



# Q4 2022 Earnings Presentation

 **Koc** | 8 February 2022

# Disclaimer

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# 2022 Highlights

## Global Highlights

### Russia - Ukraine War

- EU's embargo & G7 decision for price cap on Russian crude and products redefined global crude and product flows
- Historically high refined product margins with sanctions

### Limited Capacity Additions

- Global demand continued to increase in 2022 while some of the expected capacity additions were delayed.

### Surge in energy costs

- Increase in natural gas costs uplifted product cracks
- Limited supply capped refinery utilizations

## Tüpraş Highlights

### Solid Steps taken for Transition Plan

- Entek takeover completed
- Entek made pre-licence applications for 22 projects (1,462 MW)
- Basic Engineering Studies for SAF production are completed

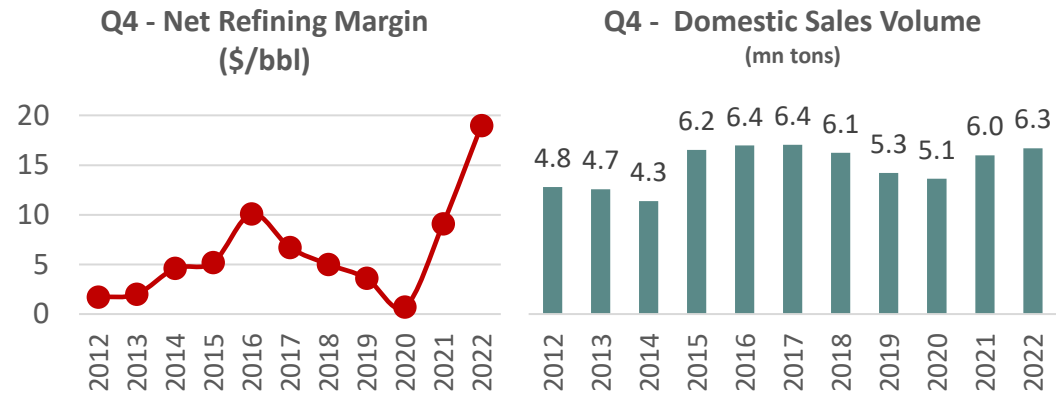
### Stellar Performance

- Historically high crack margins captured  
Diesel: \$38/bbl, Jet Fuel: \$34/bbl, Gasoline: \$20/bbl
- CUR at 92%; Sales volume at 29 mn ton (+6% yoy)

### Strong Financials

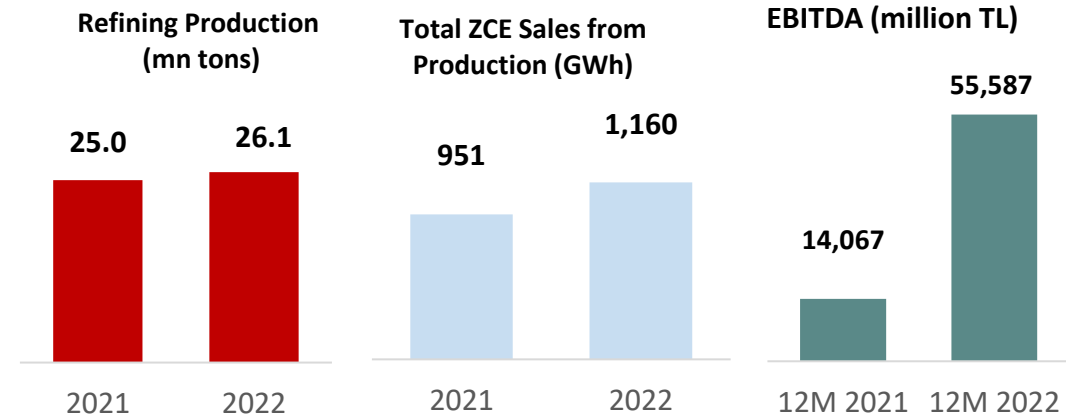
- 2022 NRM at \$16.5/bbl, EBITDA at 55.6 bn TL

# Q4 2022 – Tüpraş Highlights



## Sales volume was sound while strong NRM continued in Q4

- It was another quarter with sales volume hits pre-pandemic levels driven by historically high total diesel sales
- Net refining margin in Q4 was 19\$/bbl supported by product crack margins and widening in differentials



