



Q1 2023 Earnings Presentation

 **Koc** | 28 April 2023

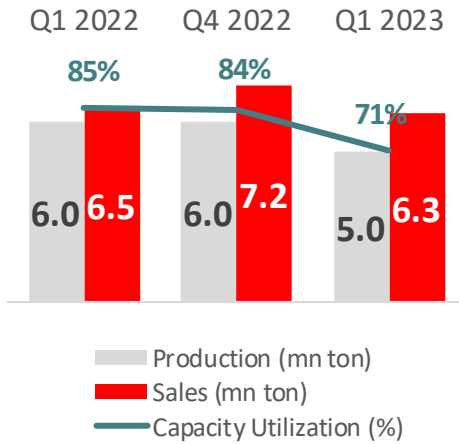
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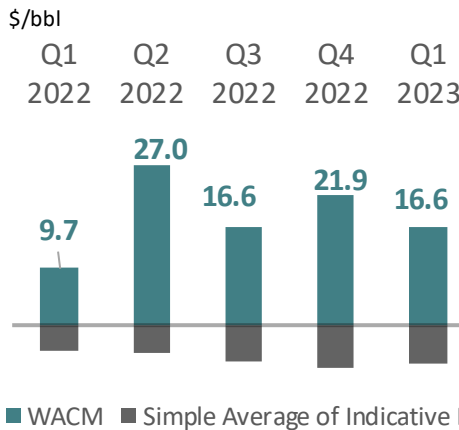
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Q1 2023 – Tüpraş Highlights

Falling gas prices and widening differentials offset low capacity utilization impact and weaker cracks



- Production was lower y-o-y in Q1 due to planned maintenances.
- Impact of lower capacity utilization rate on profitability was offset by strong sales, decrease in natural gas costs and wider differentials



- Mid-distillate cracks were lower q-o-q while gasoline and HSFO cracks were better.
- Differentials continued to be supportive during Q1

Strong profitability and proactive cash management maintained net cash position



- Despite 12.5 bn TL dividend payment, net cash position was preserved with strong EBITDA generation and proactive cash position management in Q1'23.
- Inventory hedging mechanism continued to mitigate pricing risk arising from lower Brent prices.

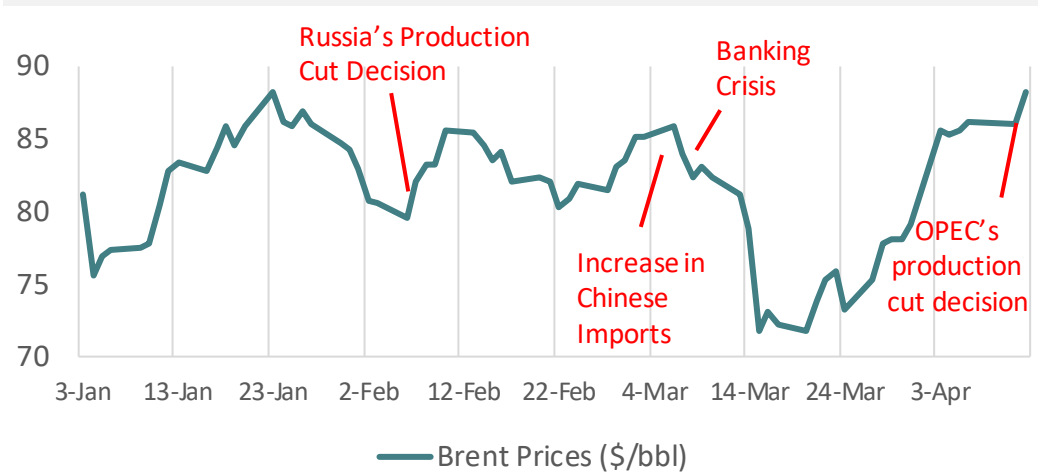


Market

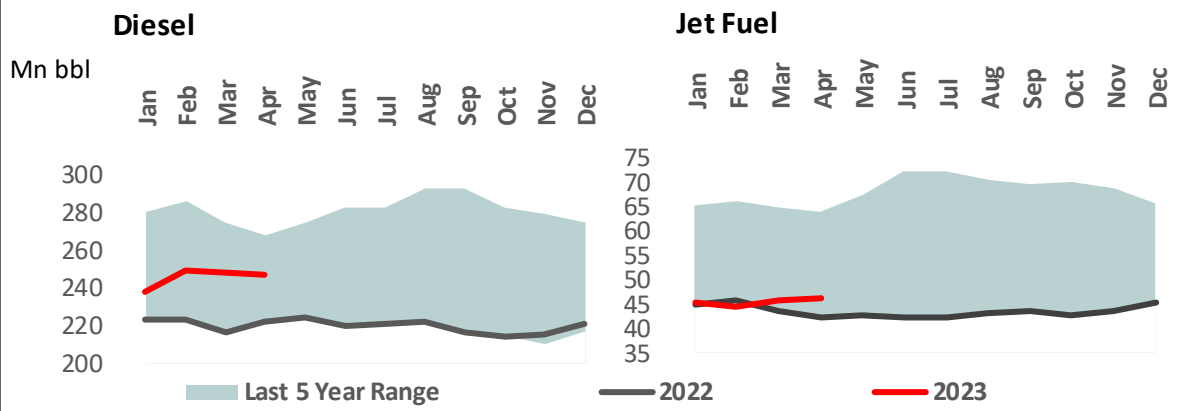
Q1 2023 – Key Market Highlights

Global Oil Market

Brent prices remained volatile with recessionary concerns and OPEC's production cut decision

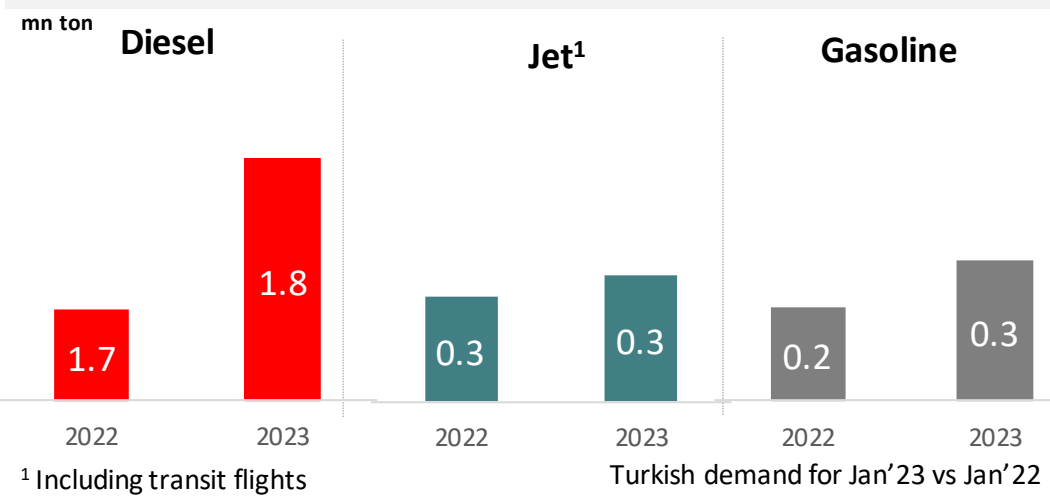


Mid-distillate inventories were on the rise in Europe due to strong demand ahead of price cap decision in Feb

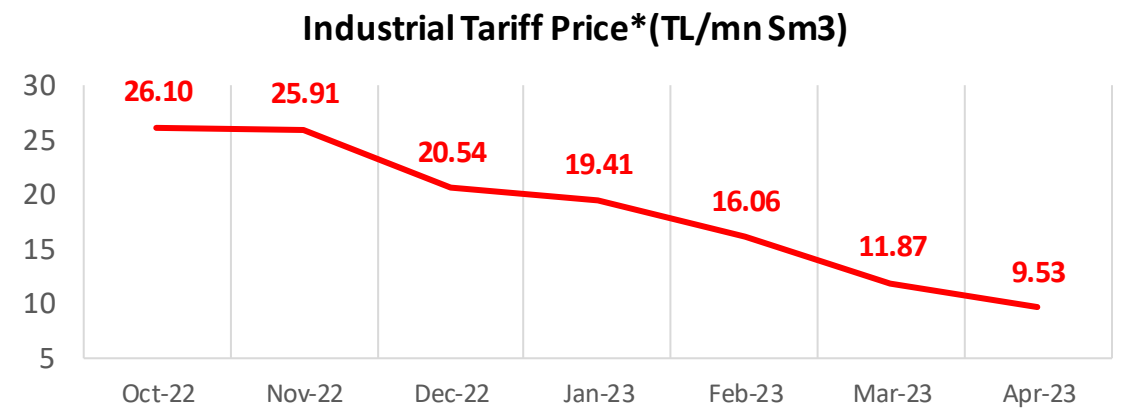


Turkish Market

Diesel demand was resilient, recovery in jet fuel sales continued



Consecutive discounts on domestic NG prices were announced in line with lower TTF



(*) BOTAŞ tariff for industries such as Gold, Aluminum, Copper, Boron, Zinc, Iron/Steel, Silver, Chromium, Oil Refinery and petrochemicals.

