



Tüpraş

Q3 2022 Earnings Presentation



Koc | 3 November 2022

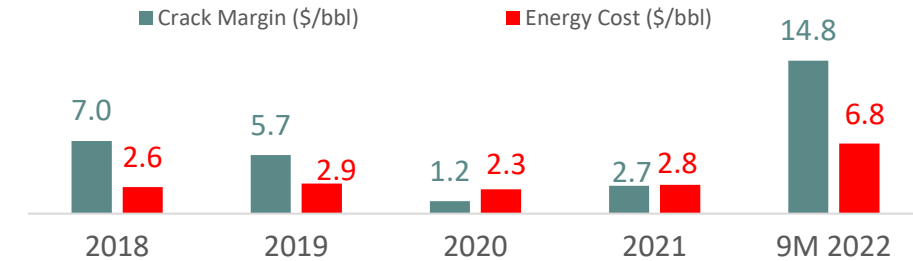
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Q3 2022 – Tüpraş Highlights

Crack Margin (\$/bbl)* vs Energy Cost (\$/bbl)

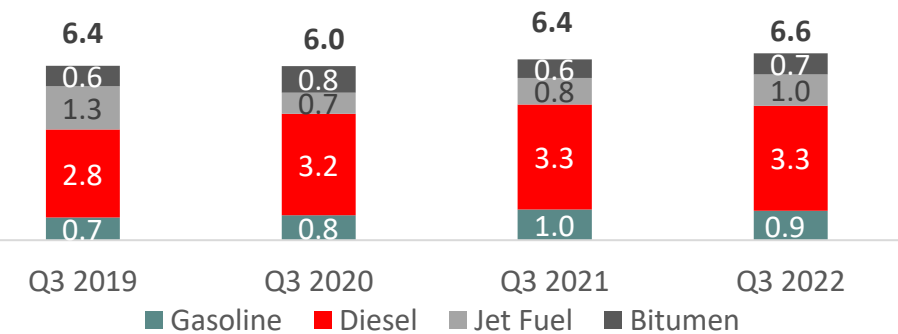


*Simple average margins of diesel, jet, gasoline and HSFO

Solid cracks supported profitability despite sharp hikes in natural gas

- **Cracks** continued to support profitability in Q3, uplifted by supply-demand imbalance in mid-distillates
- Ongoing increase in Natural Gas prices capped profitability, Total **energy cost increased to 6.8\$/bbl** in 9M'22.

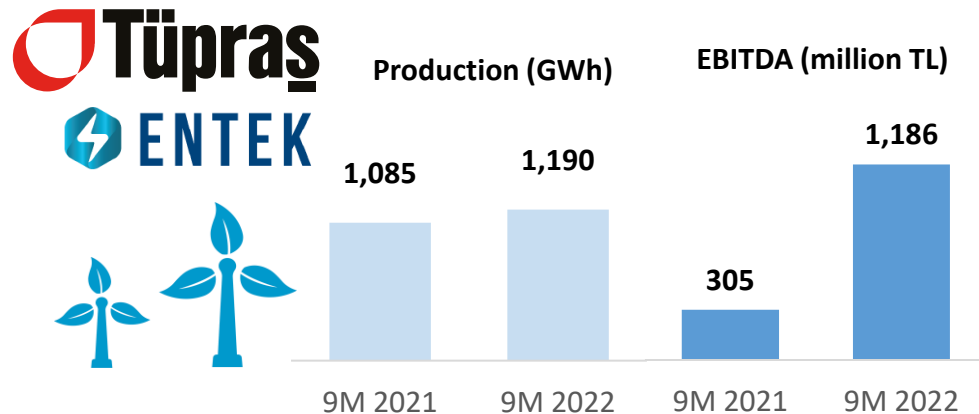
Domestic Product Sales Volume (mn. tonnes)



Strong recovery in jet fuel and bitumen sales

- **Strong white product sales** were recorded, while total domestic sales reached above Q3'19.
- **With ongoing improvements in aviation, jet fuel sales** reached 1 million tons in Q3.
- **Bitumen** sales started to show signs of recovery in Q3.

Solid contribution from electricity business



- The takeover process of **Entek** has been finalized in September. Entek financials are fully consolidated retrospectively in 2021 and 2022.
- Entek produced **1,190 GWh** of electricity in 9M'22.
- With strong growth in electricity prices, Entek EBITDA increased by 3x to 1.2 bn TL

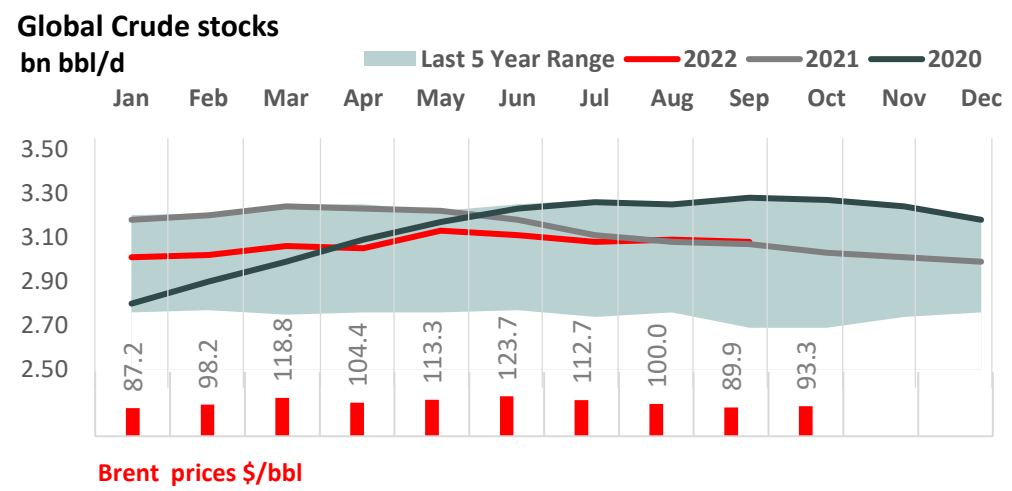


Market

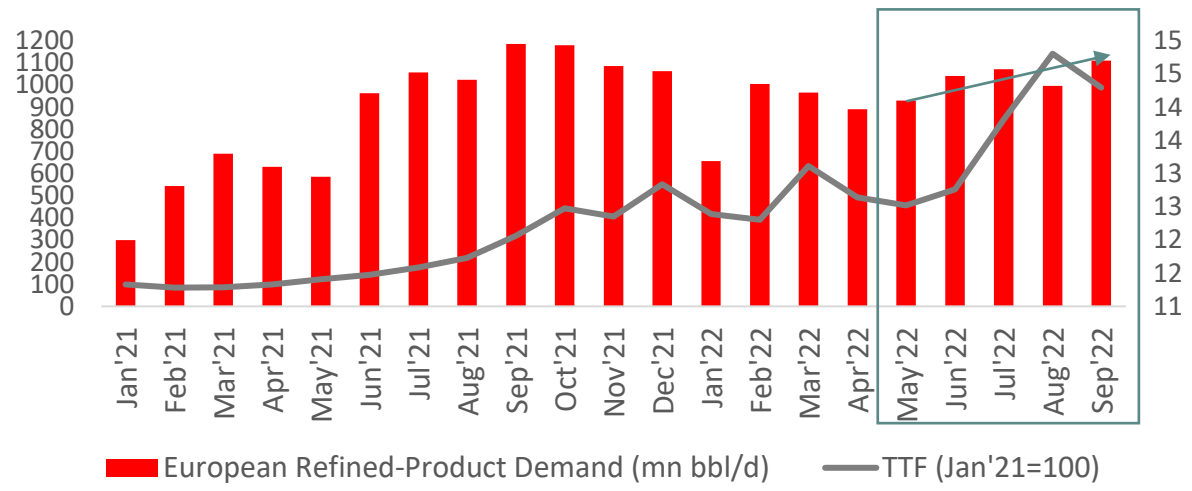
Q3 2022 – Key Market Highlights

Global Oil Market

Brent prices were down in Q3 q-q with recession fears despite continued tight global supply

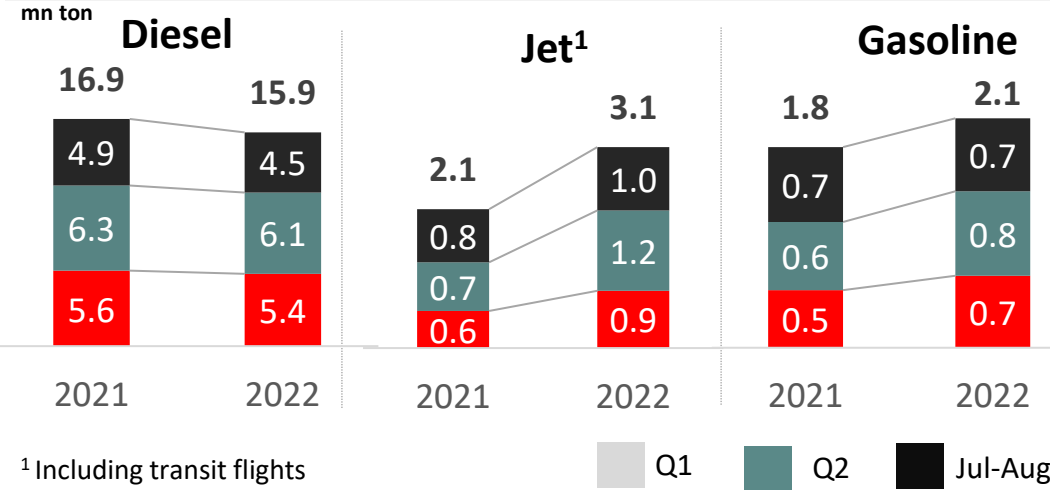


Elevated natural gas prices led to gas to oil switching, resulting in higher refined product demand which was supportive for cracks



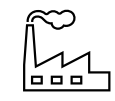
Turkish Market

Gasoline demand continued to grow while jet fuel sales improved, backed by summer travel season.