## Solid operational performance from refining and electricity

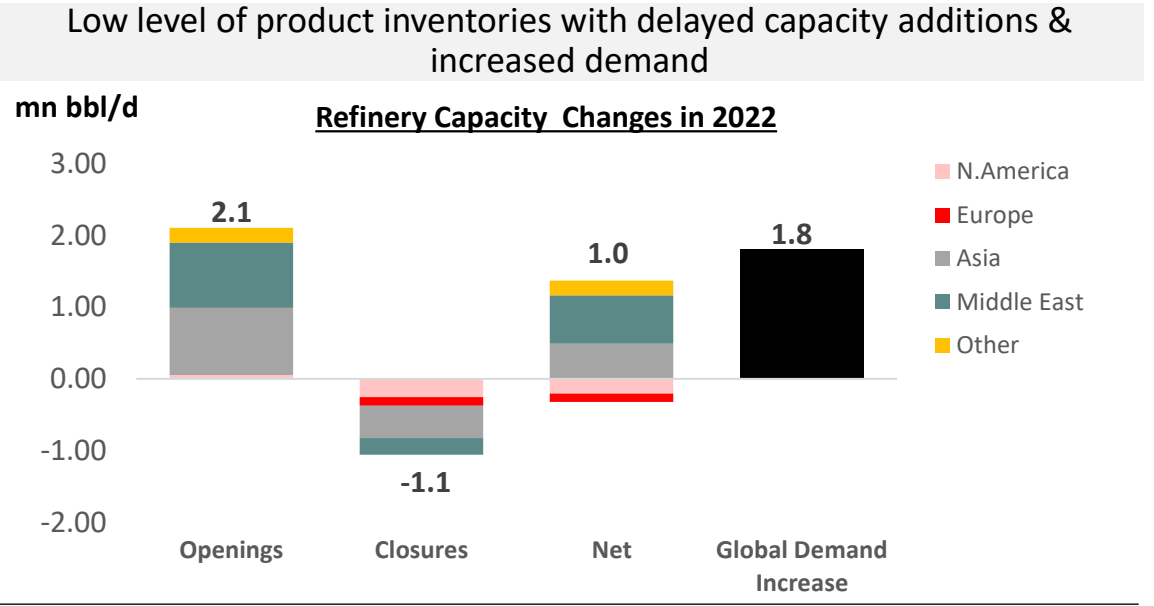
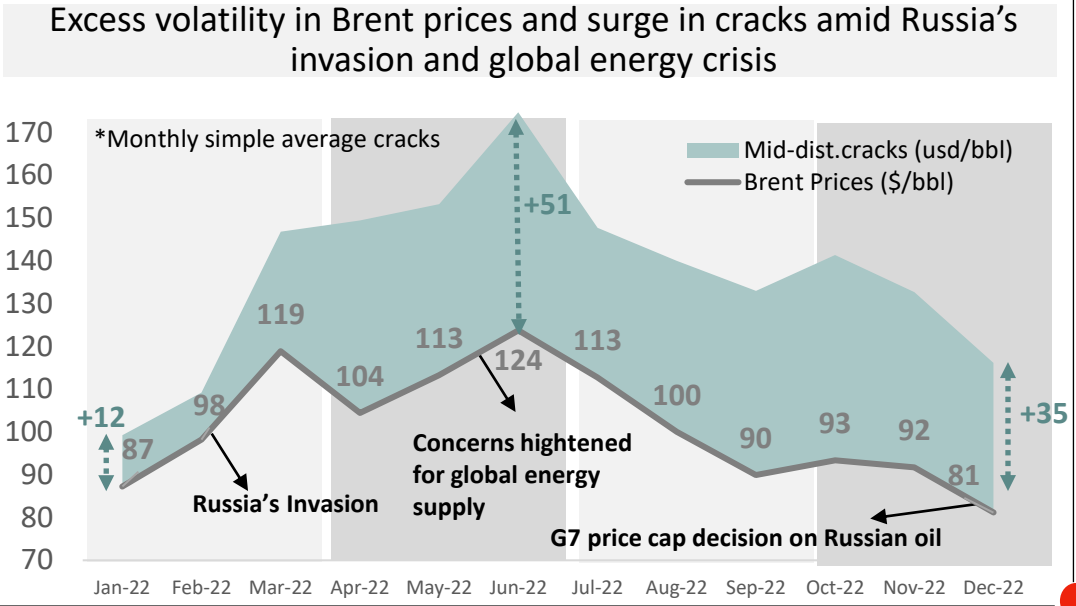
- Production increased by 4% in refining and 8% y-o-y in electricity businesses in 2022.
- 2022 EBITDA almost quadrupled y-o-y in both refining and electricity. Electricity business contributed 1.4 bn TL to 2022 total EBITDA.
- Pre-licence applications have been made for 22 projects with a total of additional capacity of 1,462MW



