

Tupras 2007 Results



2007 was a year in which the company exceeded its operational and financial targets, the result of the restructuring and other changes that have been undertaken.

The gross profit for the year rose 57% to reach 1.807 million TRY, operating profit was up 52% to 1.270 million TRY whilst net profit increased 58%, totalling 1.298 million TRY. Meanwhile highlighting operational success, EBITDA saw a 50% increase to 1.069 Million USD.

2007 Income Statement (Million TRY)

	31/12/2007	31/12/2006	Change%
NET SALES	22,528	20,112	12
NET OPERATING PROFIT (LOSS)	1,270	836	52
INCOME & PROFIT FROM OTHER OPERATIONS	518	253	104
EXPENSES & LOSSES FROM OTHER OPERATIONS (-)	(170)	(47)	264
FINANCIAL EXPENSES (-)	(5)	(30)	-82
PROFIT BEFORE TAXATION & MINORITY INTEREST	1,612	1,013	59

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TAX & OTHER LEGAL LIABILITIES (-)	(308)	(185)	66
NET PROFIT AFTER TAX	1,298	822	58
EBITDA, (1000 TRY)	1,391	1,018	37
EBITDA, (1000 USD)	1,069	712	50

The total volume of crude oil processed was 25.6 Million tons, yielding 23.98 million tons of refined products and capacity utilisation reached 91.1%. In comparison to the previous year, despite using 0.5 API heavier crude oil, through better optimisation of production processes, the white product yield increased 0.4% to reach 67.5%.

<i>Production & Sales (Million Ton)</i>	2006	2007	Change %
Processed Crude	26.2	25.6	-2.3
Production	24.6	24.0	-2.4
Export	6.2	6.4	2.4
Toat Sales	26.1	26.3	0.7
<i>Crude Oil (\$/Bbl)</i>	2006	2007	Change %
Tüpraş Import Cost, FOB	60.4	68.7	13.8
Reference (Brent) Crude Price	65.1	72.5	11.3

Tupras Cost - Brent Difference	4.73	3.77
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Refinery Margin Comparison (\$/Bbl)	2006	2007	Change %
Med. Complex Refining Margin	5.30	5.32	0.4
Tupras Gross Refining Margin	5.86	7.22	23.3

In 2007, Tupras total sales reached 26.33 Million tons, up 0.7% or 191 thousand tons in comparison with the previous year. This level of sales represents an all time company record. On an individual product basis, domestic sales of gasoline, diesel, jet and asphalt broke company records.

Domestic sales rose just 0.2% y-o-y, due to falling demand for black products, which continue to be substituted with natural gas. If fuel oil sales are excluded, the increase over the previous years 16.98 million tons is 4.4%. Sales of profitable white products are up, accounting for 73.3% of domestic sales versus 70.4% for 2006. On an individual product basis, domestic sales of Diesel, Jet and Asphalt broke company records.

Whilst the average price of dated Brent crude oil was 72.52 dollars a barrel, Tupras crude cost for the year was 3.77 dollars lower, at 68.75 dollars a barrel. The total cost of importing 23.34 million tons of crude was 11.79 Billion dollars, whilst a total of 1.44 Billion dollars of refined products and chemicals were imported, resulting in a combined import bill of 13.23 Billion USD.

Tupras exports for the year 2007 were 6.4 million tons and 3.38 Billion USD revenue, with the bulk of the products going to EU, USA and Far Eastern markets.

Med Complex refining margins which were 5.32 USD/Barrel in 2006, were almost unchanged at 5.30 USD/Barrel in 2007. Through a combination of operational optimisation, an active sales strategy and the completion of major investments, Tupras was able to increase its gross refining margin from 5.86 USD in 2006 to 7.22 USD in 2007. Thus the premium that Tupras earns over the benchmark margins rose from 0.6 USD to 1.9 USD/bbl.

In 2007, Tupras made a total of 482 Million TRY (313 Million USD) in investment. Costing a total of 390 Million USD, the CCR Reformer unit and the Diesel desulphurisation unit were opened at the Izmit refinery at a ceremony on November 8th 2007. Work is continuing on the CCR Reformer unit and the Diesel desulphurisation unit in Kirikkale, which will be completed in the 1st half of 2008. Following this, all of Tupras diesel production will be Euro V compliant.

Meanwhile in Izmir, Izmit and Kirikkale, investments in Gasoline Specification improvements are under way. When completed later in 2008, gasoline production will all meet EU norms in terms of Sulphur, Benzene and Aromatics content.

The company is to invest 16.2 Million USD in an 8 MW wind turbine investment at the Izmir refinery. On the 1st November 2007, Tupras applied to EMRA for a licence for this project.

In order to balance regional differences between supply and demand and to generate greater synergies across the company's production facilities, investments in Izmit, Kirikkale and Batman railway loading/unloading facilities have been ongoing and were completed in 2007. In addition to the economic benefits of utilising railway transportation, environmental and safety advantages will also realised.

With the closing of the successful 2007 chapter, Tupras expects to continue to enjoy improving results in 2008.