Volatility in macro indicators continued

September PMI was at **46.9**.
USD/TRY went up to **18.50** as of September-End. \$



Natural gas pricing for industrial firms increased by **25%** q-q.
Starting October, tariff calculation changed and **linked to daily reference price of electricity**.

Quarterly Crack Margin Comparison (\$/bbl)

Supply issues caused by Russia-Ukraine war and increasing refining costs continued to keep mid-distillate crack margins up in Q3 2022.

Diesel

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

- Tightened supply due to decreased Russian exports pushed up diesel cracks
- Demand was robust excluding China 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 | 36.7 | 4.4 | 13.9 |
| Q4 | | 9.1 | 13.7 |

- Strong diesel demand leads to lower jet supply supporting cracks
- Extensive Covid lockdowns in China capped Asian demand

Gasoline

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

- Gasoline demand faltered in the US due to recessionary fears
- Longer gasoline balance in Europe due to lower exports to the US.

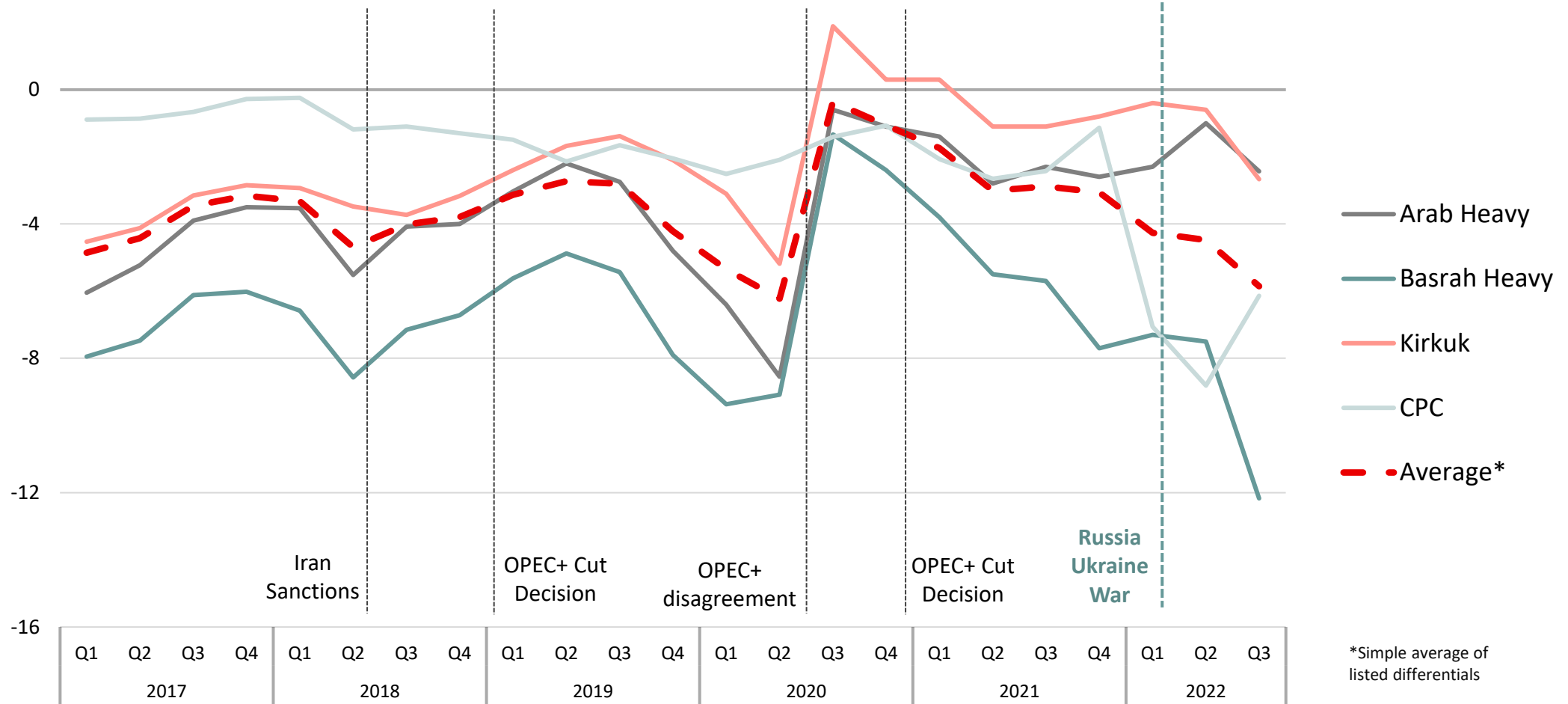
HSFO

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

- As a result of high refinery runs, supply exceeded demand and lowered HSFO cracks
- High energy costs limiting conversion unit utilization increases HSFO output

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

Average differentials widened q-o-q in Q3'22. Between more US SPR releases and recession fears, Basrah heavy grade widened in the third quarter compared to the rest of the slate.



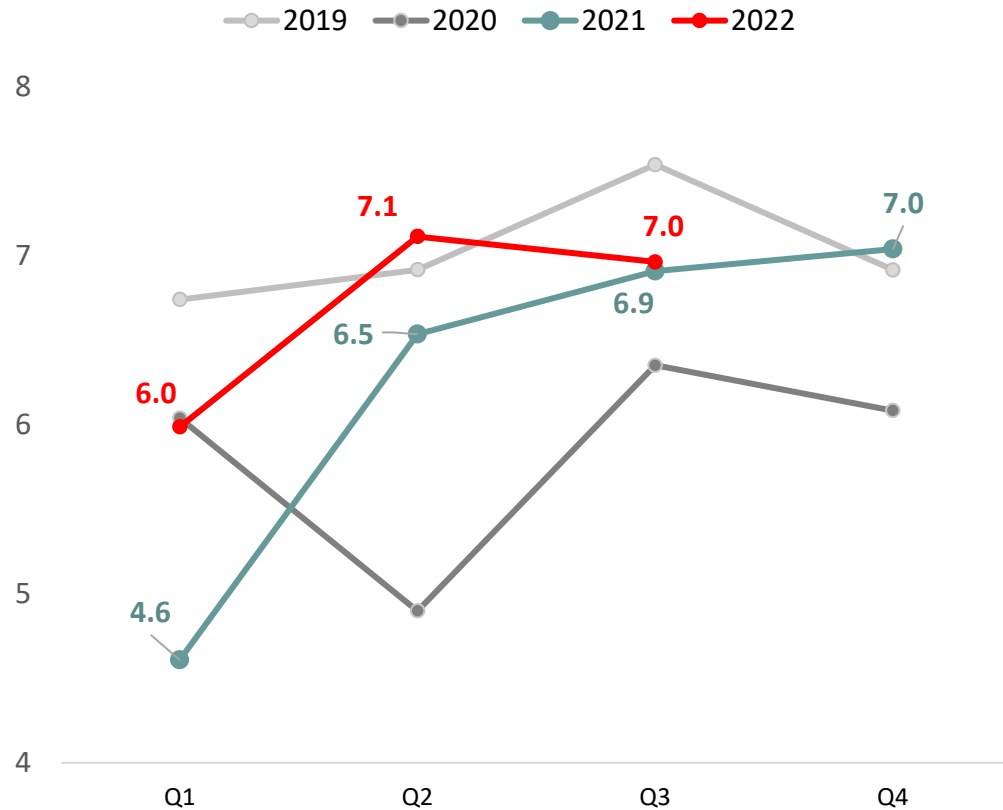


Operations

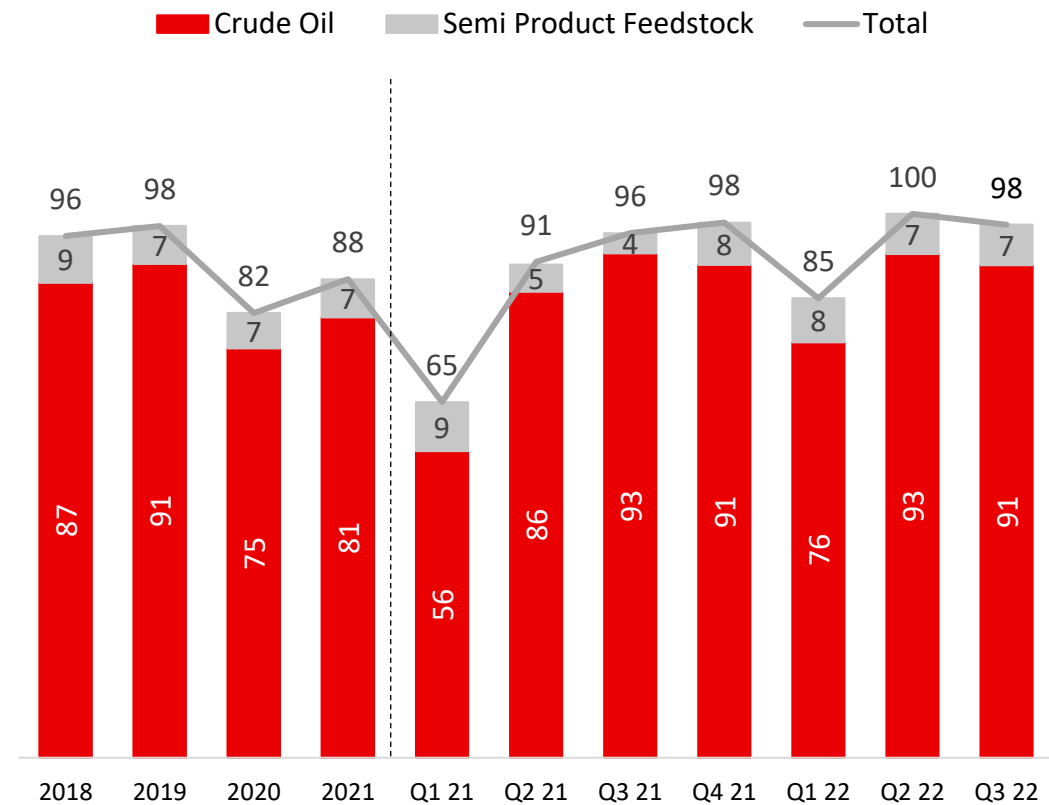
Capacity Utilization and Quarterly Production Volume

- Tüpraş produced 7.0 million tons in Q3 2022.
- Capacity utilization for Q3 2022 was 98%, 2 percentage point higher y-o-y.