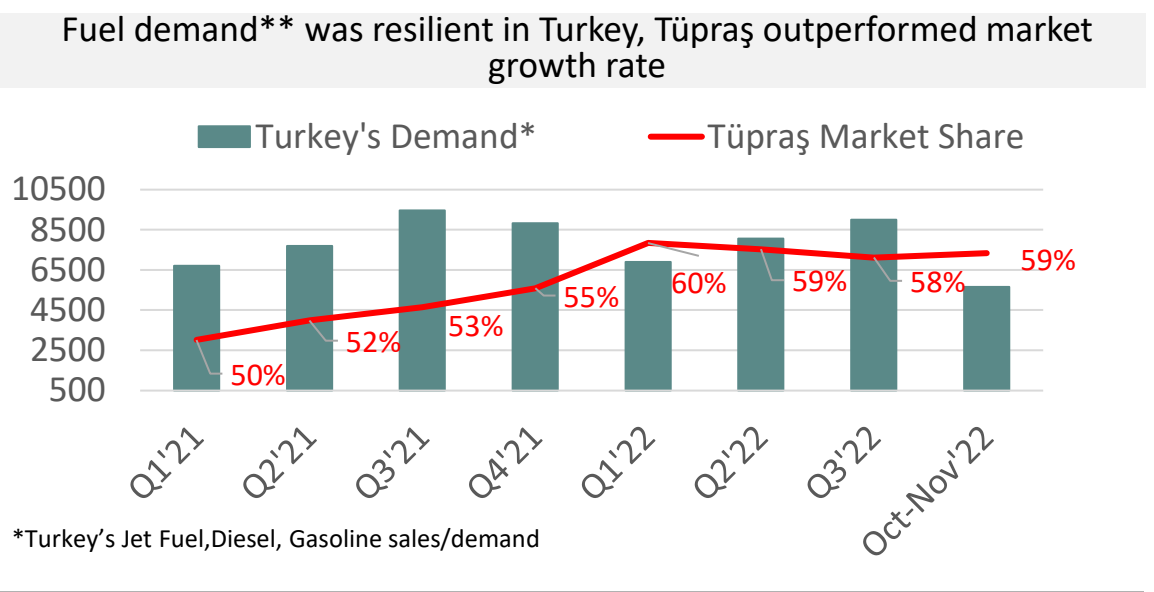
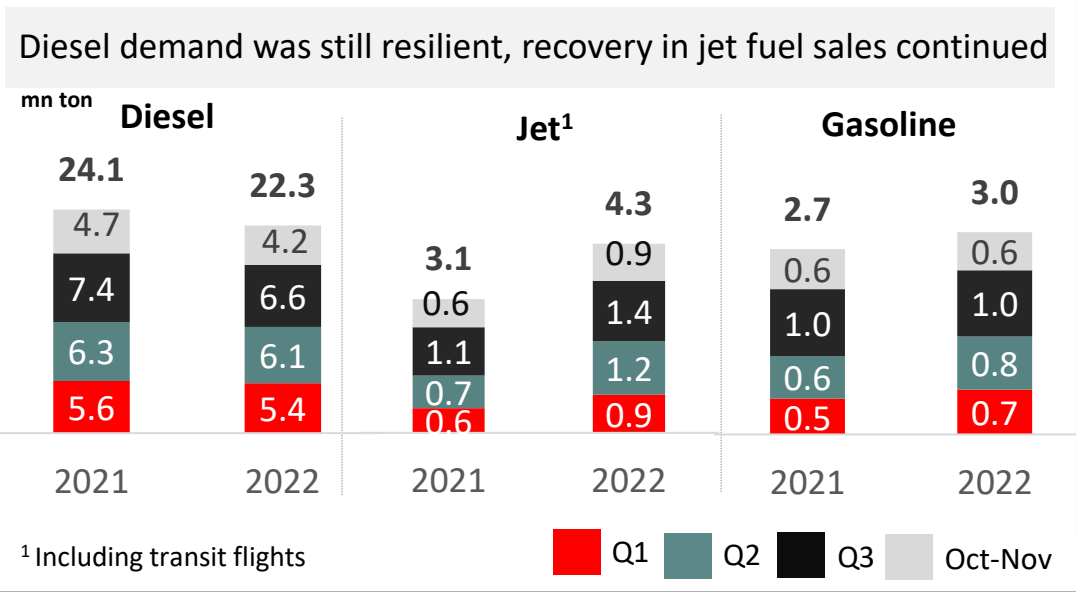
Market

# Q4 2022 – Key Market Highlights

## Global Oil Market



## Turkish Market



# Quarterly Crack Margin Comparison (\$/bbl)

Mid-distillate margins continued to rise q/q in Q4 2022 as supply concerns escalated with strikes in Europe while negative effects of Russia-Ukraine war persist

## 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	45.4	11.2	14.5

- Low inventory levels due to strikes & increased maintenances in Europe (Oct.&Nov.)
- Demand was robust in Europe before price cap for Russian products became effective by 5th of Feb'23 (Dec.)

## 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	37.2	9.1	13.7

- Lower jet fuel supply with maintenances and higher diesel yield (Oct.&Nov.)
- Chinese covid measures loosened starting December, supported cracks

## 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	16.0	12.5	8.0

- Starting Q4, low inventory levels with maintenances and higher mid-distillate yields
- Gasoline balance became longer in Nov & Dec with lower demand & higher Chinese exports

