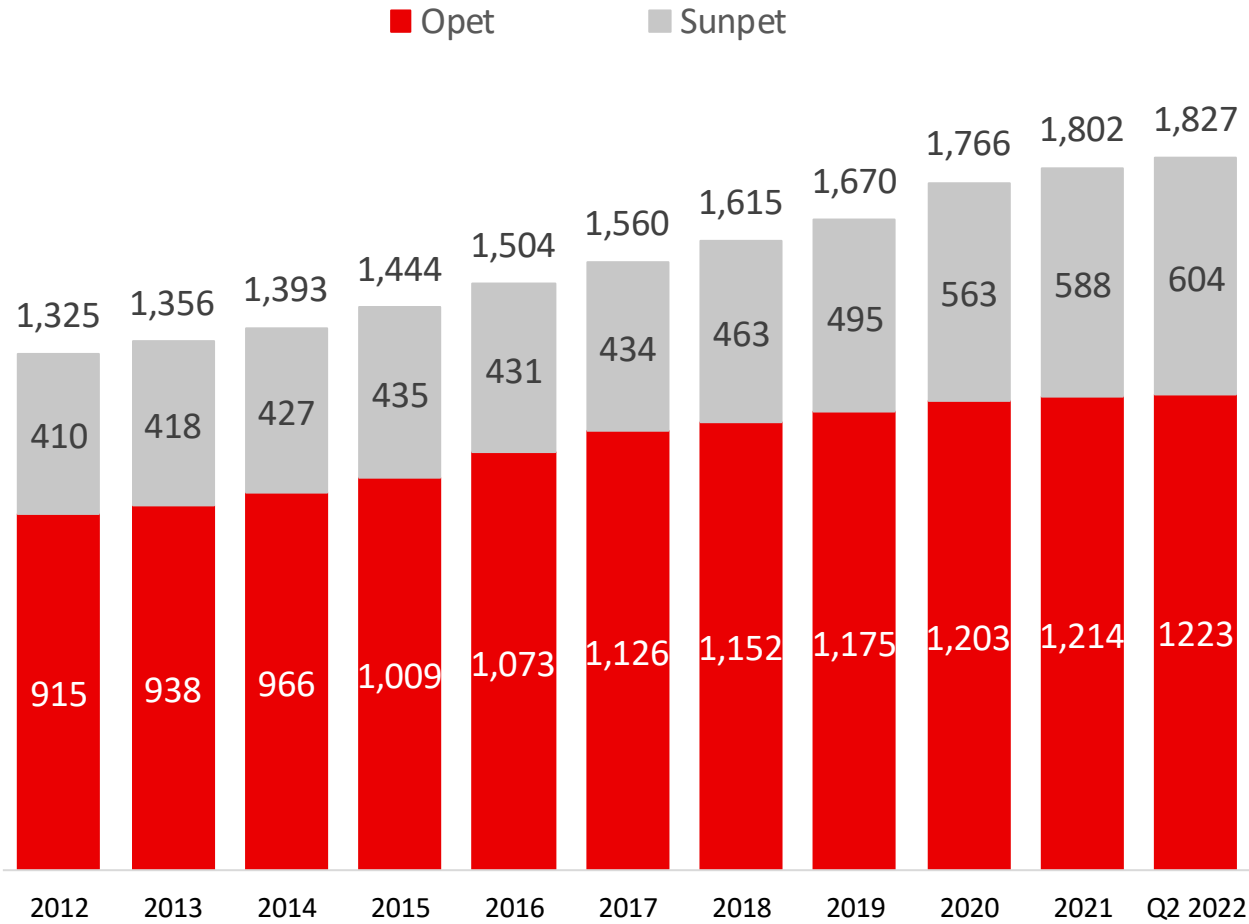
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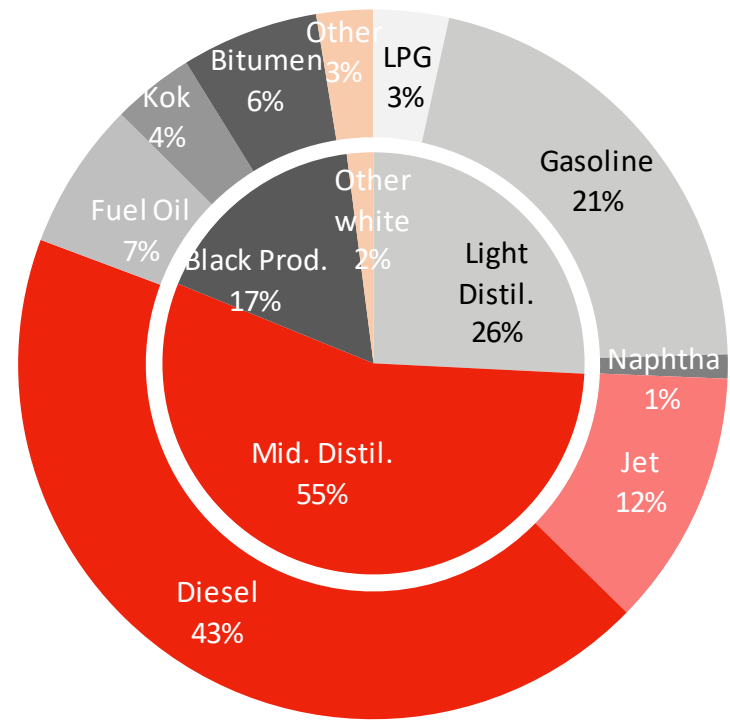
Turkish Market