Quarterly Production (Million Tons)



Capacity Utilization (%)

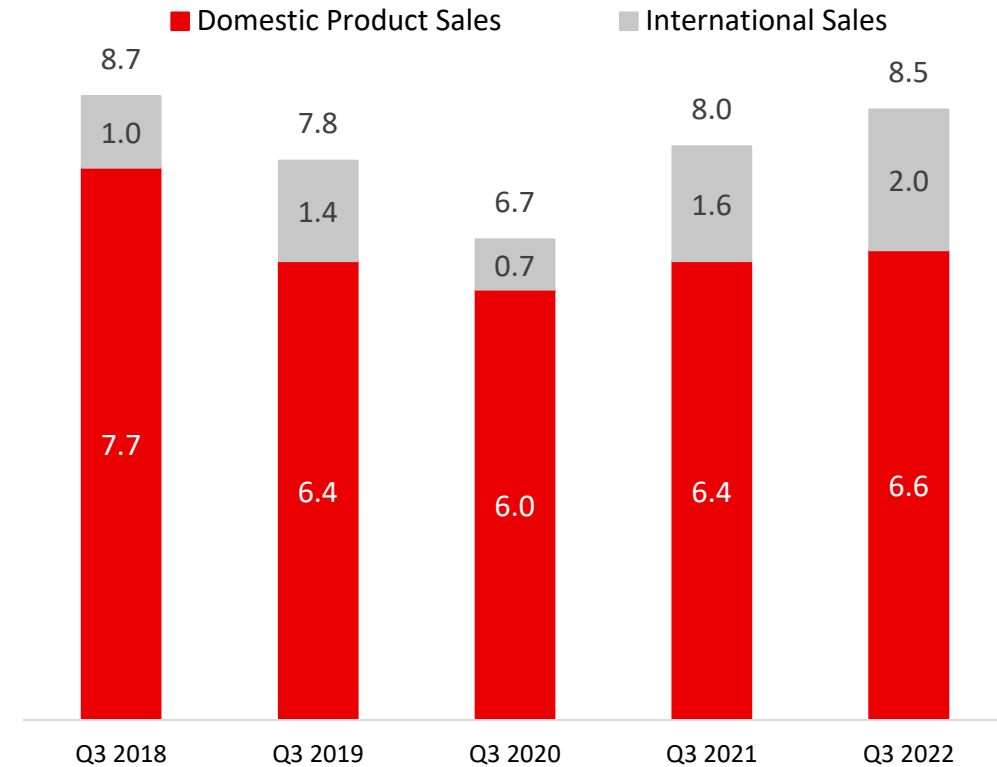


*Capacity utilization calculation is based on 30 mn tons for Q1 2019 and onwards.

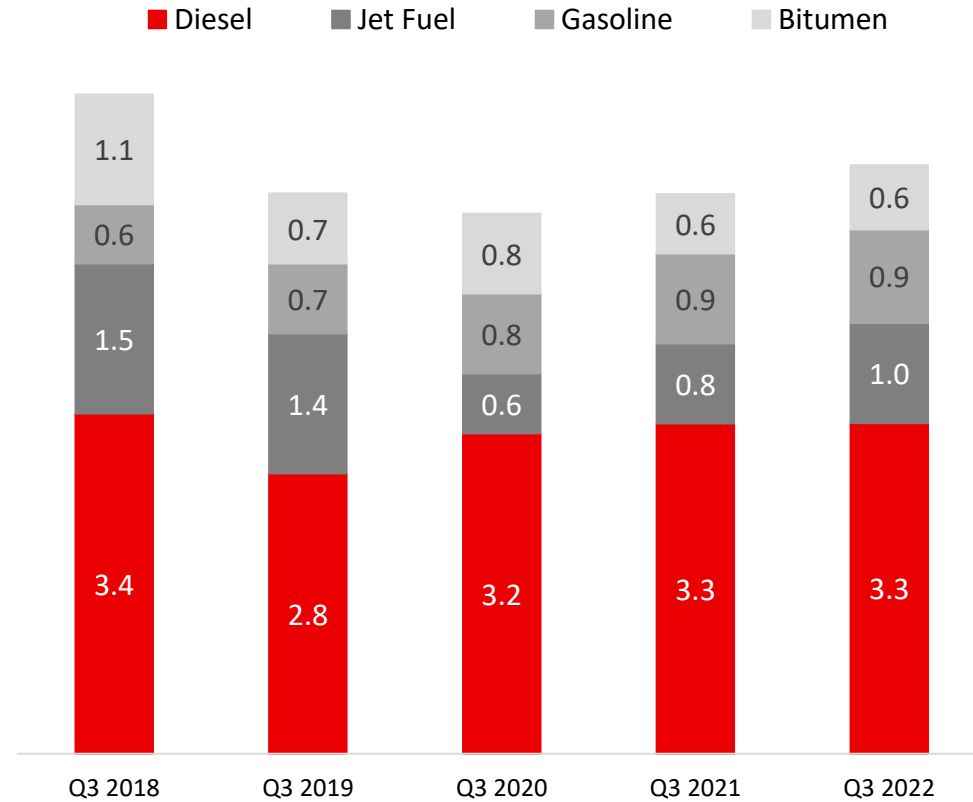
Product Sales in Q3 2022 (Million Tons)

- Tüpraş generated 8.5 million tons of sales in Q3 2022, 7% higher y-o-y.
- Domestic jet fuel and international sales posted strong y-o-y growth with robust demand. Bitumen sales were also better q-o-q.

Total Product Sales

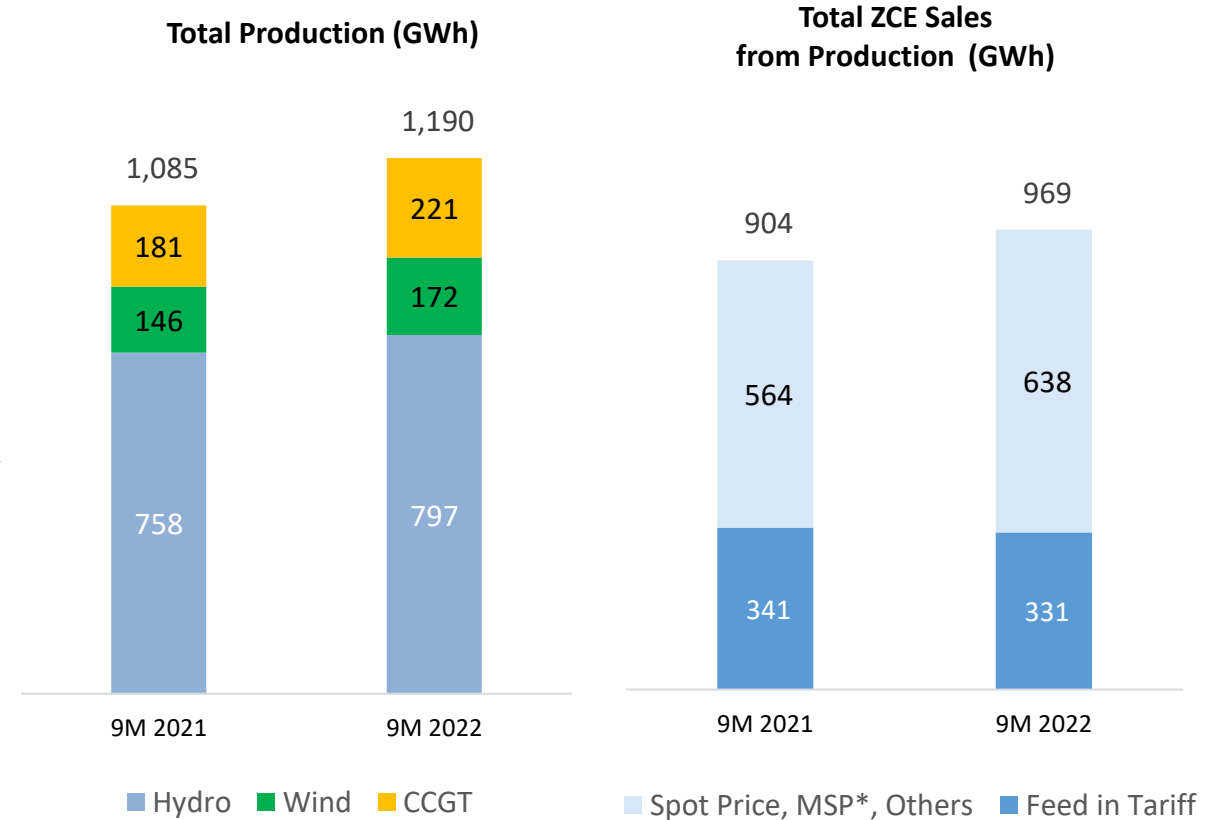
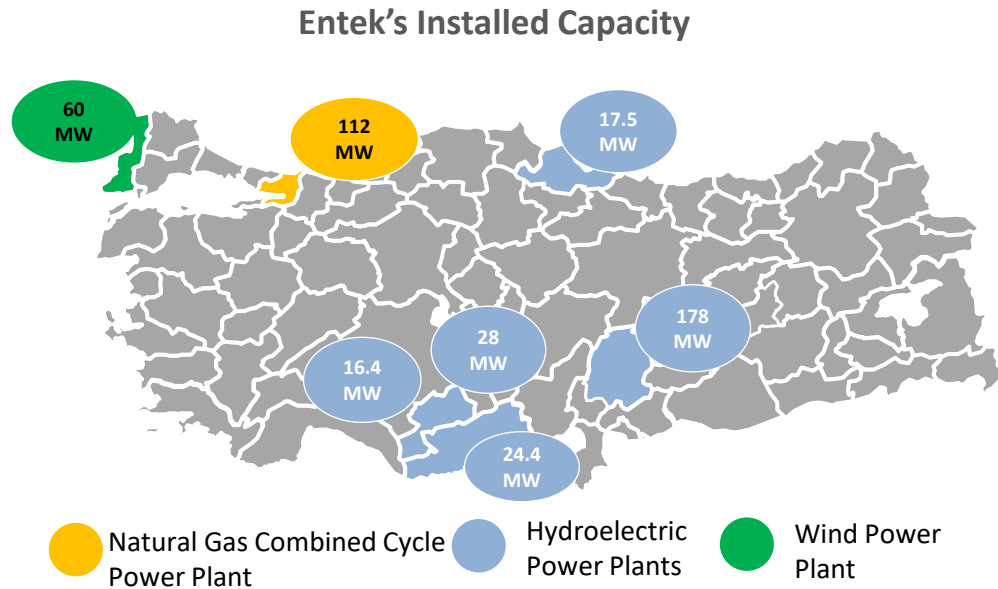