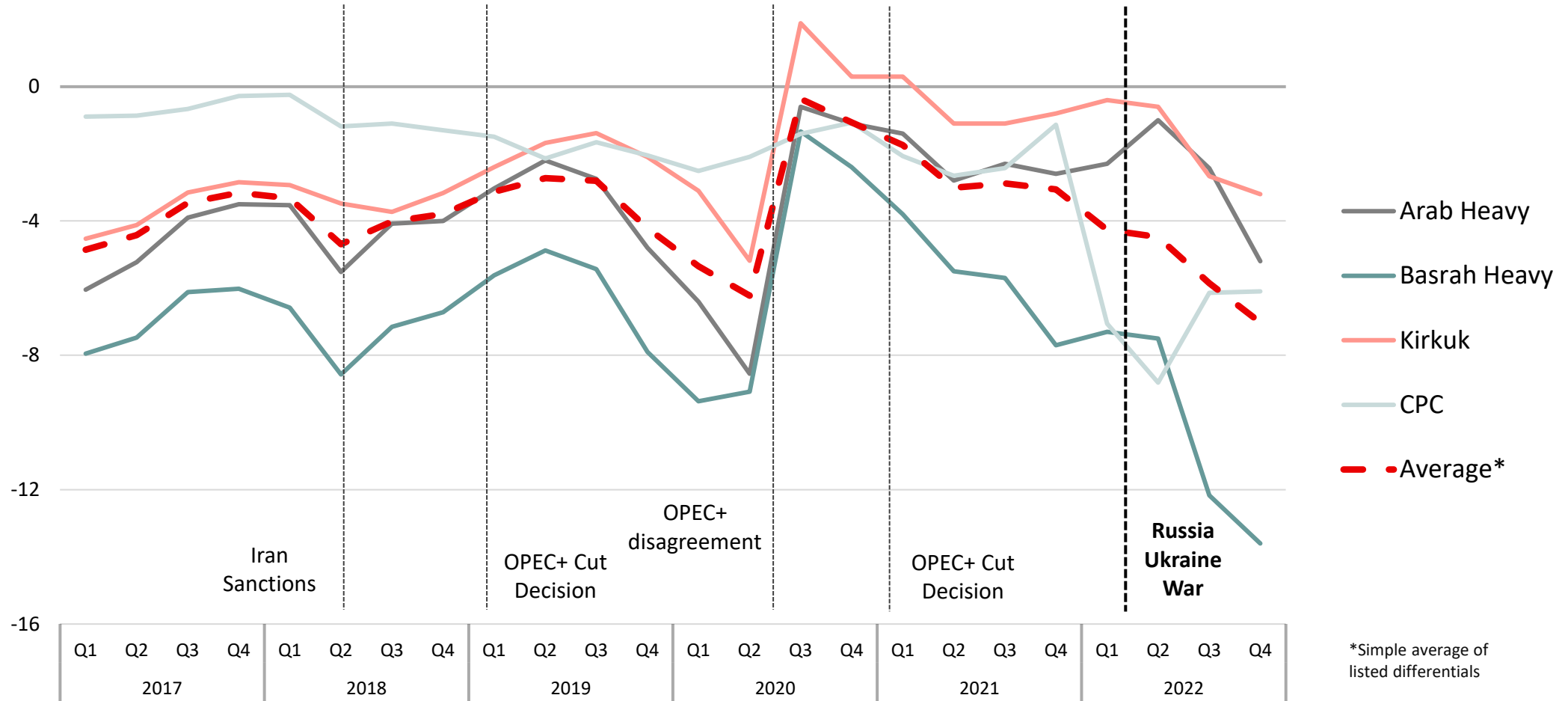
## HSFO

	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	-32.7	-14.5	-15.3

- Improved HSFO cracks with q/q decrease in Brent prices
- Lower HSFO output with maintenances held in Q4

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

Average differentials widened q-o-q in Q4'22. Basrah Heavy grade provided wider discounts in the fourth quarter compared to the rest of the slate.