Opet has 1,827 fuel stations as of June 2022 end.



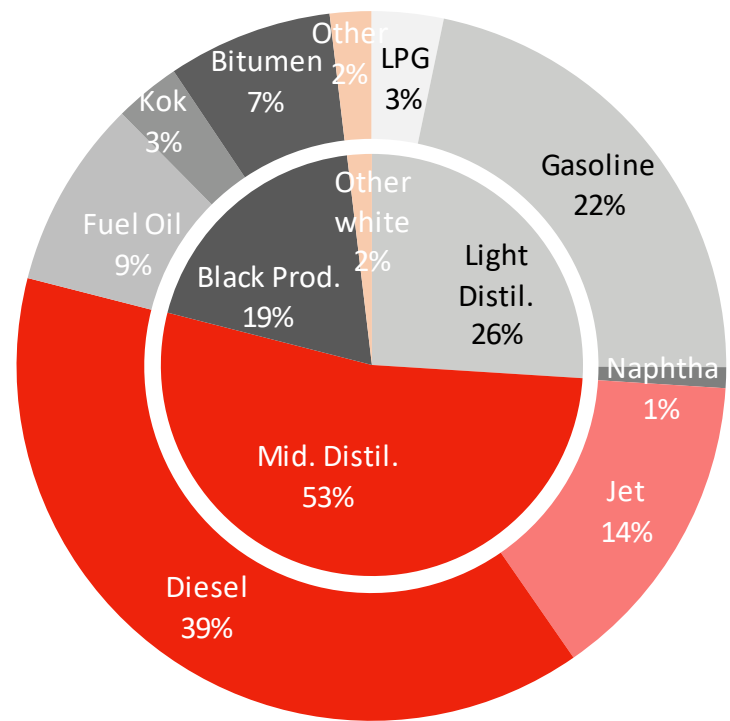
# Q2 Product Yields

Q2 2021



White Product Yield (%)	82.0%
Production	6.5 mn tons
API	31.4

Q2 2022



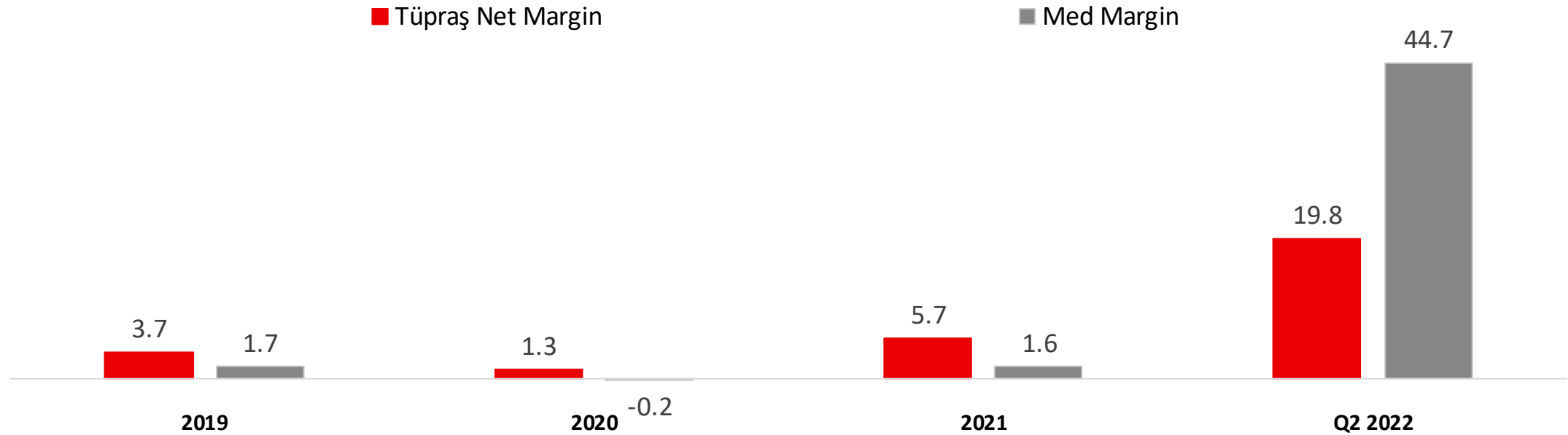
White Product Yield (%)	79.8%
Production	7.1 mn tons
API	31.3

# Tüpraş Balance Sheet (Million TL)

	30.06.2022	31.12.2021	Diff.	Diff. (%)
<b>Current Assets</b>	<b>120,342</b>	<b>65,429</b>	<b>54,913</b>	<b>84</b>
Cash & C. Equivalents	37,503	20,400	17,103	84
Trade Receivables	26,999	13,517	13,482	100
Derivatives	2,601	3,818	-1,217	-32
Inventories	46,901	23,756	23,145	97
Pre-paid expenses	374	186	187	101
Other Current Assets	5,964	3,751	2,212	59
<b>Long Term Assets</b>	<b>39,693</b>	<b>37,106</b>	<b>2,587</b>	<b>7</b>
Financial Assets & Subsidiaries	2,379	2,156	223	10
Tangible & Intangible Fixed Assets	26,921	26,537	384	1
Derivatives	45	44	1	2
Pre-paid expenses	137	95	43	45