Domestic Sales of Selected Products



Electricity Production & Sales in 9M 2022 (GWh)

- Entek generated 1,190 GWh electricity in 9M 2022.
- Total Zero Carbon Electricity (ZCE) sales from production increased 7.2% y-o-y in 9M'22 to 969 GWh.





Financials

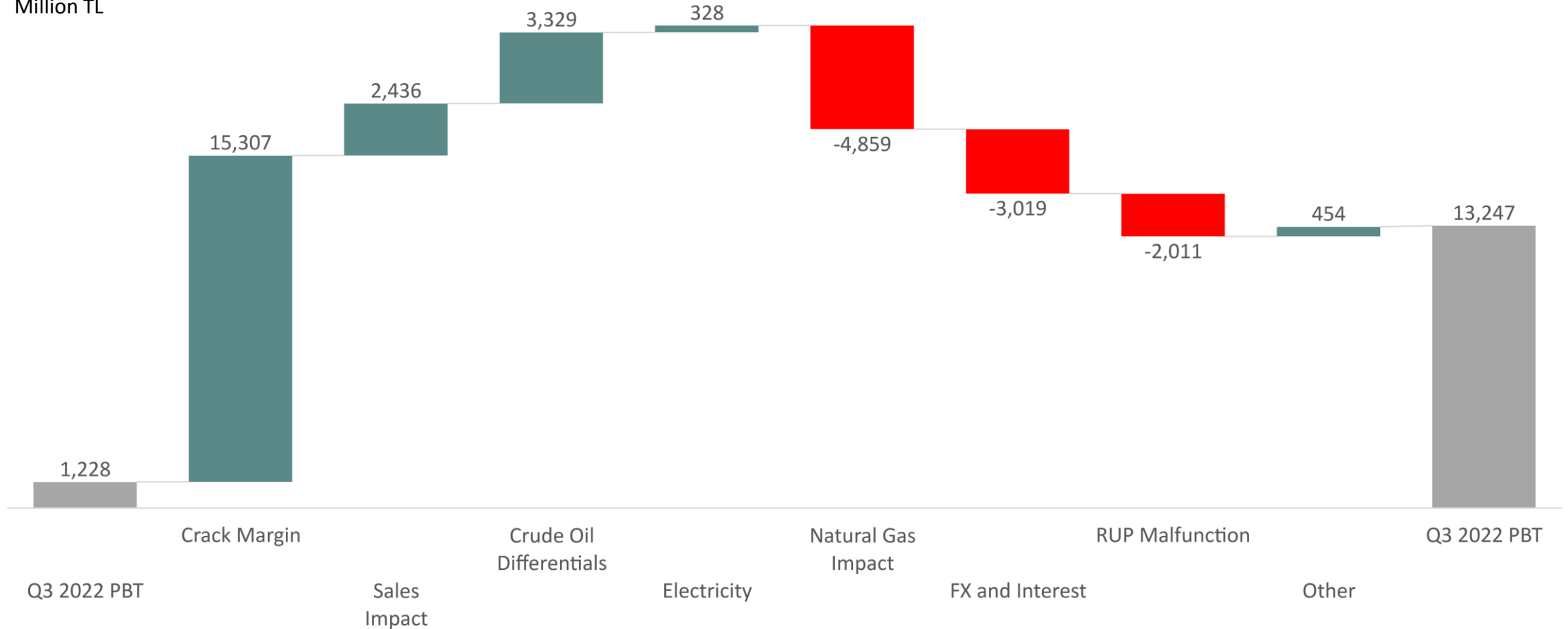
Income Statement (Million TL)

| Million TL | Q3 2022 | Q3 2021 | % | 9M 2022 | 9M 2021 | % |
|---|---------------|--------------|--------------|---------------|--------------|--------------|
| Net Sales | 150,609 | 41,493 | 263% | 365,739 | 95,600 | 283% |
| COGS | -131,111 | -38,276 | 243% | -322,428 | -87,713 | 268% |
| Gross Profit | 19,498 | 3,217 | 506% | 43,311 | 7,886 | 449% |
| Operating Expenses | -1,989 | -806 | 147% | -5,150 | -2,080 | 148% |
| Income/Loss from other operations | -3,775 | -118 | 3099% | -8,836 | -2,036 | 334% |
| Operating Profit | 13,734 | 2,293 | 499% | 29,325 | 3,770 | 678% |
| Inc./Loss from Equity pick ups | 310 | 245 | 26% | 677 | 306 | 121% |
| Operating Profit Before Fin. Income/Loss | 14,043 | 2,538 | 453% | 30,001 | 4,076 | 636% |
| Financial Income /Expense | -796 | -1,310 | -39% | -4,242 | -2,397 | 77% |
| Profit Before Tax | 13,247 | 1,228 | 979% | 25,759 | 1,679 | 1434% |
| Net Profit (excluding minority interest) | 11,554 | 1,043 | 1008% | 23,456 | 2,071 | 1033% |
| EBITDA* (mn. TL) | 17,812 | 2,873 | 520% | 39,221 | 6,725 | 483% |
| Inventory Gain/Loss (mn. TL) | 416 | 511 | -19% | 7,450 | 3,430 | 117% |
| EBITDA* (mn. TL) CCS | 17,396 | 2,362 | 636% | 31,771 | 3,295 | 864% |

Profit Before Tax Bridge (Q3 2021 – Q3 2022)

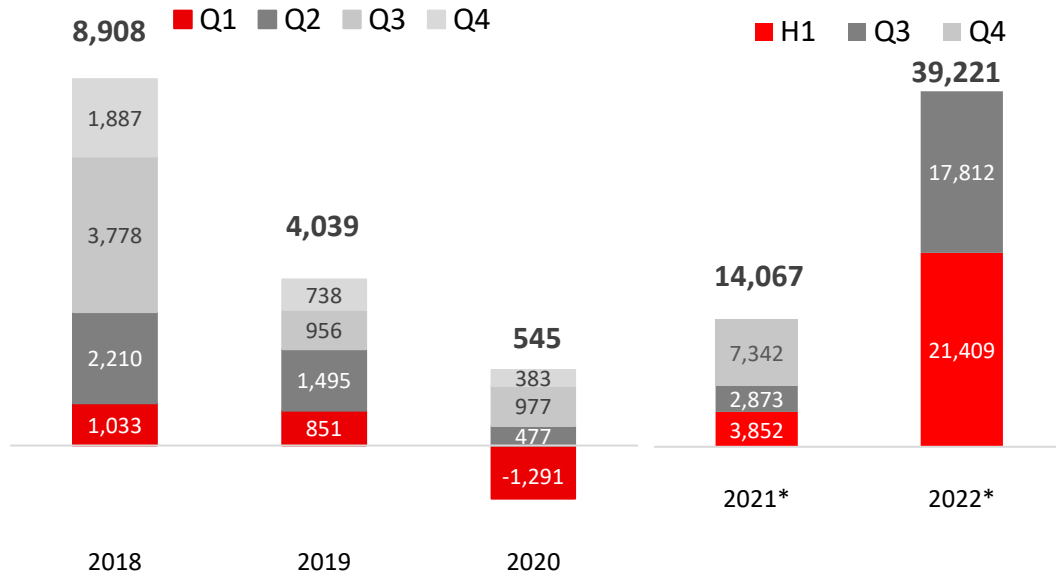
Strong cracks and sales volumes together with wider differentials boosted PBT, despite elevated energy expenses, TL devaluation and RUP malfunction. Entek positively contributed to PBT in Q3.