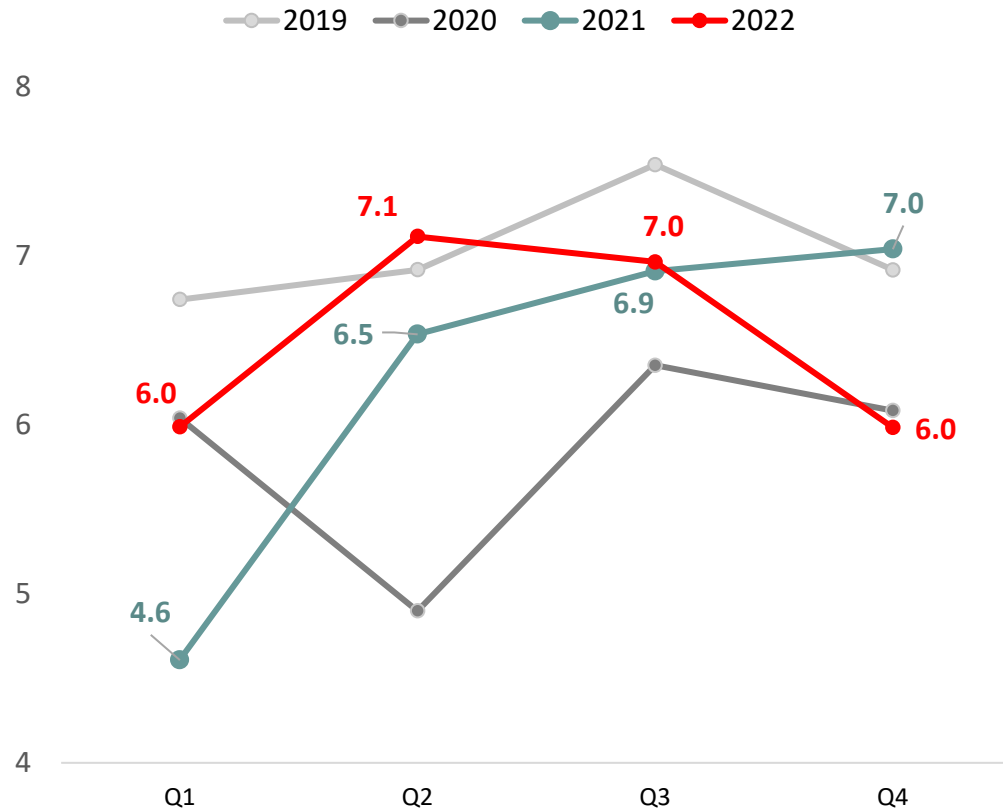


# Operations

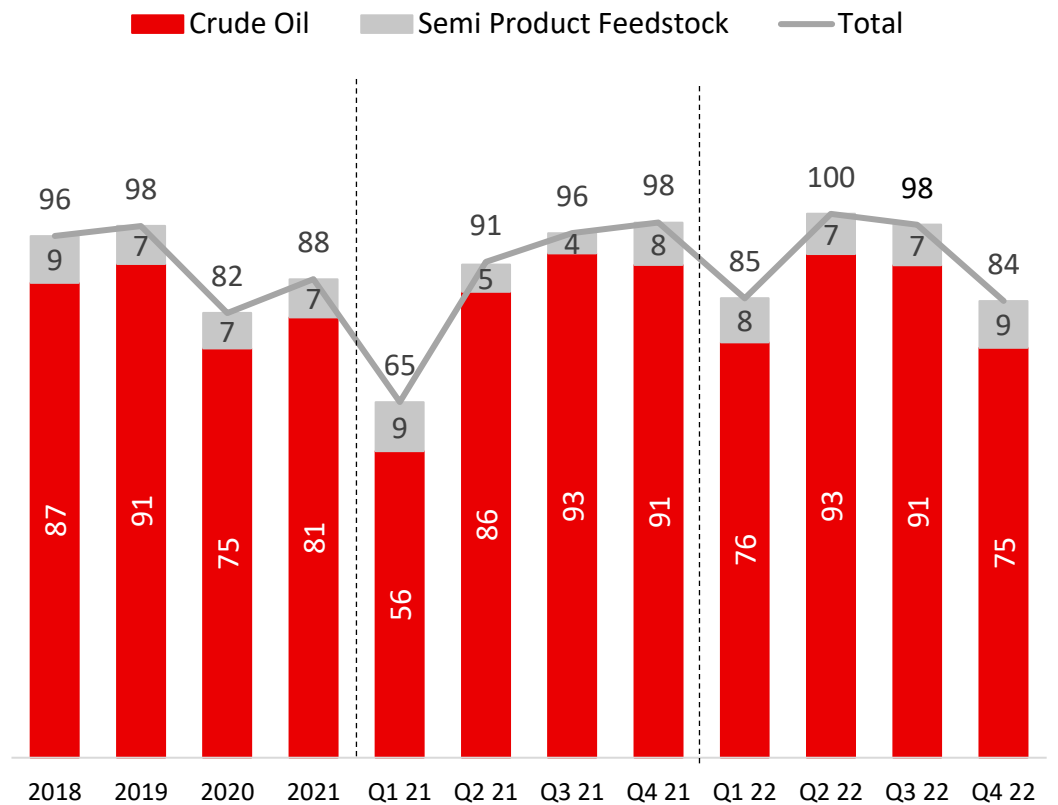
# Capacity Utilization and Quarterly Production Volume

- Tüpraş produced 6.0 million tons in Q4 2022.
- Capacity utilization for Q4 2022 was 84%, relatively lower due to 4<sup>th</sup> quarter being the maintenance season.

### Quarterly Production (Million Tons)



### Capacity Utilization (%)

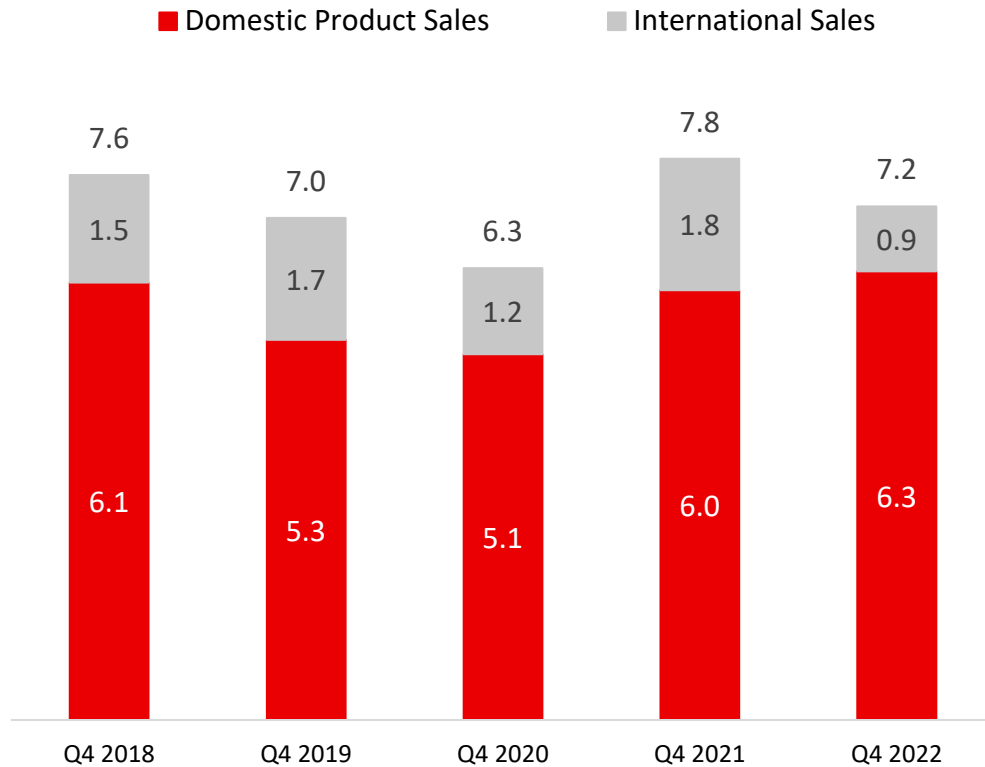


\*Capacity utilization calculation is based on 30 mn tons for Q1 2019 and onwards.