Deferred Tax	8,057	6,378	1,679	26
Other Longterm Assets	2,154	1,897	257	14
<b>Total Assets</b>	<b>160,035</b>	<b>102,535</b>	<b>57,500</b>	<b>56</b>
<b>Short Term Liabilities</b>	<b>112,043</b>	<b>64,002</b>	<b>48,042</b>	<b>75</b>
Financial Loans	12,895	11,399	1,496	13
Trade Payables	83,470	43,704	39,766	91
Derivatives	4,310	3,302	1,007	31
Provisions	474	200	273	137
Other ST Liabilities	10,895	5,396	5,499	102
<b>Long Term Liabilities</b>	<b>19,842</b>	<b>20,706</b>	<b>-864</b>	<b>-4</b>
Financial Loans	19,207	20,219	-1,012	-5
Payables & Provisions	622	448	174	39
Derivatives	2	29	-27	-94
Other LT Liabilities	11	11	0	4
<b>Total equity attributable to equity holders of the parent</b>	<b>27,798</b>	<b>17,557</b>	<b>10,241</b>	<b>58</b>
<b>Minority Interests</b>	<b>352</b>	<b>270</b>	<b>82</b>	<b>30</b>
<b>Total Liabilities &amp; Equity</b>	<b>160,035</b>	<b>102,535</b>	<b>57,500</b>	<b>56</b>