Quarterly Crack Margin Comparison (\$/bbl)

Despite recent weakening, mid-distillate and gasoline margins remain materially above vs last year's Q1

Diesel

	2023	2022	2021	2017-2019 avg.
Q1	30.8	18.5	4.5	12.7
Q2		45.3	5.0	12.3
Q3		42.1	7.1	14.4
Q4		45.4	11.2	14.5

- Diesel cracks were materially higher compared to last year with better demand in Europe ahead of price cap decision for Russian products, which was a result of the sanctions imposed on Russia due to Russia-Ukraine war

Jet Fuel

	2023	2022	2021	2017-2019 avg.
Q1	29.7	15.4	1.9	12.2
Q2		44.9	2.3	11.5
Q3		36.7	4.4	13.9
Q4		37.2	9.1	13.7

- Despite laggard Chinese demand after leaving zero covid policy, with European network traffic increasing ~20% y-o-y, jet fuel demand continues to approach 2019 levels.

Gasoline

	2023	2022	2021	2017-2019 avg.
Q1	21.8	12.3	7.9	9.6
Q2		35.5	11.0	12.5
Q3		16.7	14.8	13.3
Q4		16.0	12.5	8.0

- Gasoline cracks were higher y-o-y with the increase in blending costs due to decreased Russian imports, capacity outages with winter storms in the US and relatively strong demand

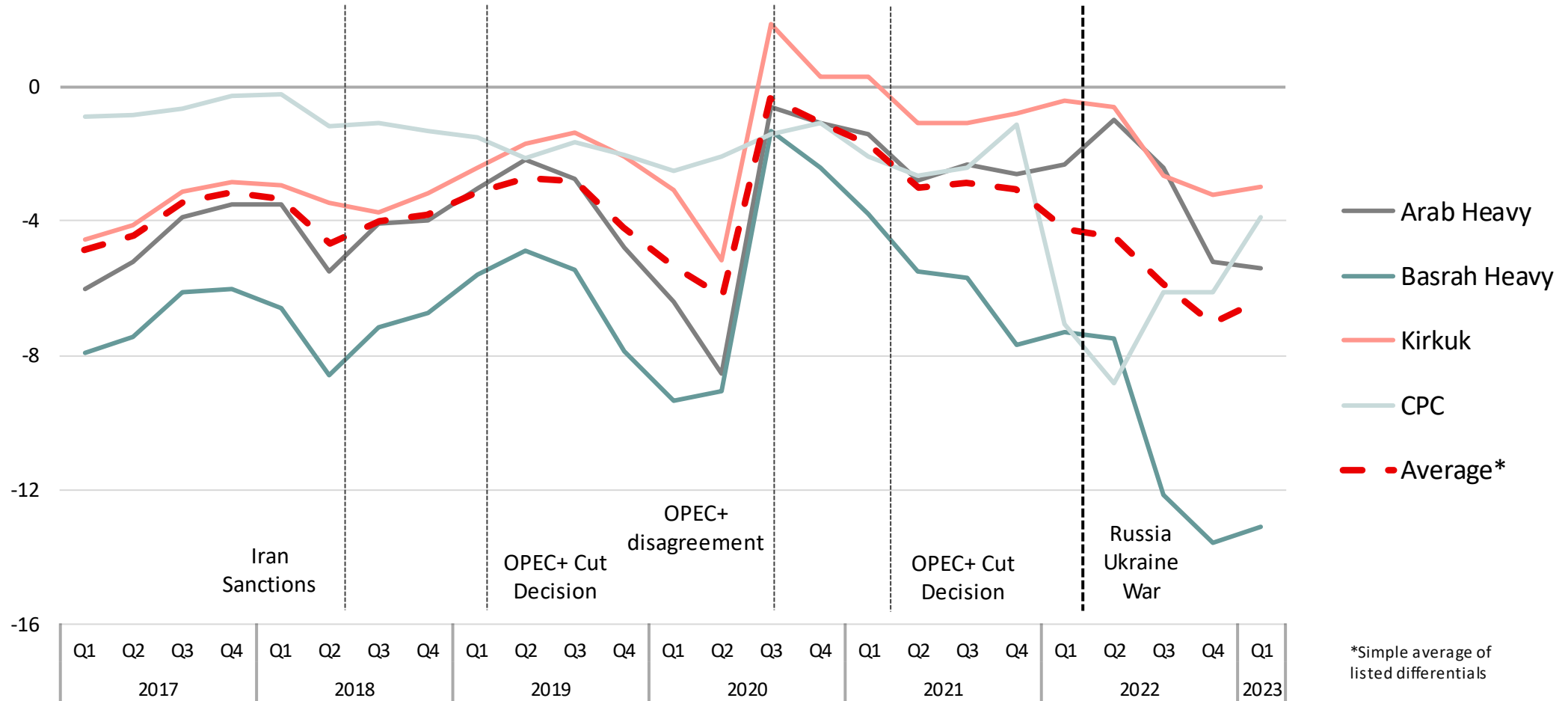
HSFO

	2023	2022	2021	2017-2019 avg.
Q1	-26.1	-21.6	-8.9	-9.2
Q2		-29.2	-12.4	-9.8
Q3		-39.3	-12.4	-9.8
Q4		-32.7	-14.5	-15.3

- HSFO cracks declined y-o-y with higher refinery runs globally in Q1'23

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

Wider differentials continued to support operational profitability in Q1 with Basrah Heavy providing wider discounts compared to the rest of the slate.