# Product Sales in Q4 2022 (Million Tons)

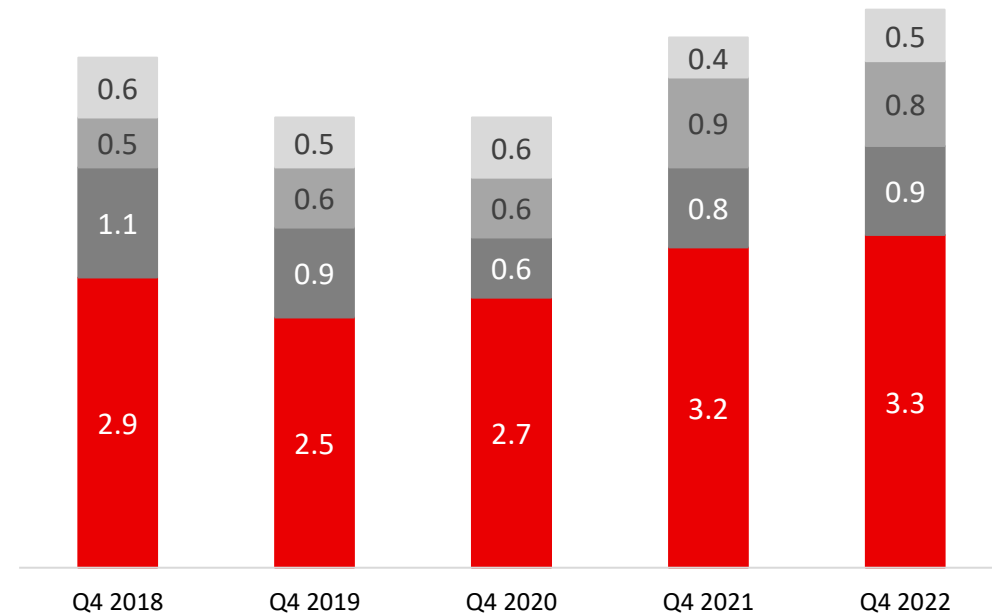
- Tüpraş generated 7.2 million tons of sales in Q4 2022, 9% lower y-o-y.
- Domestic sales were 4% higher y-o-y in Q4 2022 with better diesel, jet fuel and bitumen sales.

## Total Product Sales



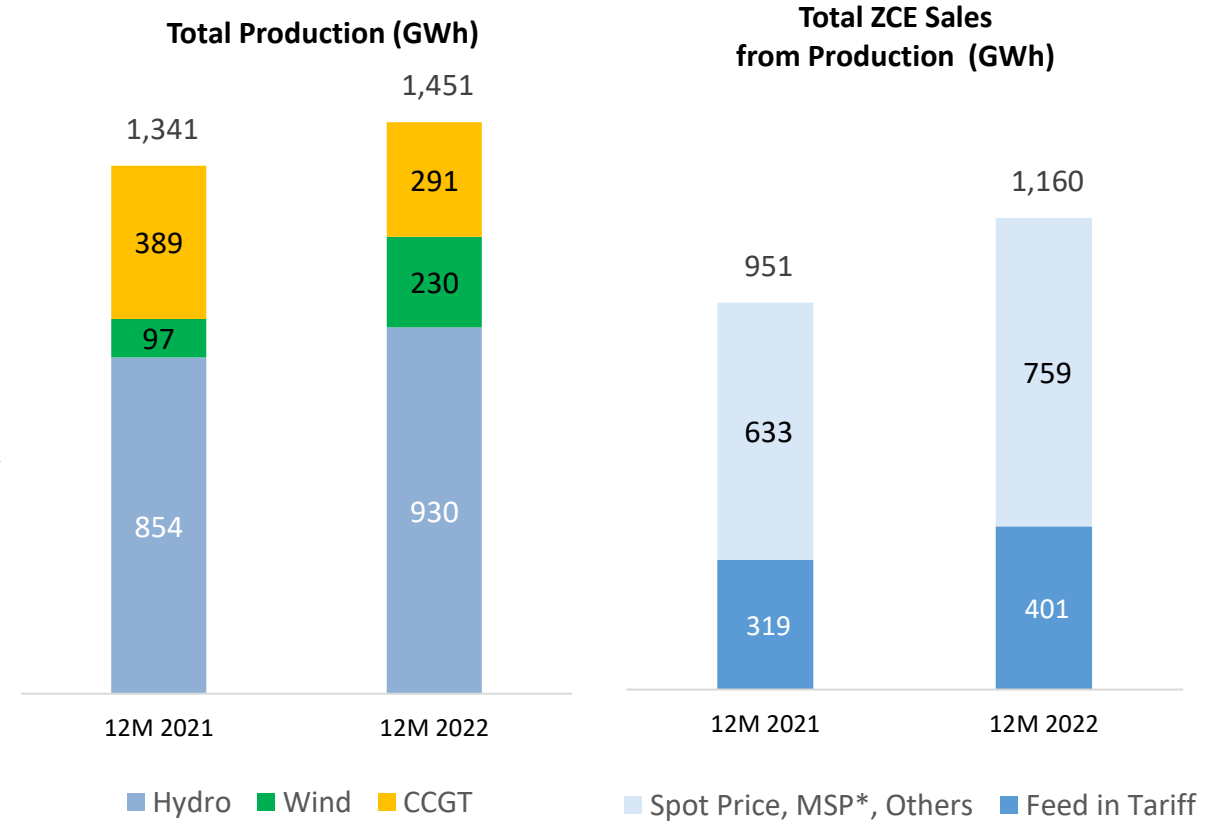
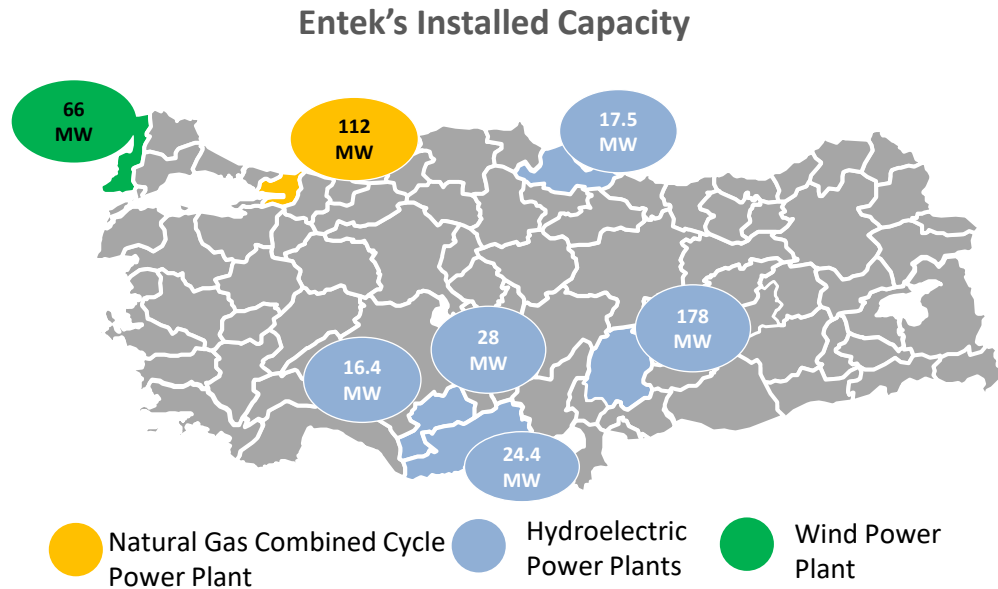
## Domestic Sales of Selected Products