Million TL

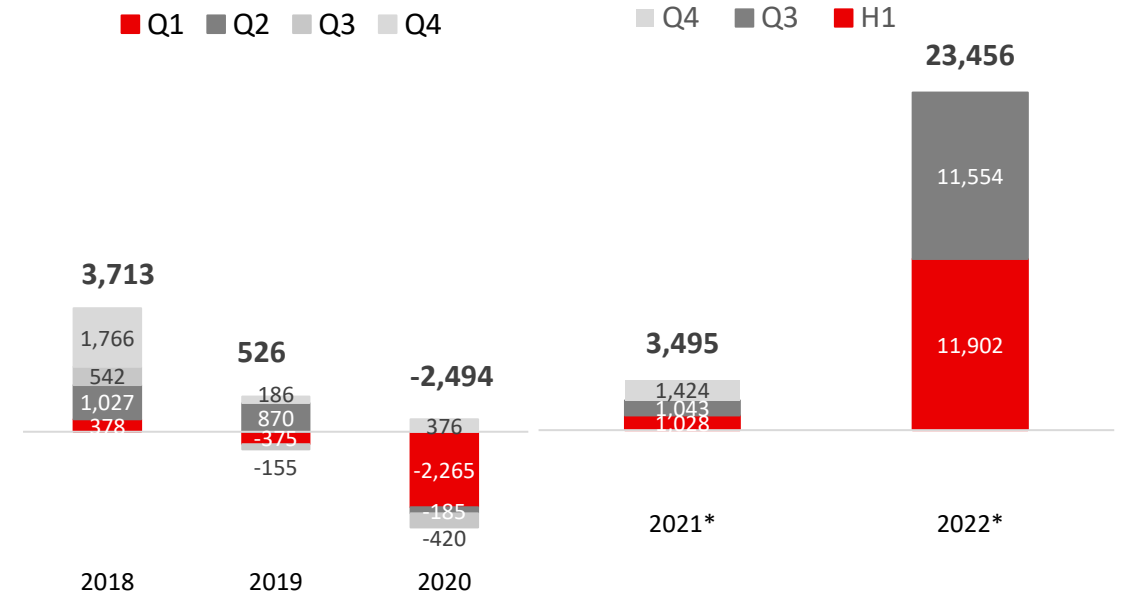


Financial Highlights

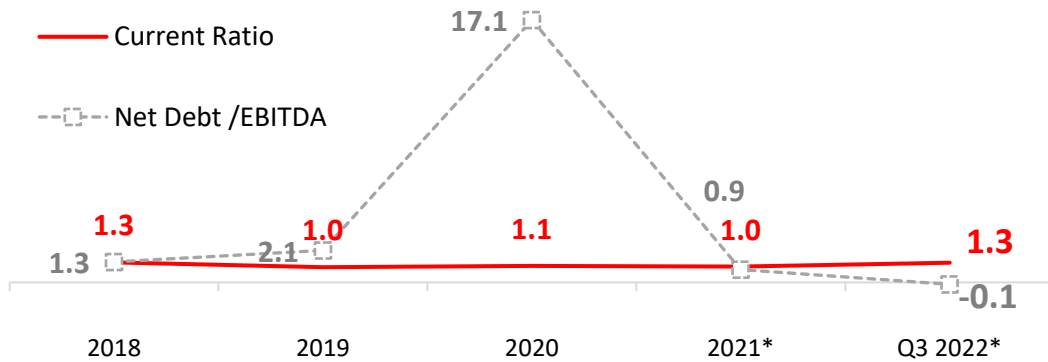
EBITDA (mn TL)



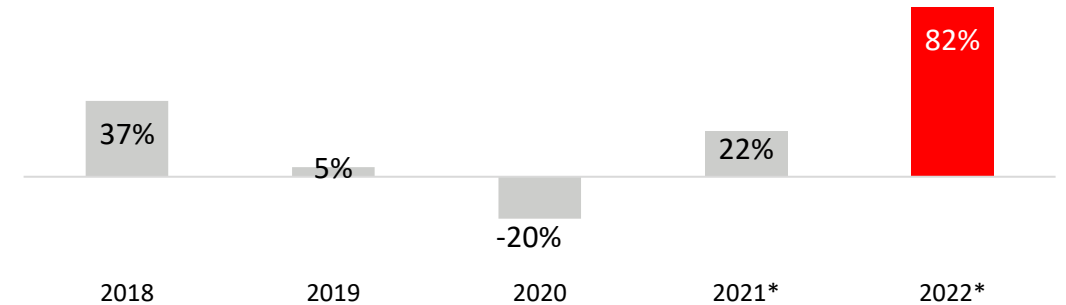
Net Income¹ (mn TL)



Current Ratio & Net Debt / EBITDA

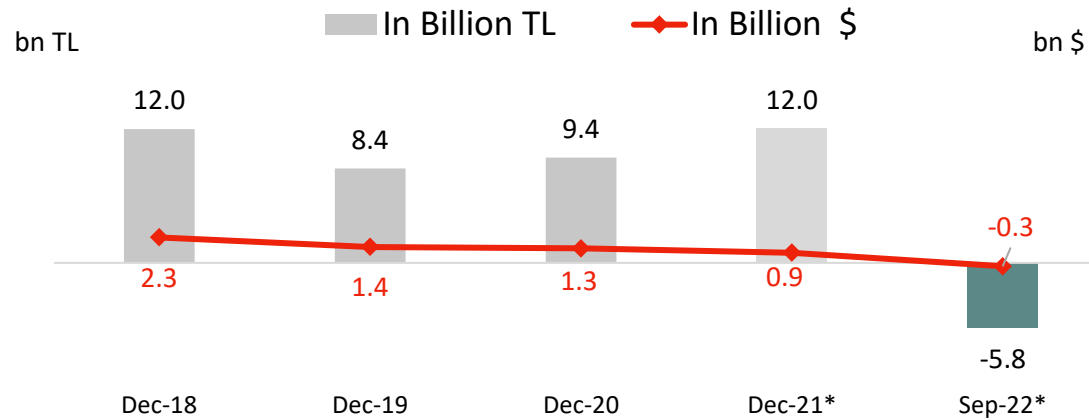


Return on Average Equity (%)

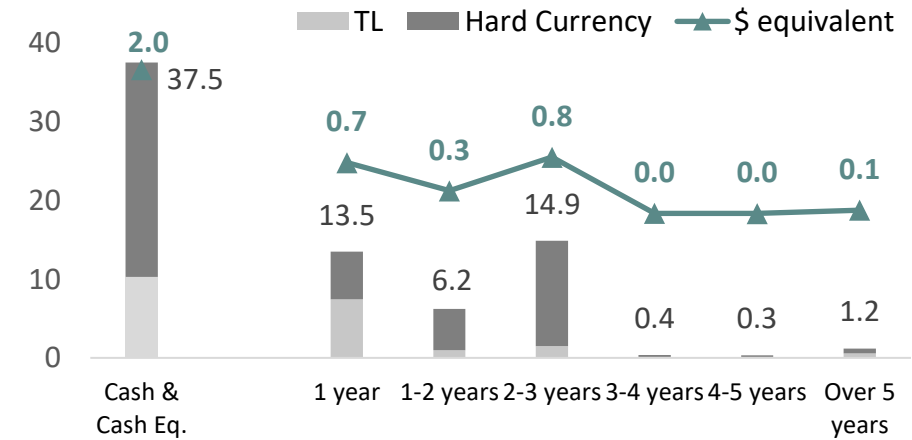


Balance Sheet Analysis

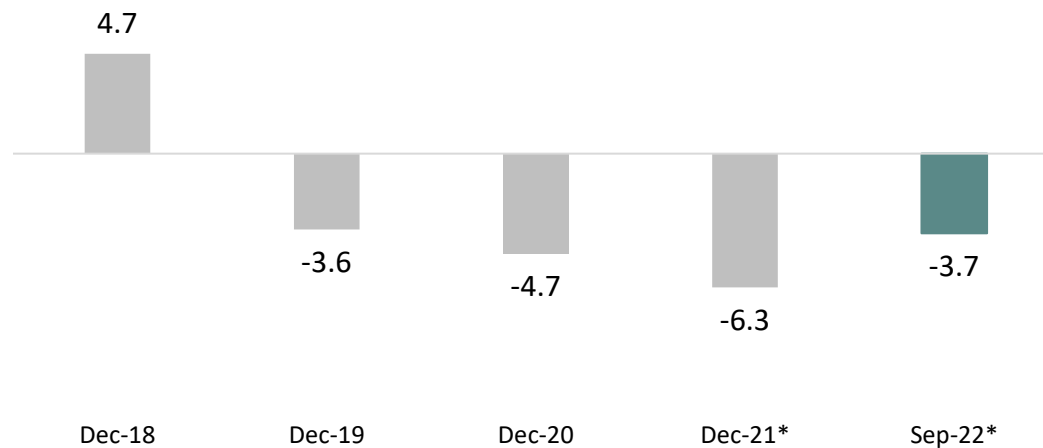
Net Debt



Redemption Schedule (Billion TL)



Working Capital Requirement (Billion TL)



Financial Management

- Working capital buffer maintained with higher inventory turnover
- Net cash position continued with strong operating cash flow and working capital management



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 | 2 | | Planned |
| İzmir | Vacuum | Q1 | 6 | Periodic Maintenance | Done |
| | Lube Complex | Q1 | 7 | | Done |
| | Crude Oil | Q4 | 7 | Revamp | Planned |
| | CCR & Isom. & Desulp. & FCC | Q4 | 7 | | 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 | | Ongoing |
| | HYC | End of Q3 | 6 | | Ongoing |