*Simple average of listed differentials

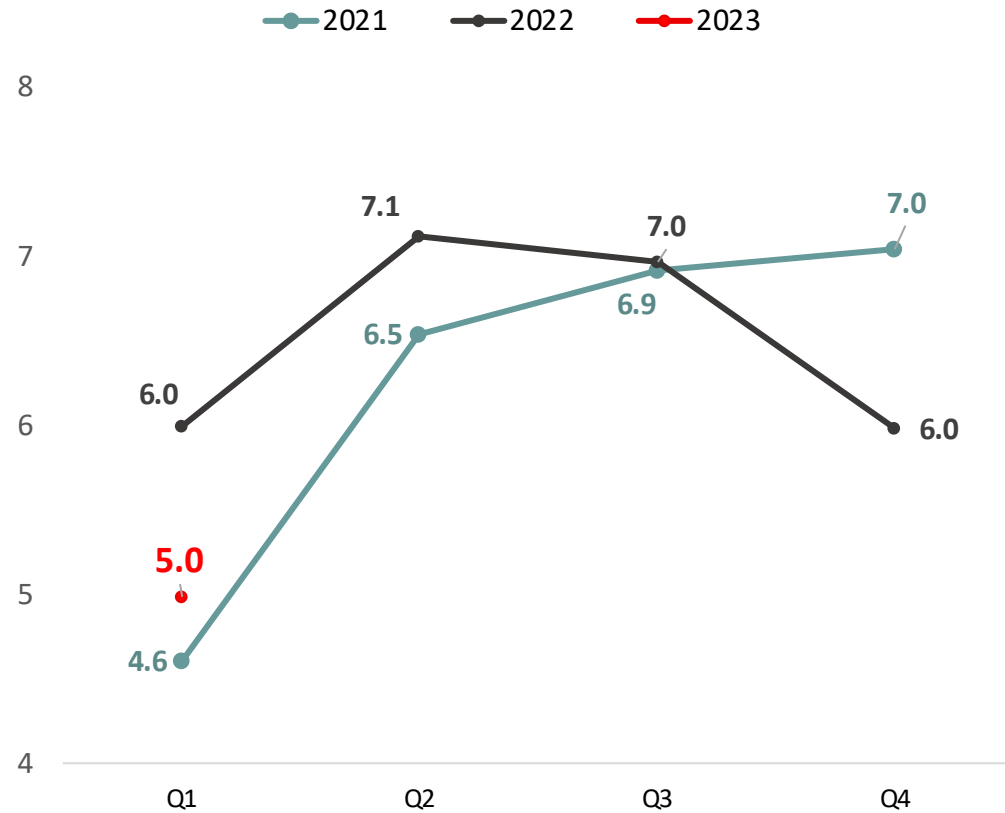


Operations

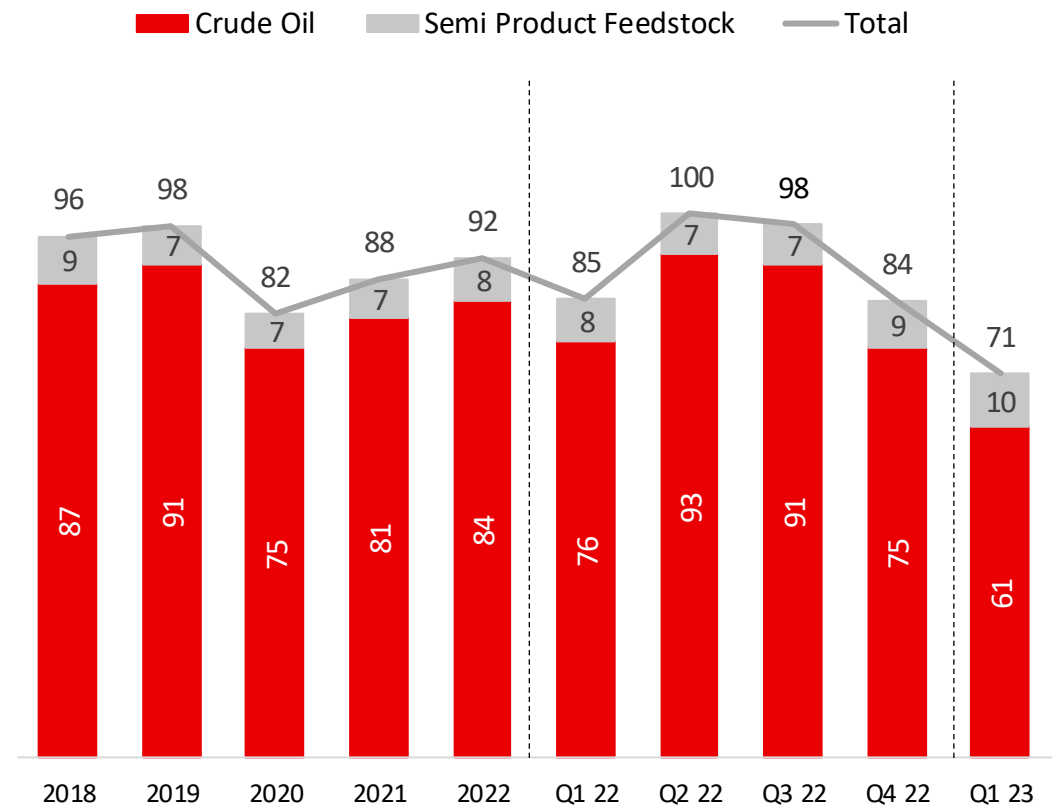
Capacity Utilization and Quarterly Production Volume

- Tüpraş produced 5.0 million tons in Q1 2023.
- Capacity utilization for Q1 2023 was 71%, due to busy maintenance schedule in the 1st quarter

Quarterly Production (Million Tons)



Capacity Utilization (%)

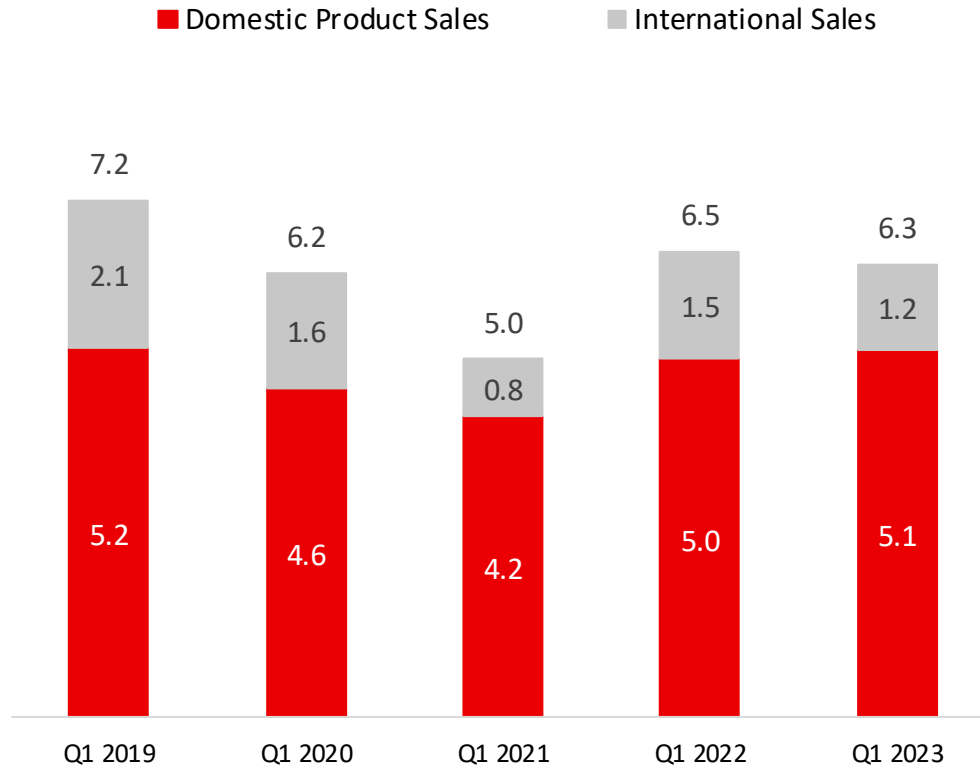


*Capacity utilization calculation is based on 30 mn tons for Q1 2019 and onwards.

Product Sales in Q1 2023 (Million Tons)

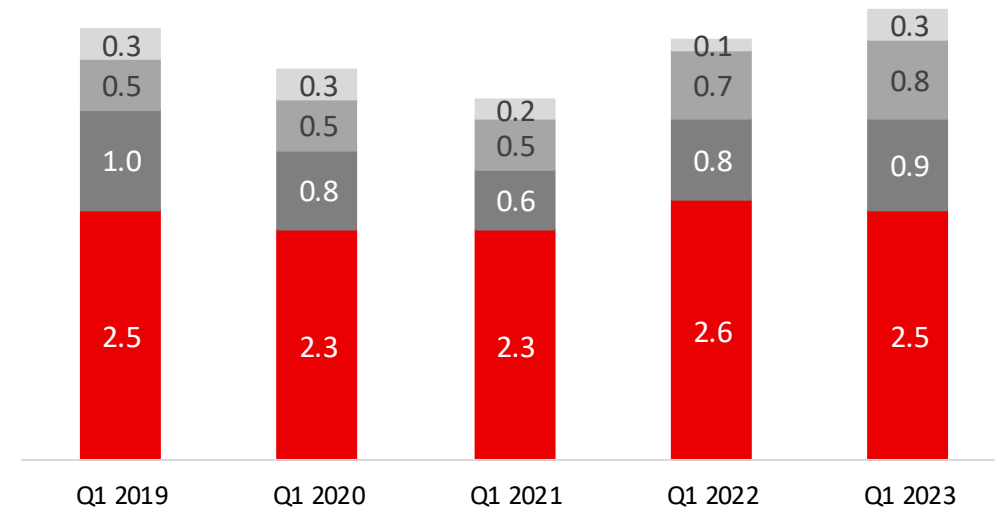
- Tüpraş generated 6.3 million tons of sales in Q1 2023, 4% lower y-o-y.
- Domestic sales were 3% higher y-o-y in Q1 2023 with better gasoline, jet fuel and bitumen sales.

Total Product Sales



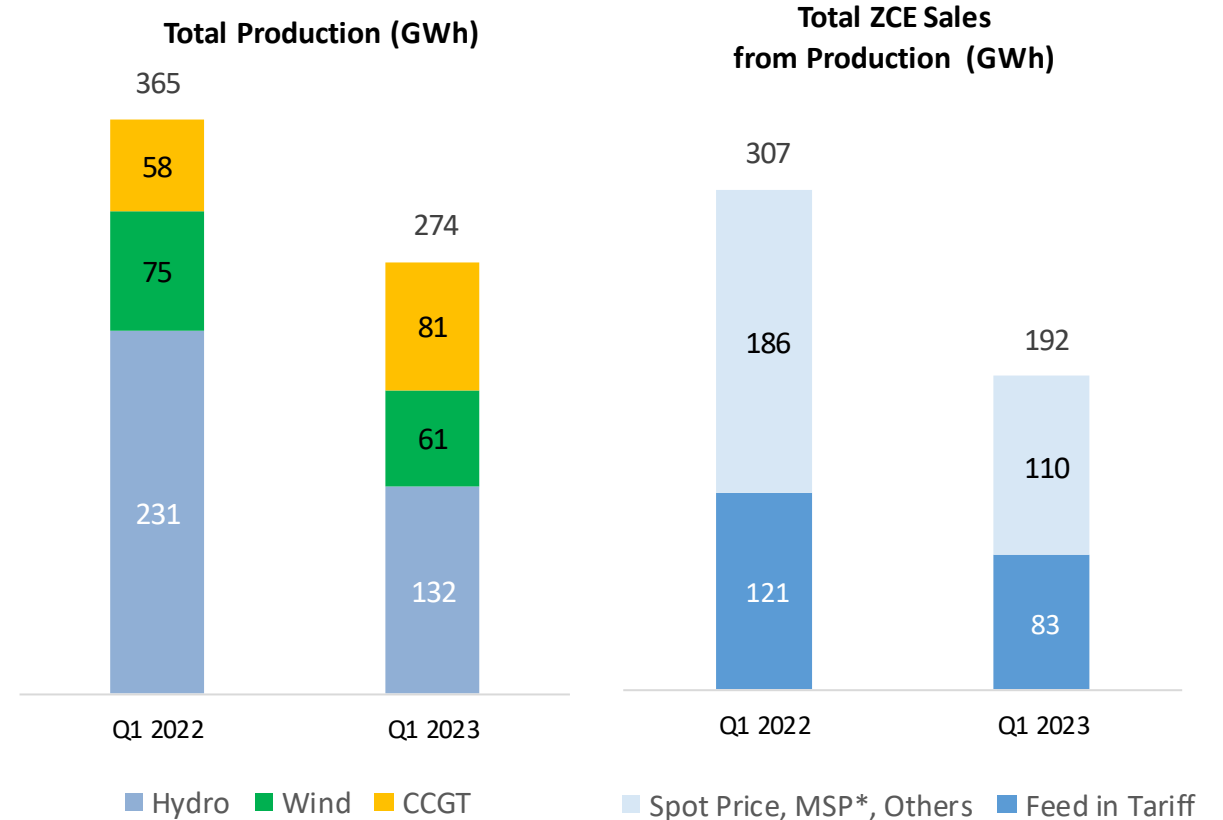
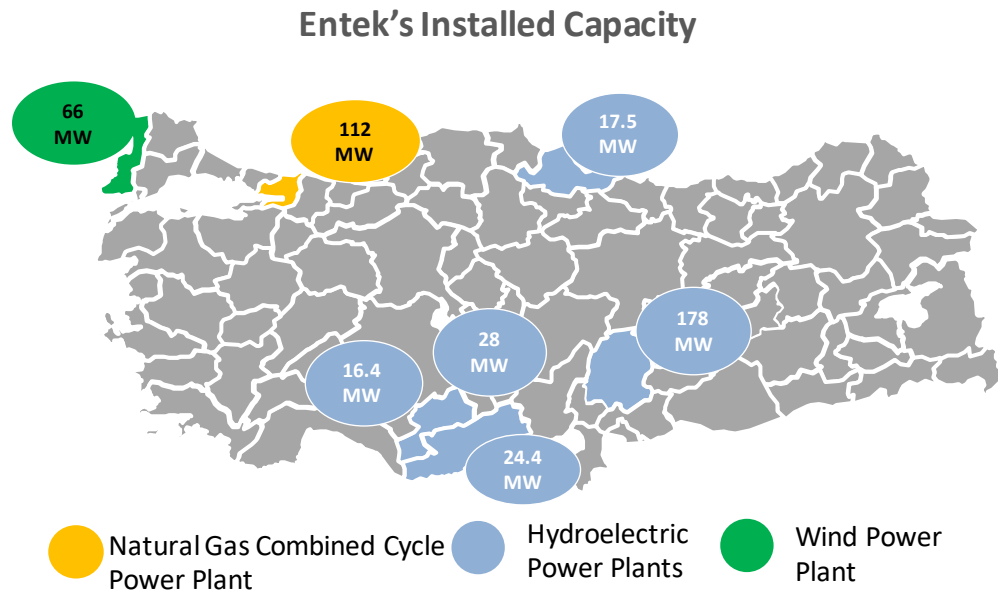
Domestic Sales of Selected Products