■ Diesel ■ Jet Fuel ■ Gasoline ■ Bitumen



# Electricity Production & Sales in 12M 2022 (GWh)

- Entek generated 1,451 GWh electricity in 12M 2022.
- Total Zero Carbon Electricity (ZCE) sales from production increased 21.9% y-o-y in 12M'22 to 1,160 GWh.





# Financials

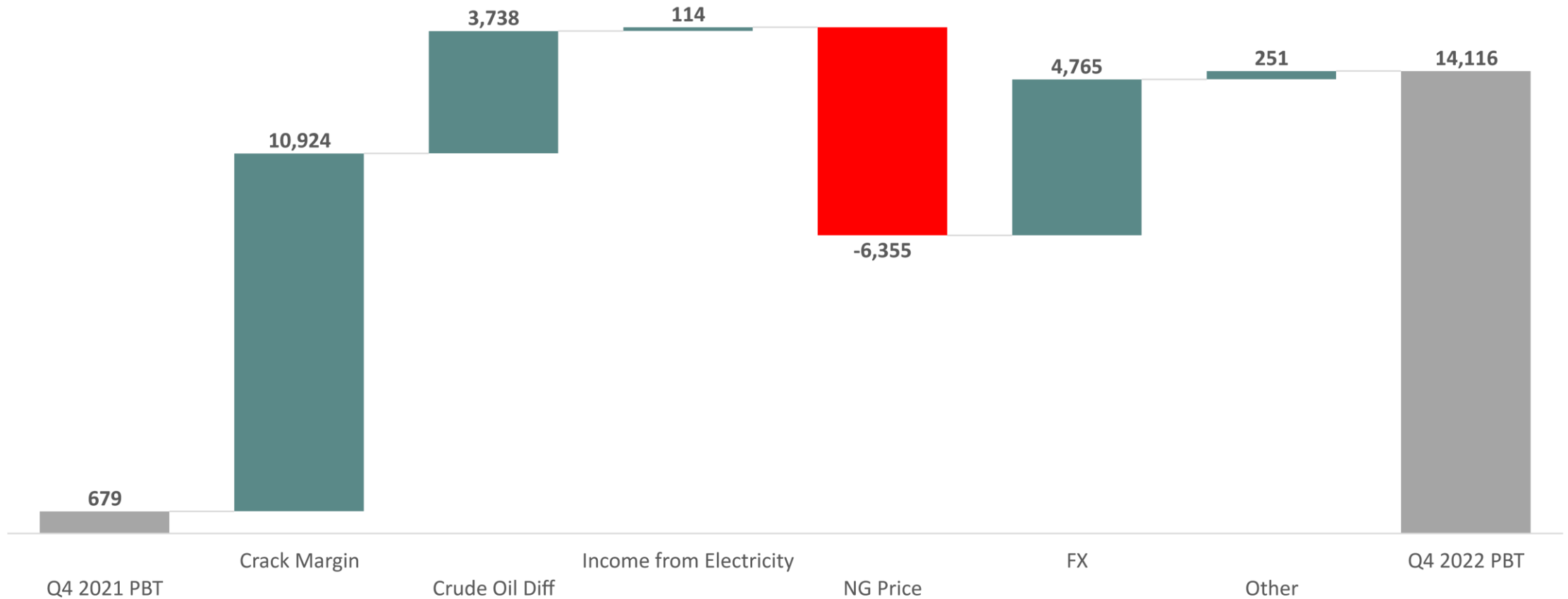
# Income Statement (Million TL)