2022 Expectations

Med Complex Refining Margin Expectation Withdrawn

Tüpraş Net Refining Margin 13 - 14 \$/bbl

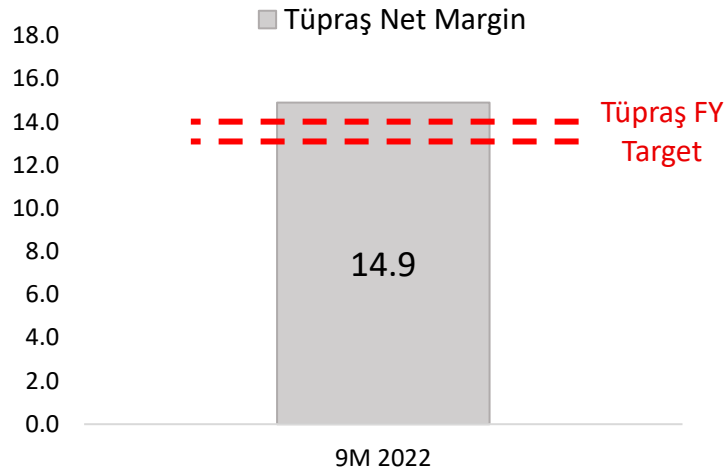
- 26-27 mt production, 28-29 mt sales and 90 - 95% capacity utilization

Consolidated Capex ~200 million \$

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

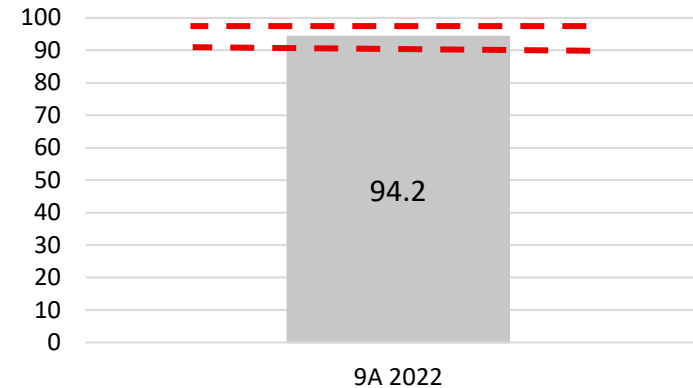
9M 2022 Results

Refining Margins (\$/bbl)



14.9 \$/bbl net refining margin in 9M 2022

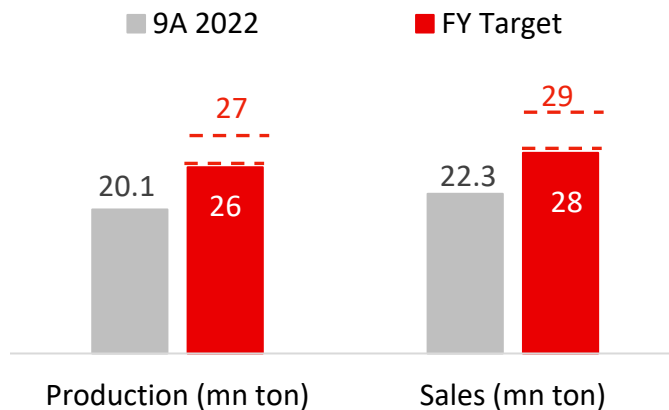
Capacity Utilization (%)



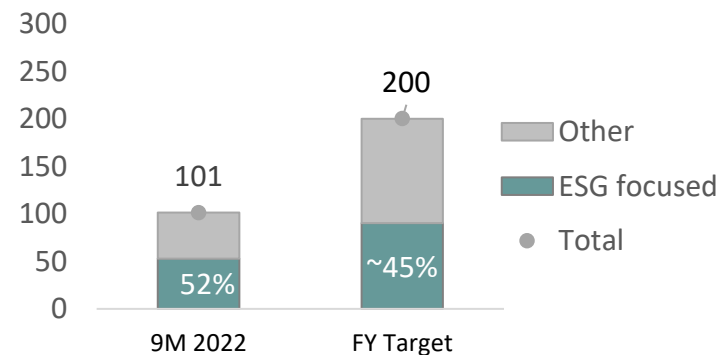
94.2 % total capacity utilization in 9A 2022

22.3 mn tons of sales and 20.1 mn tons of production in 9A 2022

Operationals



Total Capex (mn \$)^(*)

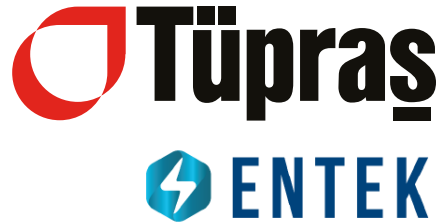


101 mn \$ total CAPEX in 9M 2022, with 52% spent on ESG related investments

Strategic Transition Plan - Latest Updates



ZERO CARBON ELECTRICITY



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

As of Sept'22 end we initiated ZCE capacity installations in our refineries with a total of 73.2 MW Solar Power & 12.6 MW Wind Power

Kırıkkale: Solar – 12.6 MW (construction continues)
Solar – 54.4 MW (application made)

İzmir: Wind - 12.6 MW
(construction to be completed by Q3'24)
Solar – 1.24 MW
(construction to be completed by Q2'24)

Batman: Solar – 5 MW (application made)



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 sustainable aviation fuel (SAF), renewable diesel and other products with **400K ton capacity per year**

**400kt
biofuel
production
capacity**

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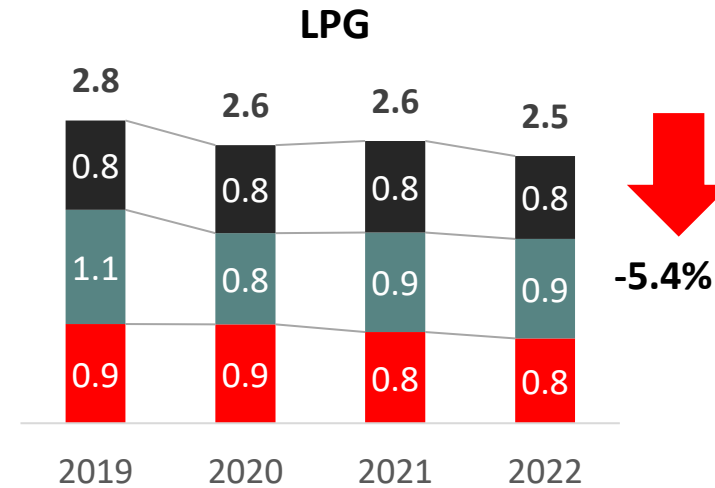
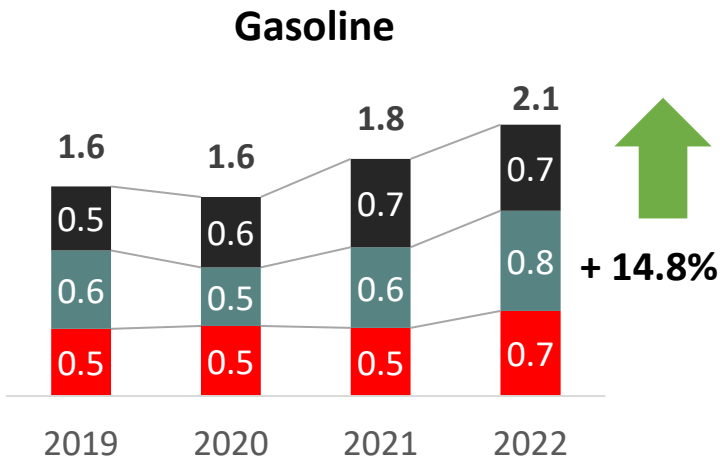
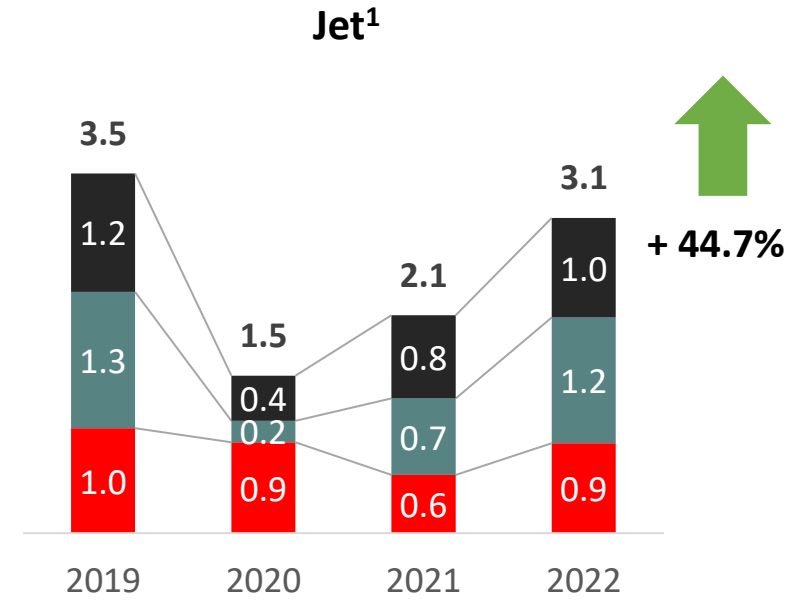
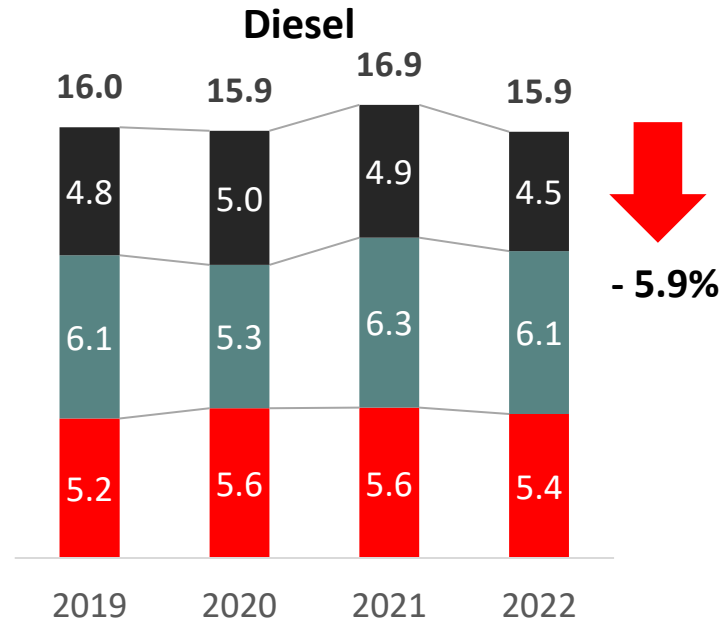