■ Diesel ■ Jet Fuel ■ Gasoline ■ Bitumen



Electricity Production & Sales in Q1 2023(GWh)

- Entek generated 274 GWh electricity in Q1 2023.
- Total Zero Carbon Electricity (ZCE) sales from production decreased by 37% y-o-y in Q1 2023 due to lower hydrology





Financials

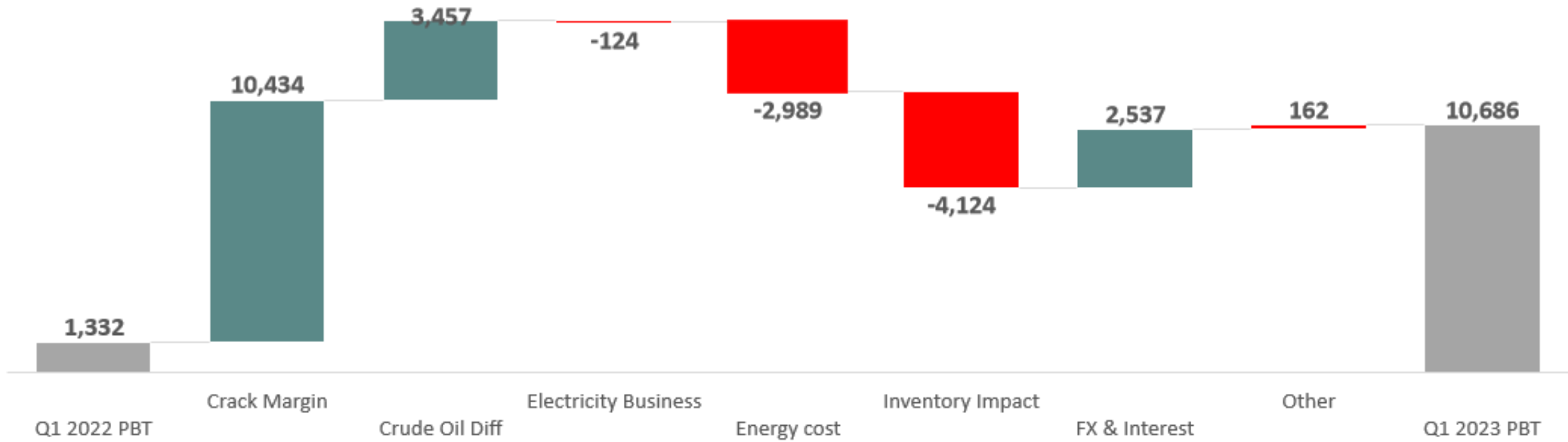
Income Statement (Million TL)

Million TL	Q1 2023	Q1 2022(**)	%
Net Sales	92,826	77,646	20%
COGS	-78,829	-71,950	-10%
Gross Profit	13,997	5,695	146%
Operating Expenses	-2,206	-1,081	-104%
Income/Loss from other operations	-620	-1,522	59%
Operating Profit	11,171	3,092	261%
Inc./Loss from Equity pick ups	267	211	26%
Operating Profit Before Fin. Income/Loss	11,438	3,303	246%
Financial Income /Expense	-752	-1,971	62%
Profit Before Tax	10,686	1,332	702%
Net Profit (excluding minority interest)	6,748	1,103	512%
EBITDA* (mn. TL)	12,136	5,024	142%
Inventory Gain/Loss (mn. TL)	-22	4,102	-101%
EBITDA* (mn. TL) CCS	12,157	922	1,219%

Profit Before Tax Bridge (Q1 2022 – Q1 2023)

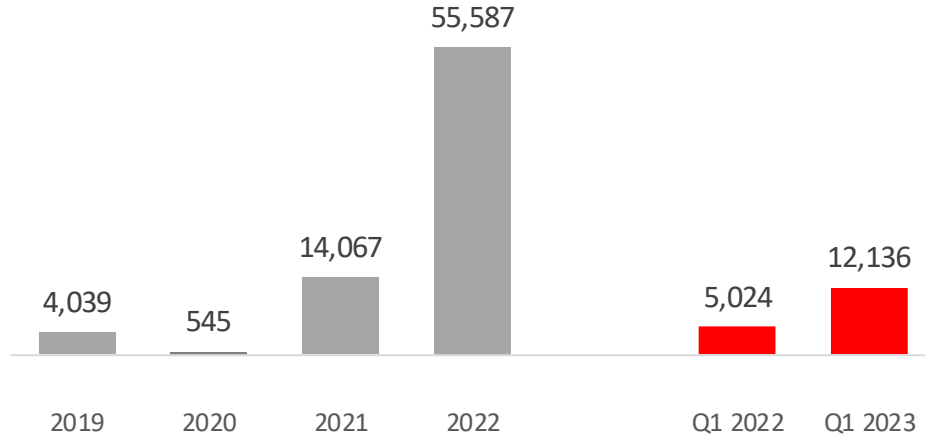
Strong cracks coupled with wider differentials boosted PBT in Q1 2023 despite higher energy costs y-o-y.

Million TL

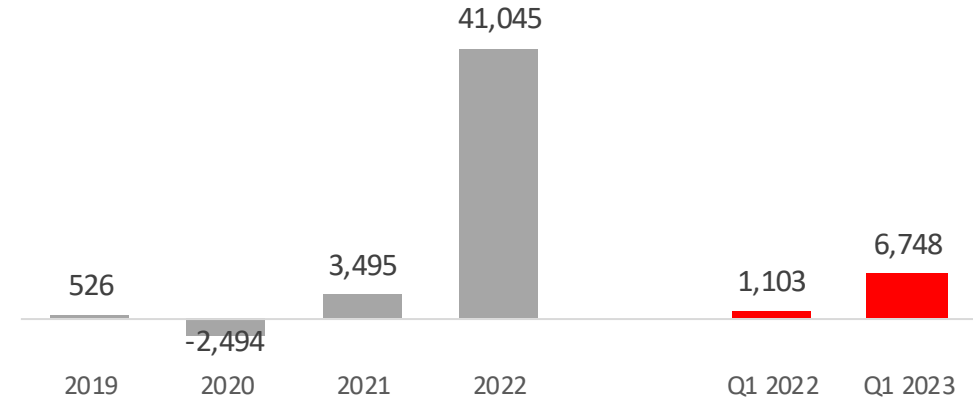


Financial Highlights

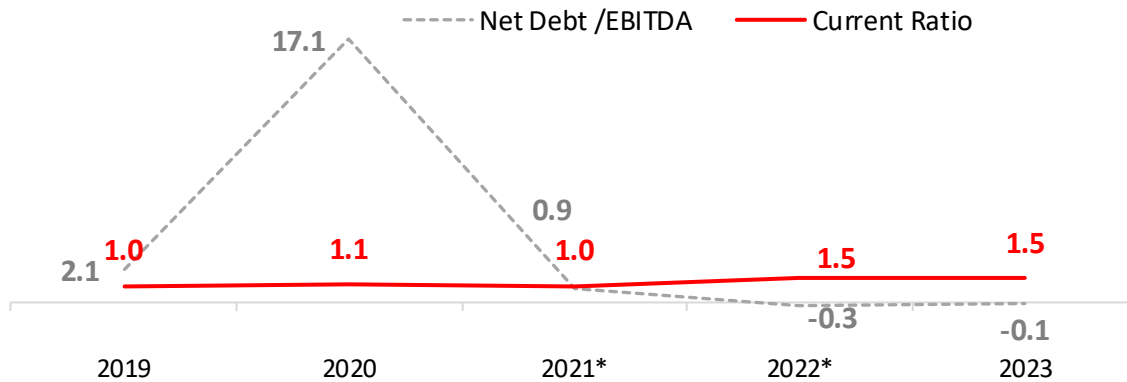
EBITDA (mn TL)