# Tüpraş and Med Margins(\*) (\$/bbl)

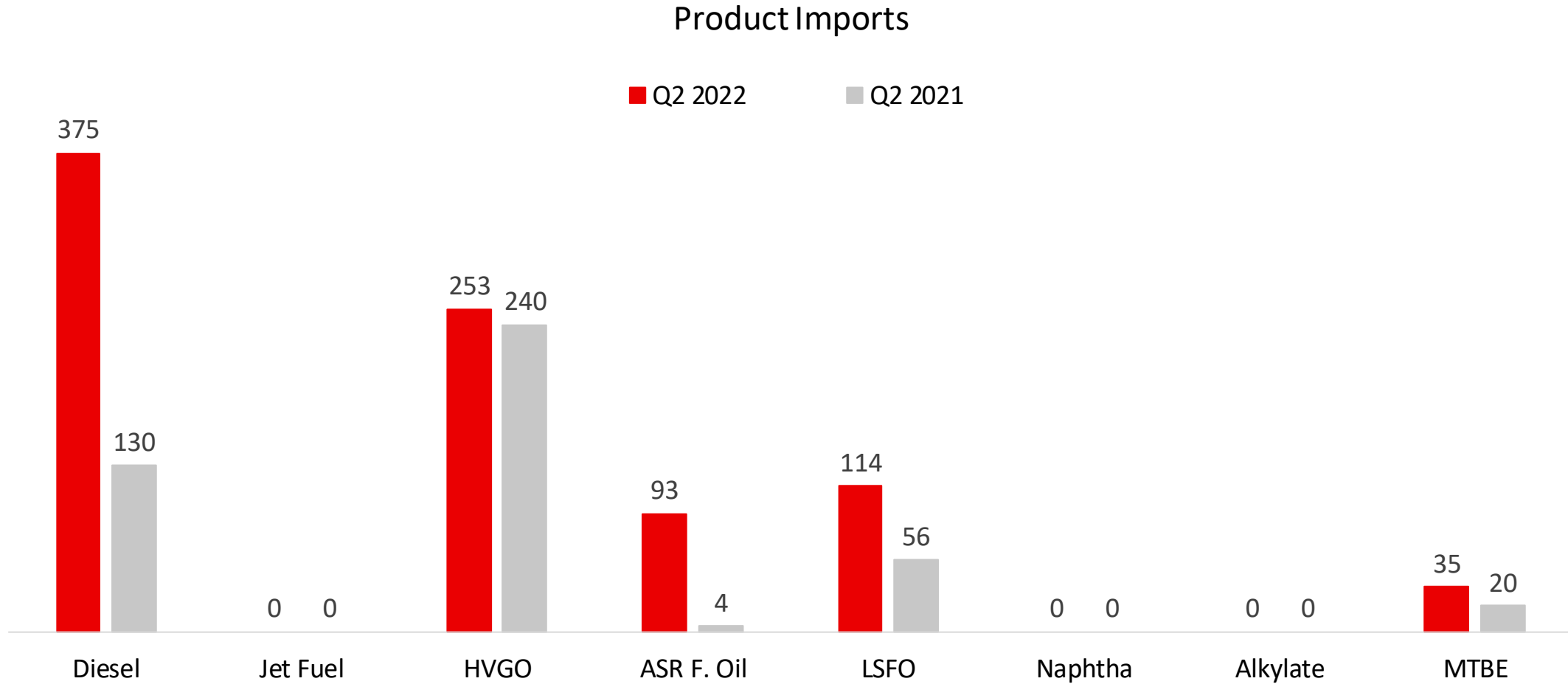
## Average Margins



(\$/bbl)	Gross Margin	Inventory Effect	Clean Gross Margin	Clean NET Margin	Net Margin	Med Margin
Q2 2022	25.6	0.0	25.6	19.8	19.8	44.7
H1 2022	19.3	2.2	17.1	10.9	13.0	27.1
Q2 2021	8.8	1.8	7.0	2.8	4.6	0.3
H1 2021	8.3	2.1	6.2	1.2	3.3	0.0

(\*) Net Refining Margin calculation includes crude oil inventory hedging effect starting as of Q1 2022 as our new hedging methodology has a material impact on inventory effect for the operating period. Effect of hedging operations were excluded in the previous periods' data.

# Finished Product and Semi Product Imports (Thousand Tons)



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