Appendix

Turkish Market, 8M 2022

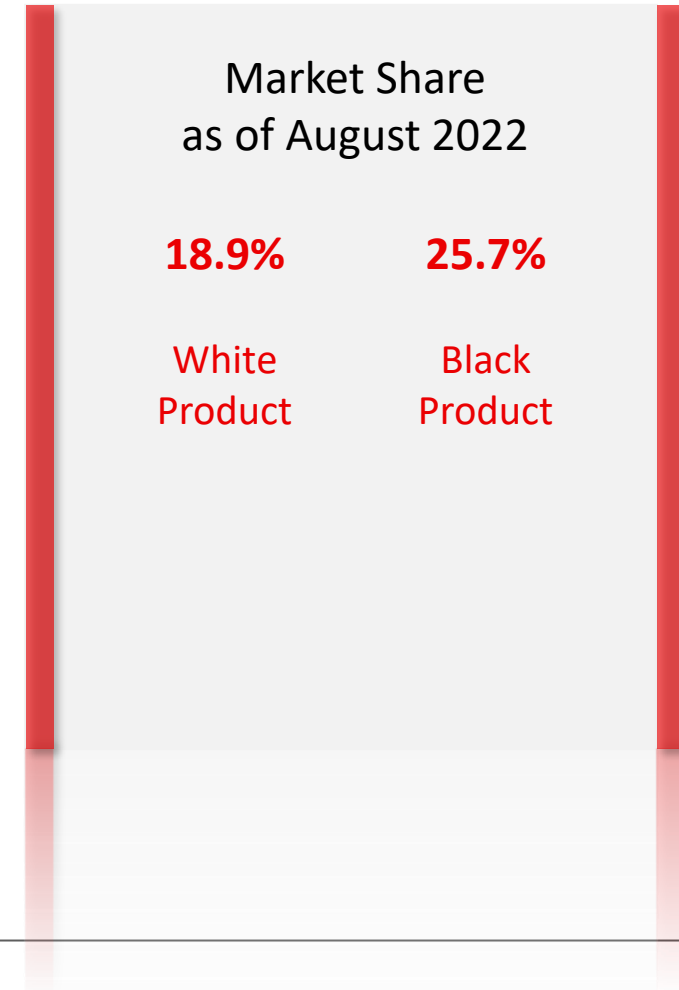
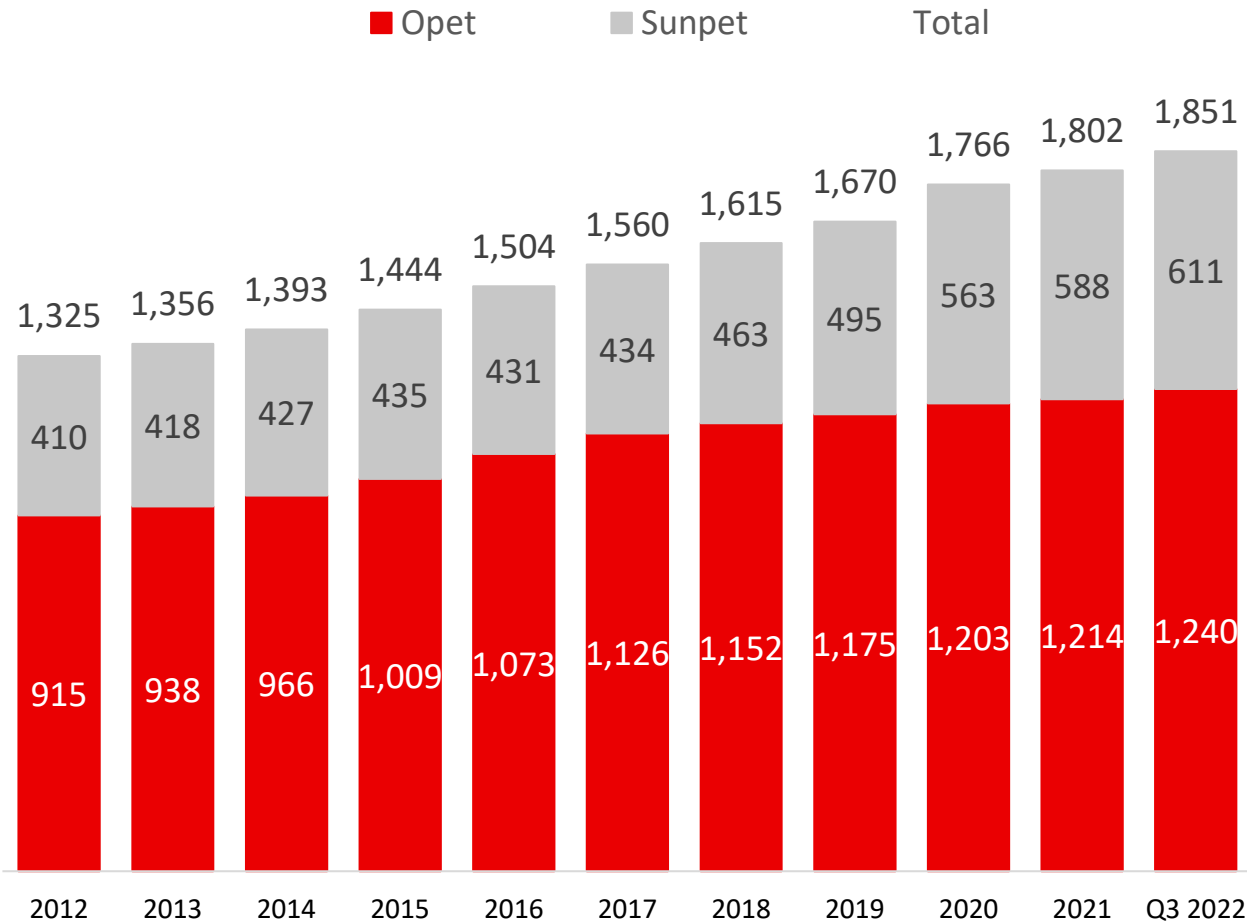
■ Q1 ■ Q2 ■ July-Aug

Million Tons



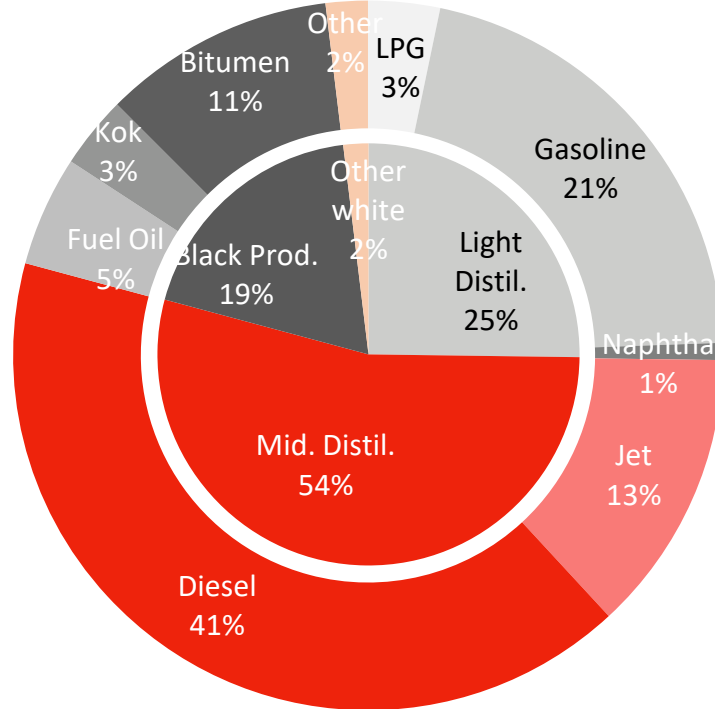
¹Transit flight consumption included

Opet has 1,851 fuel stations as of September 2022 end.