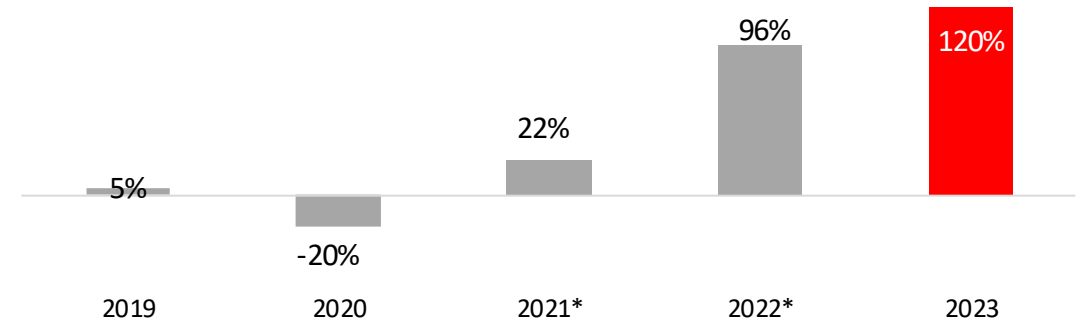
Net Income¹ (mn TL)



Current Ratio & Net Debt / EBITDA

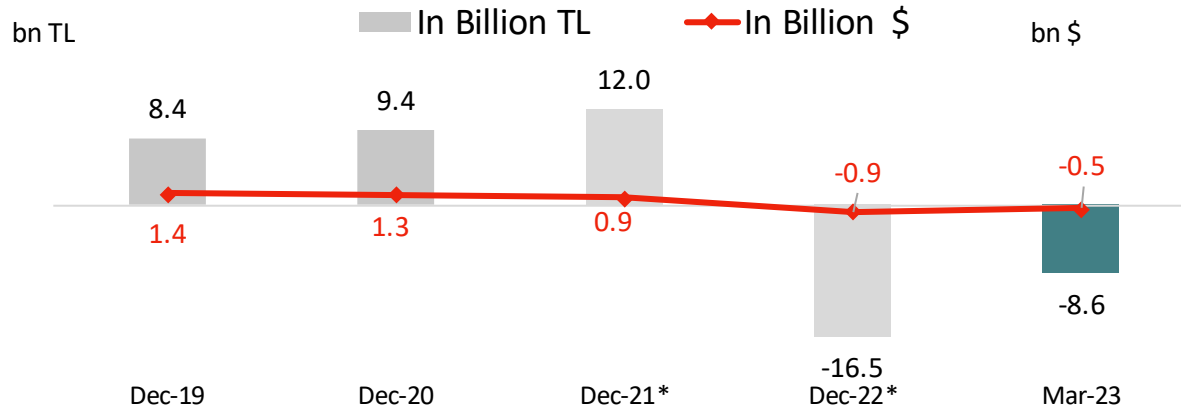


Return on Average Equity (%)

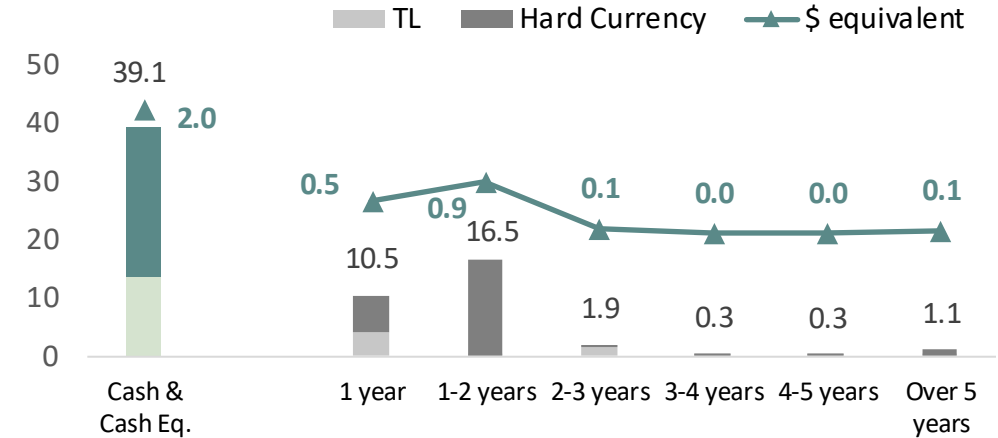


Balance Sheet Analysis

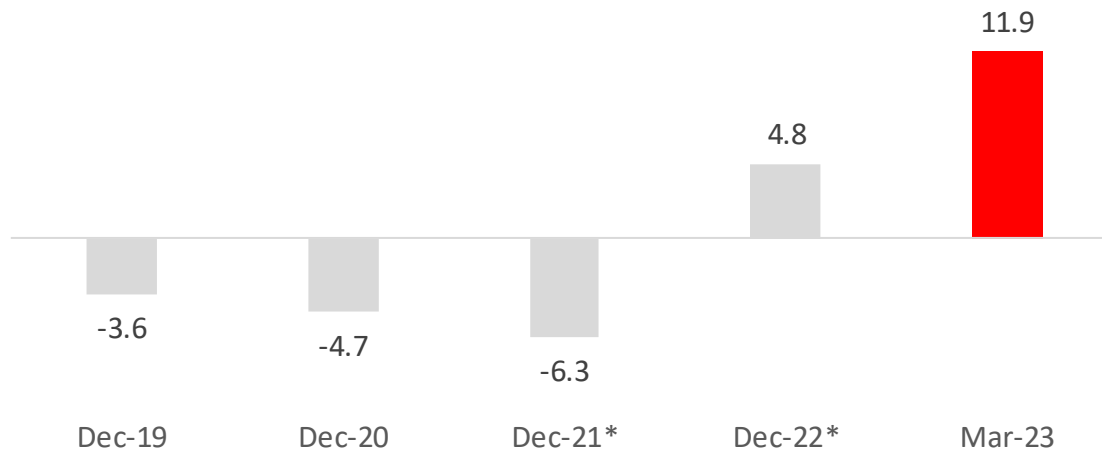
Net Debt



Redemption Schedule (Billion TL)



Working Capital Requirement (Billion TL)



Financial Management

- Rapid drop in Brent prices in March resulted in payables falling faster compared to inventory and receivables and led to Working Capital Requirement increase.
- Net cash position continued with strong operating cashflow generation.



Outlook for 2023

2023 Refinery Maintenance Schedule

Refinery	Unit	Starting Quarter	Duration (weeks)	Purpose	Planned
Batman	Crude Oil & Vacuum	Q1	7	Seasonal	Completed
	Crude Oil & Vacuum	Q4	9		Planned
İzmir	FCC	Q1	7	Revamp	Completed
	Crude Oil, Vacuum, CCR, İsom.	Q1	9		Completed
	Lube Complex	Q1	9		Completed
	Crude Oil , Vacuum	Q4	5	Periodic Maintenance	Planned
	HYC	Q4	6		Planned
İzmit	Crude Oil & Vacuum	Q1	9	Periodic Maintenance	Ongoing
	Desulphurizer	Q1	9		Ongoing
	CCR	Q1	9		Ongoing
Kırıkkale	Battery Shut Down	Q1	7	Periodic Maintenance	Completed

Tüpraş Net Refining Margin **11\$/bbl -12\$/bbl**

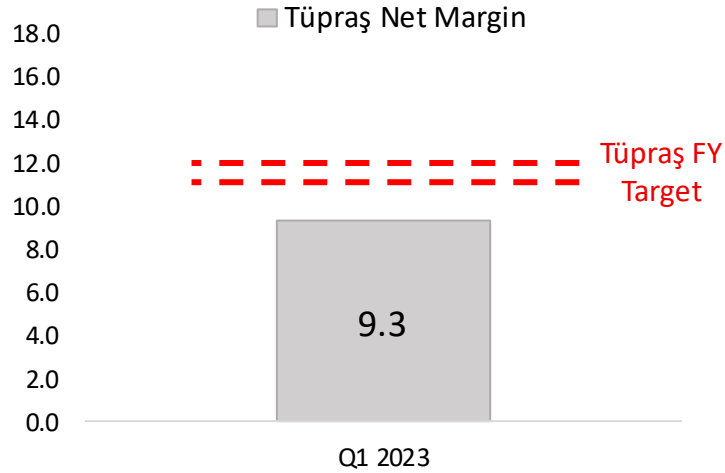
- 24-25 mn tons production, 28-29 mn tons sales and 85 - 90% capacity utilization

Consolidated Capex **~350 million \$**

- ~60% of capex for sustainability focused energy efficiency and environmental projects

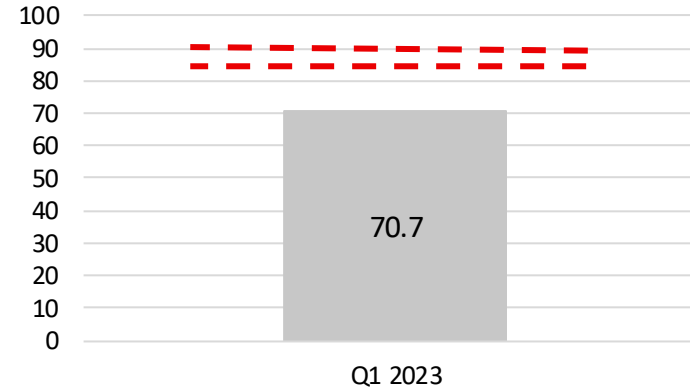
Q1 2023 Results

Refining Margins (\$/bbl)



9.3 \$/bbl net refining margin in 3M 2023

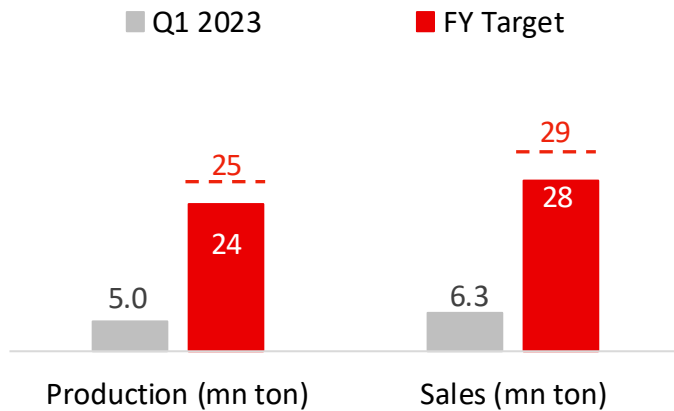
Capacity Utilization (%)



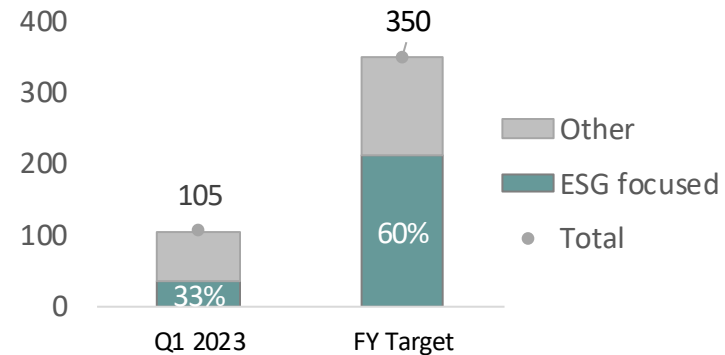
70.7 % total capacity utilization in Q1 2023

6.3 mn tons of sales and 5.0 mn tons of production in Q1 2023

Operational



Total Capex (mn \$)^(*)



105 mn \$ total CAPEX in Q1 2023, with 33% spent on ESG related investments

Strategic Transition Plan - Latest Updates



ZERO CARBON ELECTRICITY



As of Dec'22 end we have initiated ZCE capacity installations in our refineries with a total of 122.6 MW Solar & 12.6 MW Wind PP

Total Applications & Approvals (MW)			
Refineries	Solar	Wind	Total
İzmit	12		12
İzmir	1	13	14
Kırıkkale	139		139
Batman	7		7
Total	159		172

Approved Applications	112
-Under Construction	48
-Planning Phase	64
Application Made	58
Already in Service	2
Total	172



Entek made pre-license applications for a total capacity of 1,461.5 MW (and accompanying storage facilities) with 22 projects

	1,271.5 MW Wind PP
	190 MW Solar PP

Süloğlu
Solar: +20 MW (approved from EMRA)



BIOFUELS



Basic engineering studies were completed to produce sustainable aviation fuel, We will use Honeywell's **UOP Ecofining™** technology in our İzmir refinery.



With this technology, we plan to produce dominantly sustainable aviation fuel (SAF) and some renewable diesel & other products with **400K ton capacity per year**