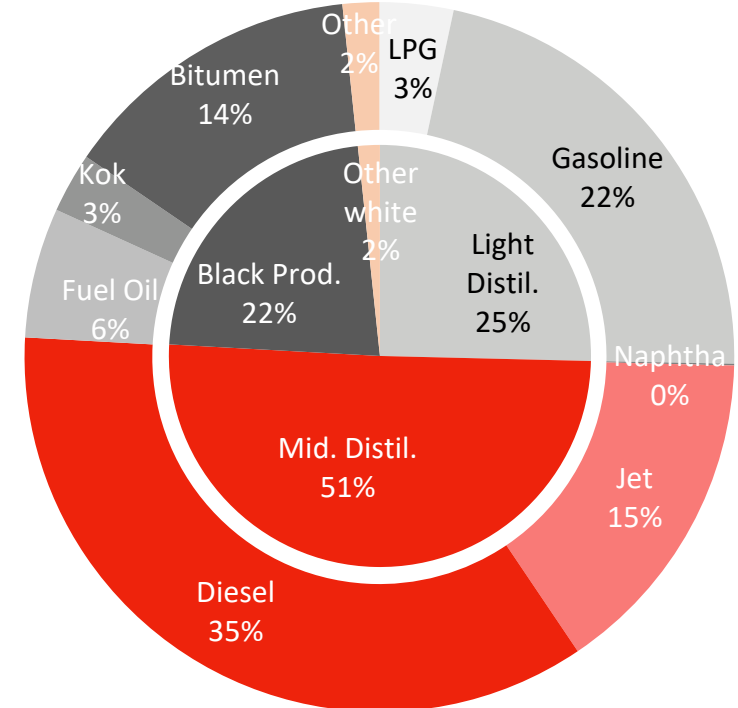
Q3 Product Yields

Q3 2021



| | |
|-------------------------|-------------|
| White Product Yield (%) | 80.0% |
| Production | 6.9 mn tons |
| API | 30.8 |

Q3 2022



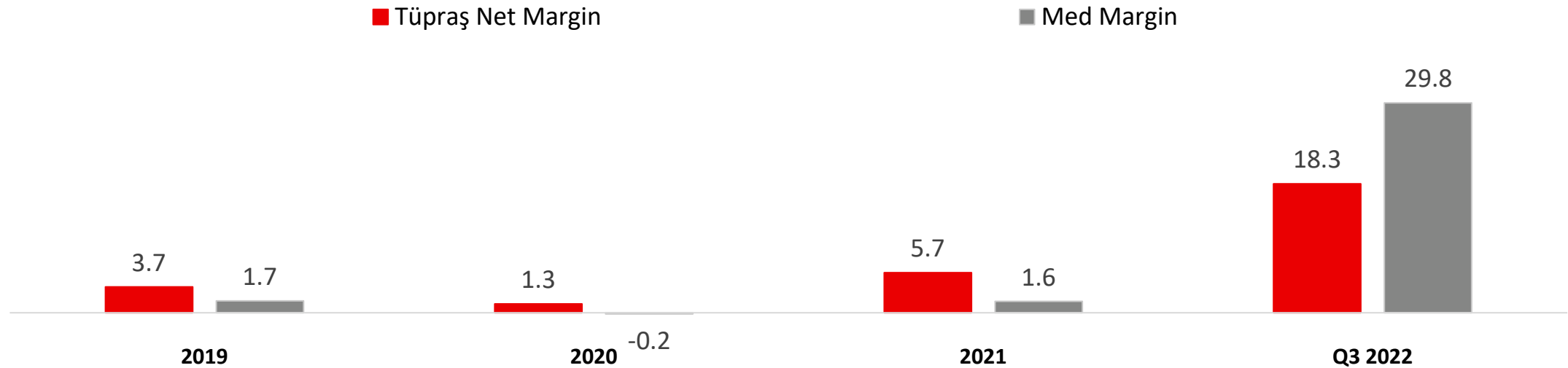
| | |
|-------------------------|-------------|
| White Product Yield (%) | 78.3% |
| Production | 7.0 mn tons |
| API | 31.1 |

Tüpraş Balance Sheet (Million TL)

| | 30.09.2022* | 31.12.2021* | Diff. | Diff. (%) |
|--|----------------|----------------|---------------|------------|
| Current Assets | 121,809 | 66,515 | 55,294 | 83 |
| Cash & C. Equivalents | 42,320 | 21,176 | 21,144 | 100 |
| Trade Receivables | 29,300 | 13,797 | 15,503 | 112 |
| Derivatives | 3,806 | 3,824 | -18 | 0 |
| Inventories | 35,169 | 23,758 | 11,411 | 48 |
| Pre-paid expenses | 853 | 193 | 660 | 341 |
| Other Current Assets | 10,361 | 3,768 | 6,593 | 175 |
| Long Term Assets | 42,678 | 39,742 | 2,937 | 7 |
| Financial Assets & Subsidiaries | 2,646 | 2,156 | 490 | 23 |
| Tangible & Intangible Fixed Assets | 29,560 | 29,064 | 496 | 2 |
| Derivatives | 74 | 44 | 30 | 67 |
| Pre-paid expenses | 620 | 123 | 497 | 403 |
| Deferred Tax | 7,461 | 6,436 | 1,024 | 16 |
| Other Longterm Assets | 2,317 | 1,918 | 399 | 21 |
| Total Assets | 164,487 | 106,257 | 58,230 | 55 |
| Short Term Liabilities | 94,699 | 64,829 | 29,870 | 46 |
| Financial Loans | 13,497 | 11,628 | 1,869 | 16 |
| Trade Payables | 68,217 | 43,837 | 24,380 | 56 |
| Derivatives | 1,124 | 3,467 | -2,343 | -68 |
| Provisions | 759 | 219 | 540 | 246 |
| Other ST Liabilities | 11,101 | 5,677 | 5,424 | 96 |
| Long Term Liabilities | 23,888 | 22,347 | 1,540 | 7 |
| Financial Loans | 23,027 | 21,565 | 1,462 | 7 |
| Payables & Provisions | 675 | 455 | 220 | 48 |
| Derivatives | 0 | 73 | -73 | -100 |
| Other LT Liabilities | 185 | 254 | -69 | -27 |
| Total equity attributable to equity holders of the parent | 45,482 | 18,809 | 26,673 | 142 |
| Minority Interests | 419 | 272 | 147 | 54 |
| Total Liabilities & Equity | 164,487 | 106,257 | 58,230 | 55 |

Tüpraş and Med Margins(*) (\$/bbl)

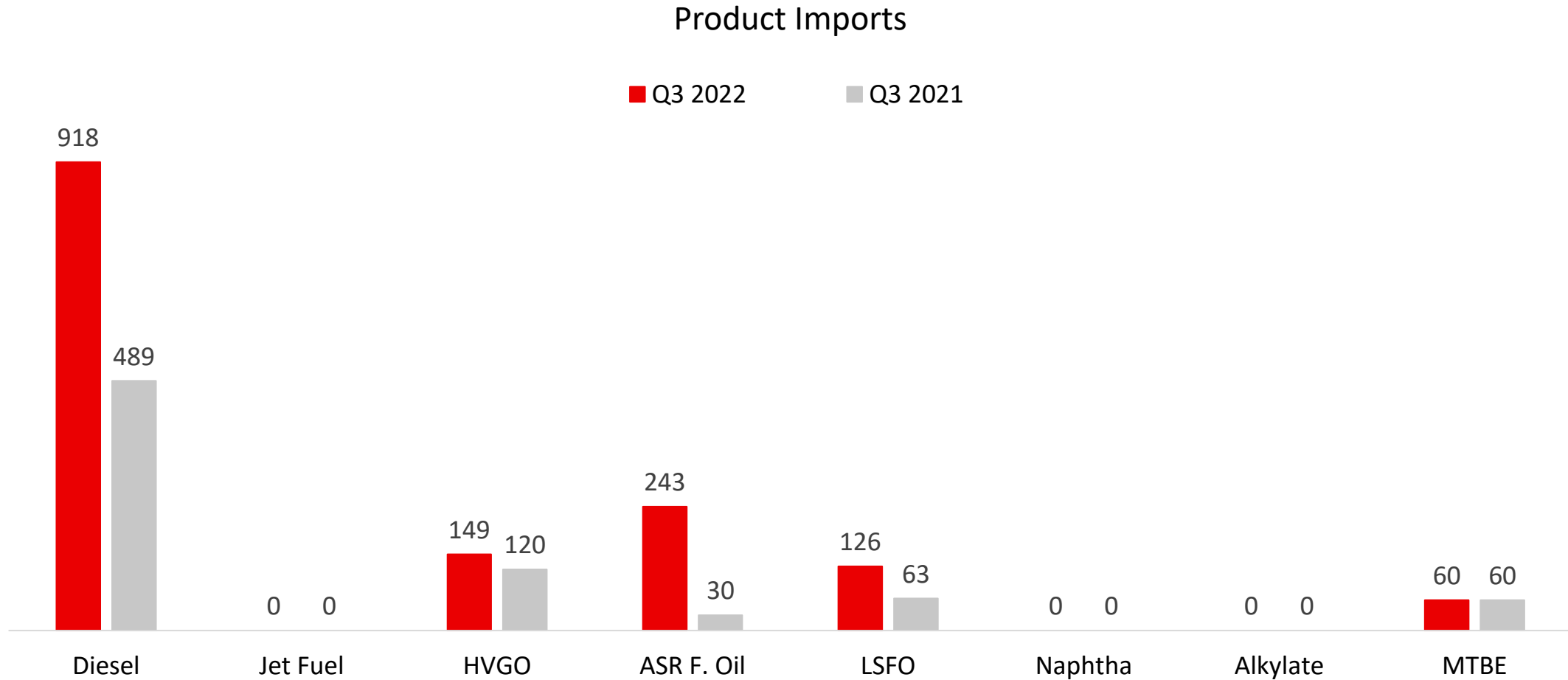
Average Margins



| (\$/bbl) | Gross Margin | Inventory Effect | Clean Gross Margin | Clean NET Margin | Net Margin | Med Margin |
|----------|--------------|------------------|--------------------|------------------|------------|------------|
| Q3 2022 | 24.8 | -1.5 | 26.4 | 19.8 | 18.3 | 29.8 |
| 9M 2022 | 21.2 | 0.9 | 20.3 | 14.0 | 14.9 | 28.0 |
| Q3 2021 | 10.4 | 0.5 | 9.8 | 5.4 | 5.9 | 2.8 |
| 9M 2021 | 9.1 | 1.5 | 7.6 | 2.8 | 4.3 | 1.0 |

(*) 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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