**400kt
biofuel
production
capacity**

 **Tüpraş**

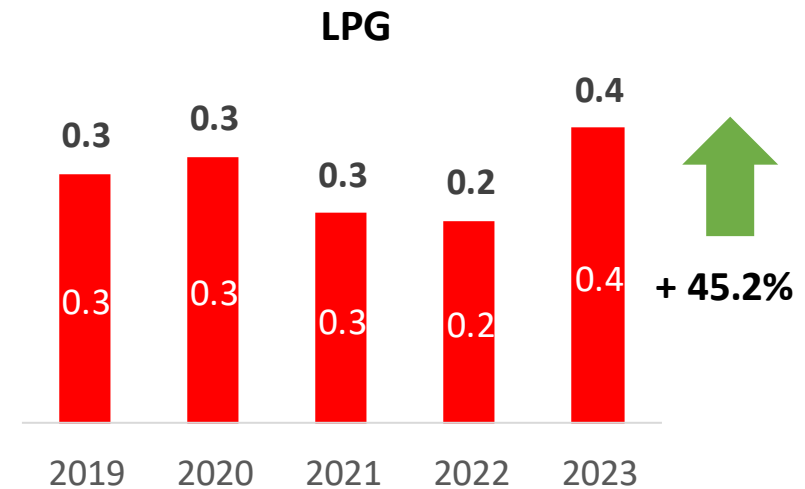
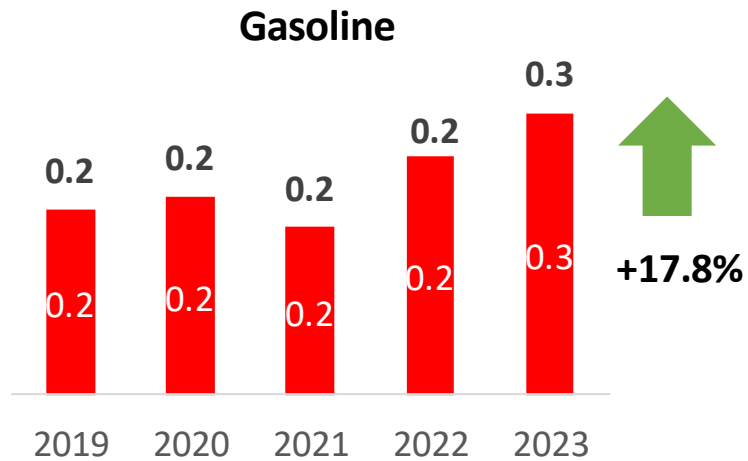
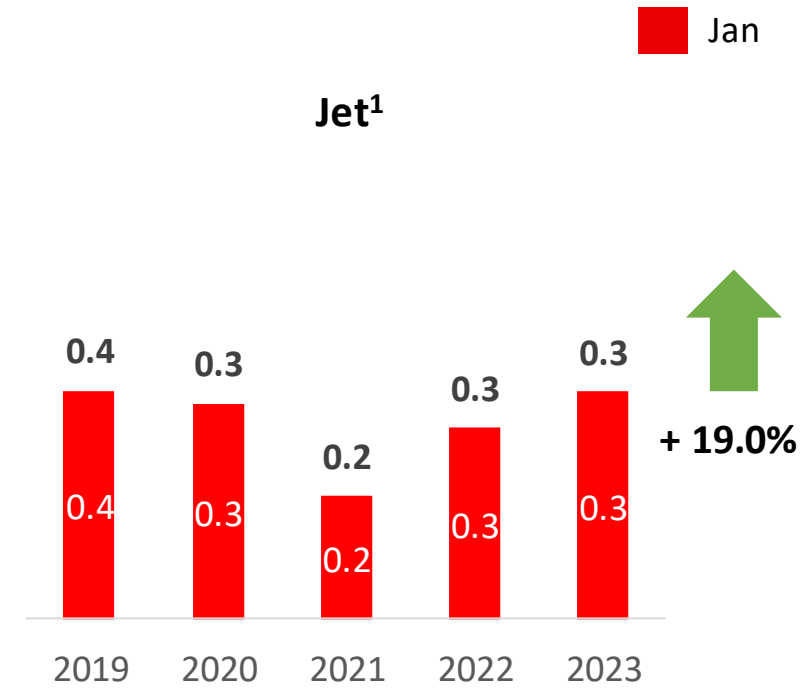
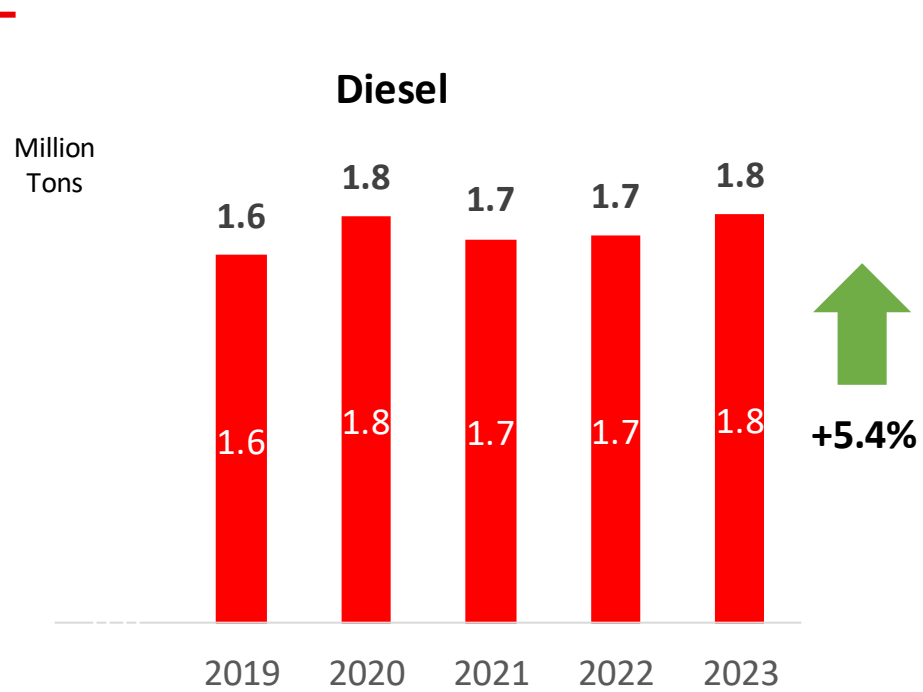
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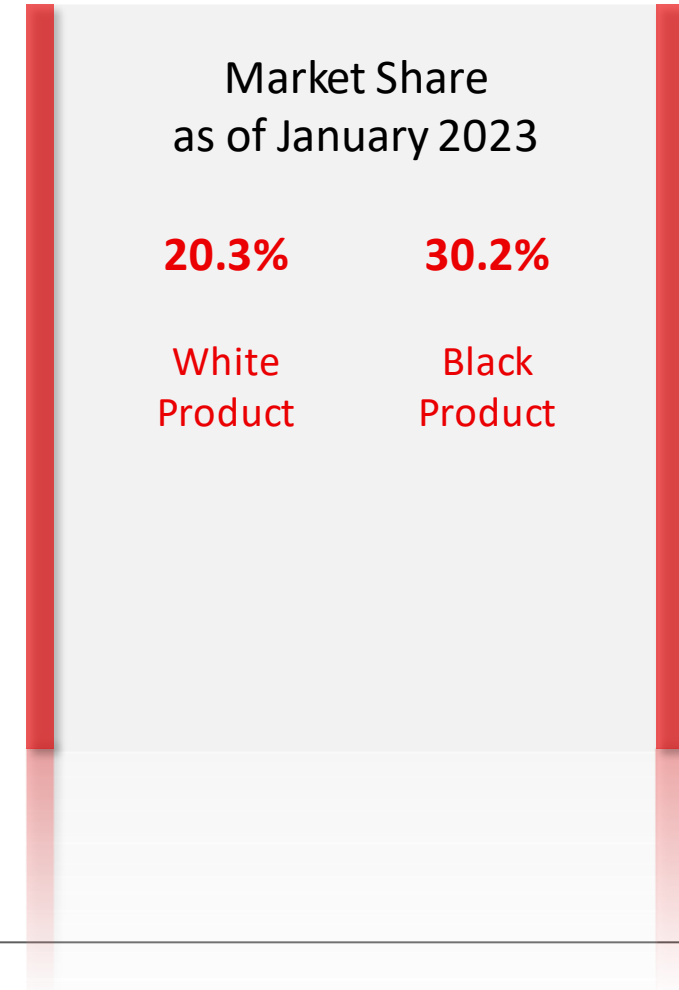
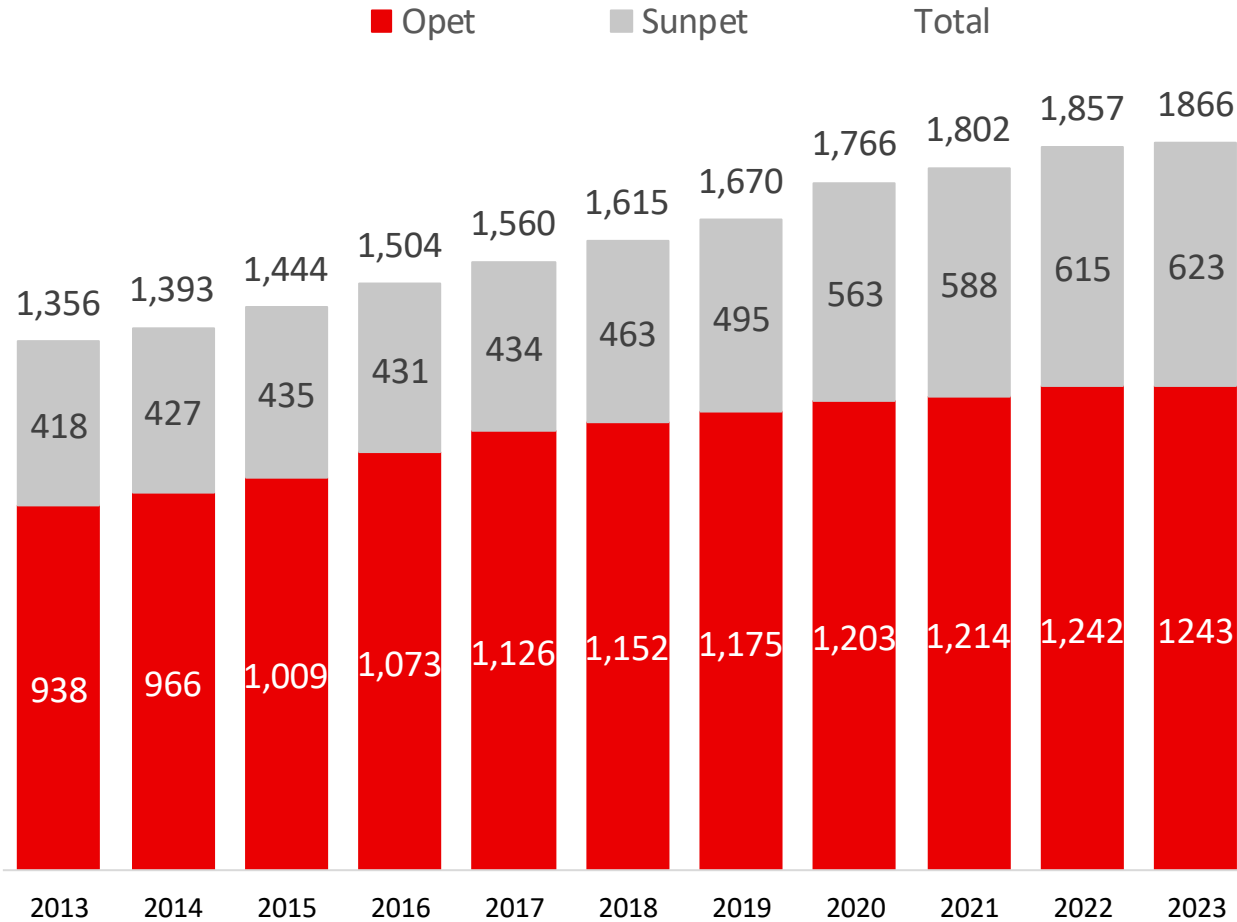
Appendix

Turkish Market, 1M 2023



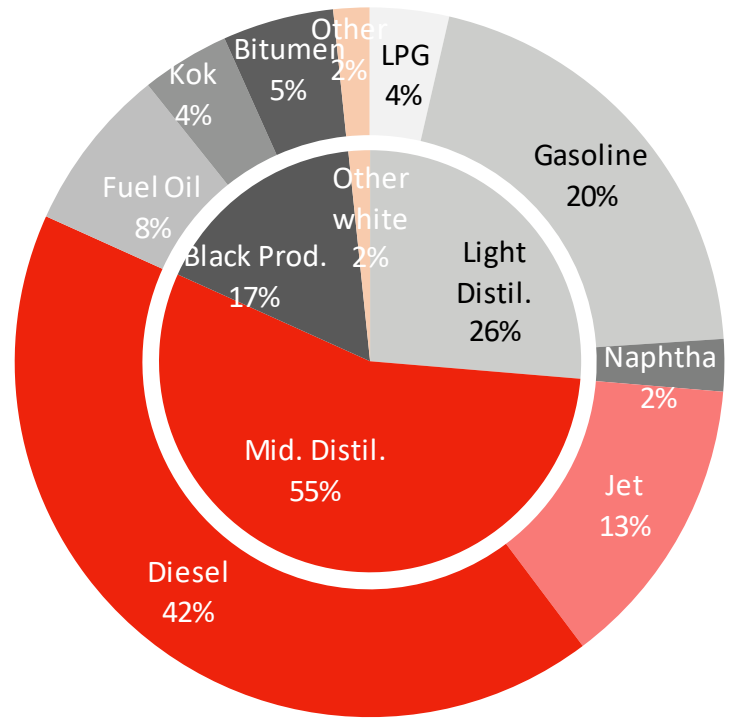
¹Transit flight consumption included

Opet has 1,866 fuel stations as of March 2023 end.



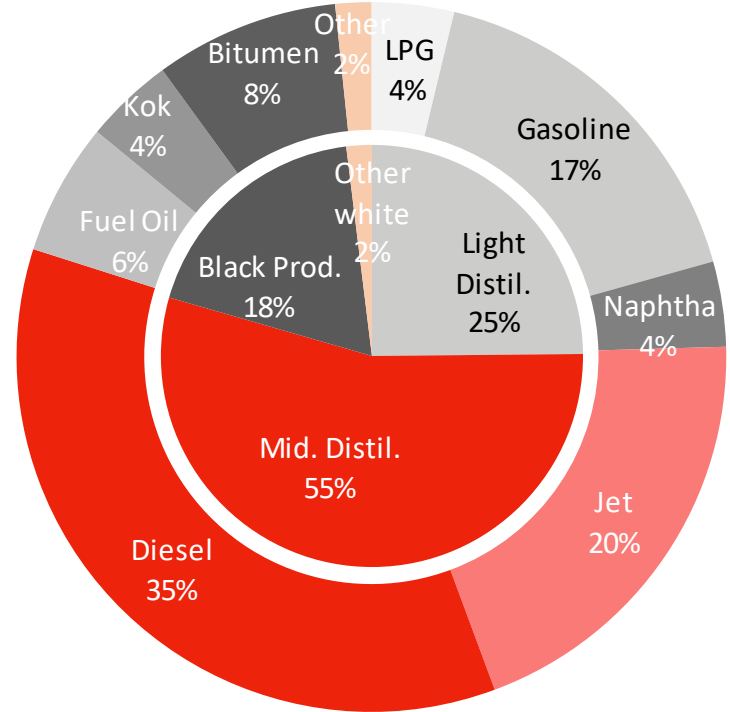
Q1 Product Yields

Q1 2022



White Product Yield (%)	82.1%
Production	6.0 mn tons
API	31.3

Q1 2023



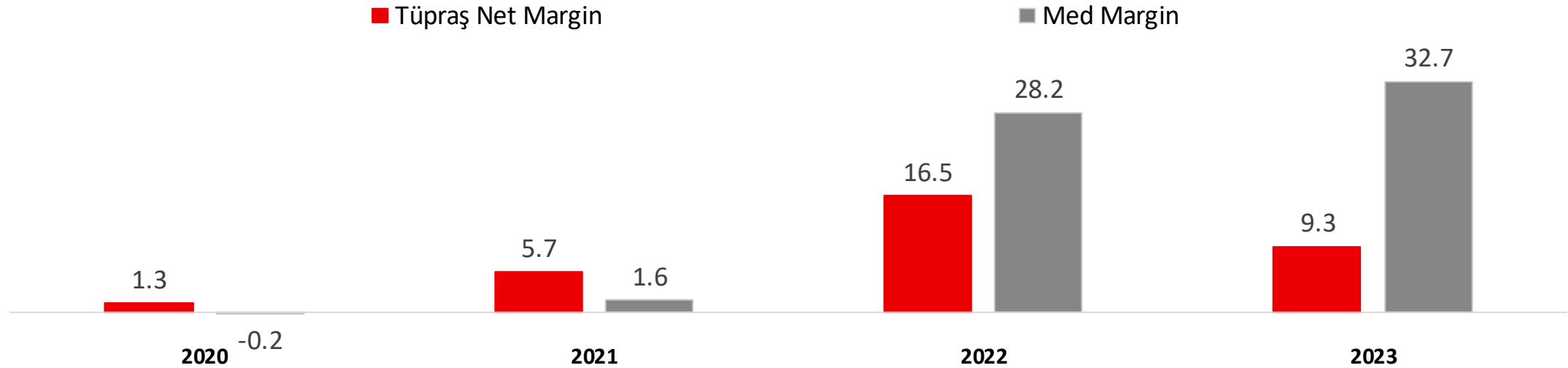
White Product Yield (%)	80.2%
Production	5.0 mn tons
API	31.1

Tüpraş Balance Sheet (Million TL)

	31.03.2023	31.12.2022*	Diff.	Diff. (%)
Current Assets	100,818	119,711	-18,893	-16
Cash & C. Equivalents	39,147	49,770	-10,624	-21
Trade Receivables	17,067	21,418	-4,351	-20
Derivatives	2,410	3,597	-1,187	-33
Inventories	35,412	36,046	-634	-2
Pre-paid expenses	360	749	-389	-52
Other Current Assets	6,423	8,131	-1,708	-21
Long Term Assets	50,278	49,182	1,096	2
Financial Assets & Subsidiaries	3,057	3,029	28	1
Tangible & Intangible Fixed Assets	35,417	33,680	1,736	5
Derivatives	18	57	-39	-69
Pre-paid expenses	642	618	24	4
Deferred Tax	8,360	9,196	-836	-9
Other Longterm Assets	2,784	2,601	183	7
Total Assets	151,096	168,892	-17,797	-11
Short Term Liabilities	68,596	78,895	-10,670	-14
Financial Loans	10,506	11,994	-1,489	-12
Trade Payables	40,623	52,699	-12,076	-23
Derivatives	714	995	-280	-28
Provisions	1,175	531	644	121
Other ST Liabilities	15,207	12,677	2,530	20
Long Term Liabilities	21,378	22,811	-1,434	-6
Financial Loans	20,033	21,274	-1,242	-6
Payables & Provisions	1,288	1,190	98	8
Derivatives	0	298	-298	NA
Other LT Liabilities	57	48	8	17
Total equity attributable to equity holders of the parent	60,998	66,743	-5,746	-9
Minority Interests	496	442	53	12
Total Liabilities & Equity	151,096	168,892	-17,797	-11

Tüpraş and Med Margins(*) (\$/bbl)

Average Margins



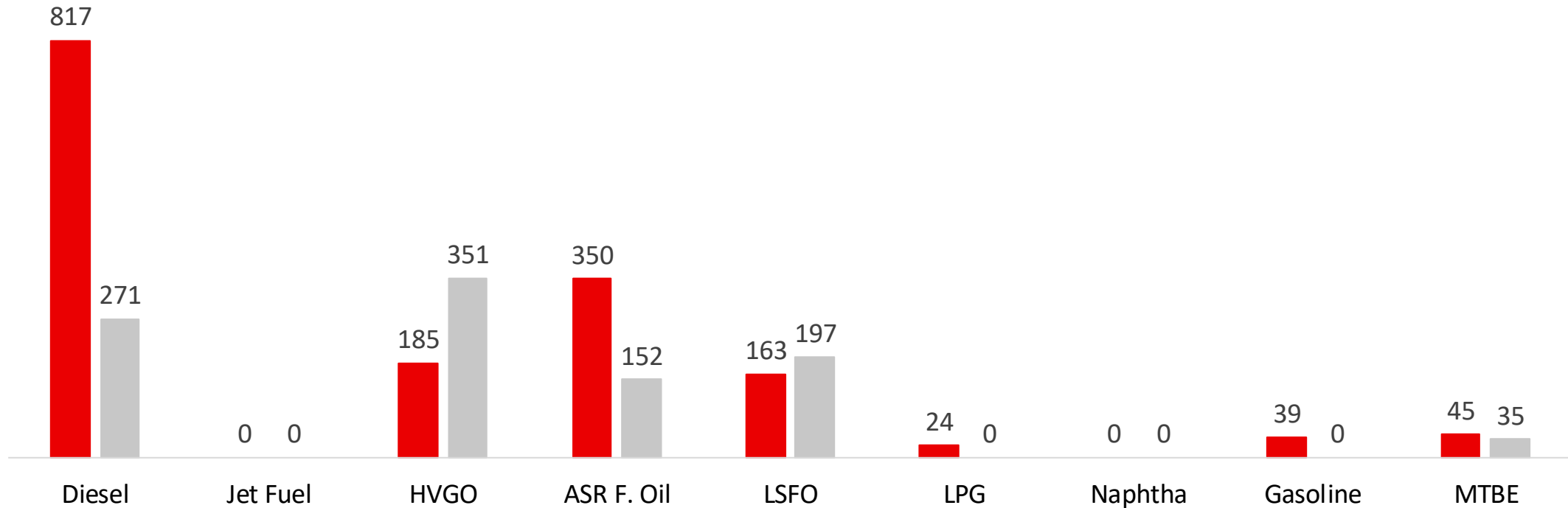
(\$/bbl)	Gross Margin	Inventory Effect	Clean Gross Margin	Clean NET Margin	Net Margin	Med Margin	Processed Barrel
Q1 2023	20.5	0.5	20.1	8.8	9.3	32.7	38.4
12M 2022	23.9	0.7	23.2	15.8	16.5	28.2	198.8
Q1 2022	11.8	4.7	7.1	0.5	5.2	9.5	45.9

(*) 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)

Product Imports

■ Q1 2023 ■ Q1 2022



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