Million TL(**)	Q4 2022	Q4 2021	%	2022	2021	%
Net Sales	116,026	56,892	104%	481,765	152,492	216%
COGS	-96,560	-48,919	-97%	-418,988	-136,632	-207%
<b>Gross Profit</b>	<b>19,466</b>	<b>7,974</b>	<b>144%</b>	<b>62,777</b>	<b>15,860</b>	<b>296%</b>
Operating Expenses	-3,084	-1,237	-149%	-8,235	-3,318	-148%
Income/Loss from other operations	-100	-9,730	99%	-8,935	-11,766	24%
<b>Operating Profit</b>	<b>16,282</b>	<b>-2,993</b>	<b>644%</b>	<b>45,607</b>	<b>777</b>	<b>5773%</b>
Inc./Loss from Equity pick ups	-311	395	-179%	365	701	-48%
<b>Operating Profit Before Fin. Income/Loss</b>	<b>15,971</b>	<b>-2,598</b>	<b>715%</b>	<b>45,972</b>	<b>1,477</b>	<b>3012%</b>
Financial Income /Expense	-1,854	3,278	-157%	-6,096	881	-792%
<b>Profit Before Tax</b>	<b>14,116</b>	<b>679</b>	<b>1978%</b>	<b>39,876</b>	<b>2,358</b>	<b>1591%</b>
<b>Net Profit (excluding minority interest)</b>	<b>17,589</b>	<b>1,424</b>	<b>1135%</b>	<b>41,045</b>	<b>3,495</b>	<b>1074%</b>
<b>EBITDA* (mn. TL)</b>	<b>16,366</b>	<b>7,342</b>	<b>123%</b>	<b>55,587</b>	<b>14,067</b>	<b>295%</b>
Inventory Gain/Loss (mn. TL)	-176	2,033	-19%	7,274	3,016	141%
<b>EBITDA* (mn. TL) CCS</b>	<b>16,542</b>	<b>5,308</b>	<b>212%</b>	<b>48,313</b>	<b>11,051</b>	<b>337%</b>

# Profit Before Tax Bridge (Q4 2021 – Q4 2022)

Strong cracks coupled with wider differentials boosted PBT in Q4 2022 despite elevated energy expenses.

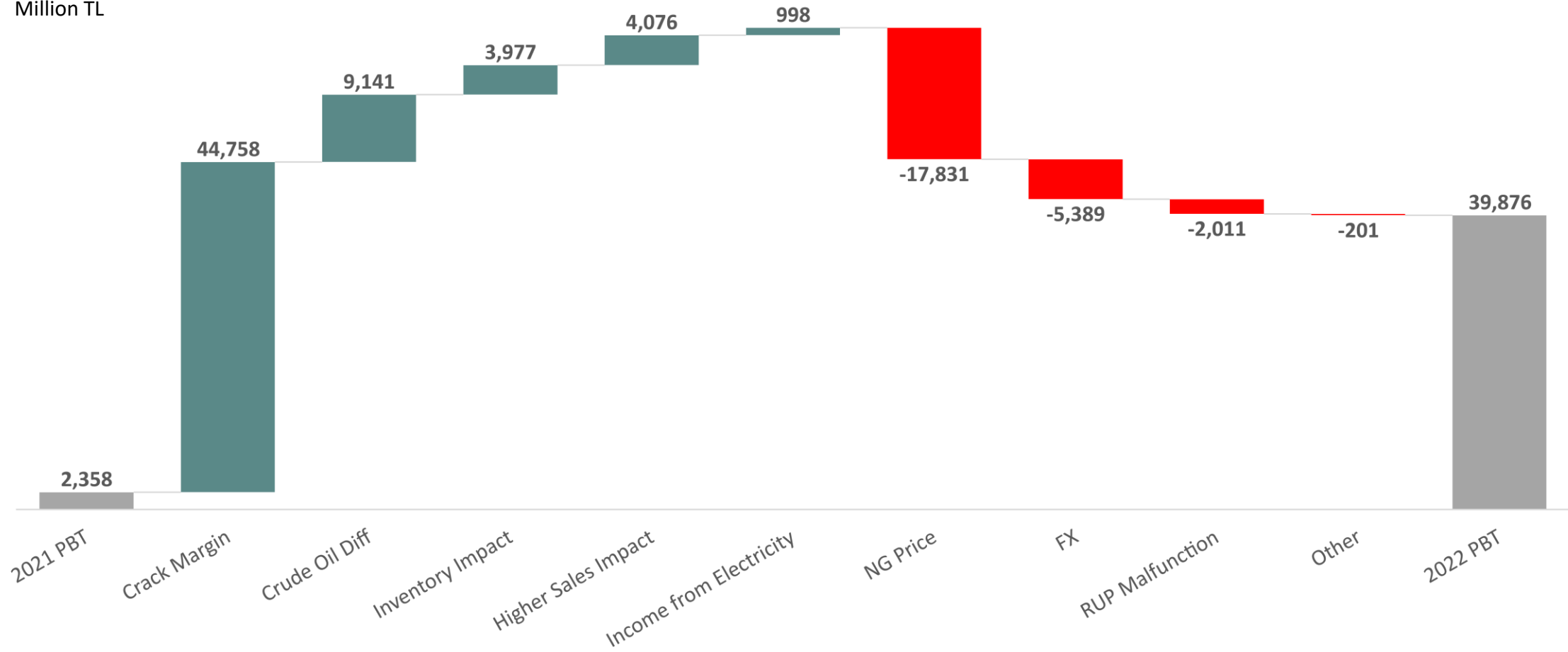
Million TL



# Profit Before Tax Bridge (2021 – 2022)

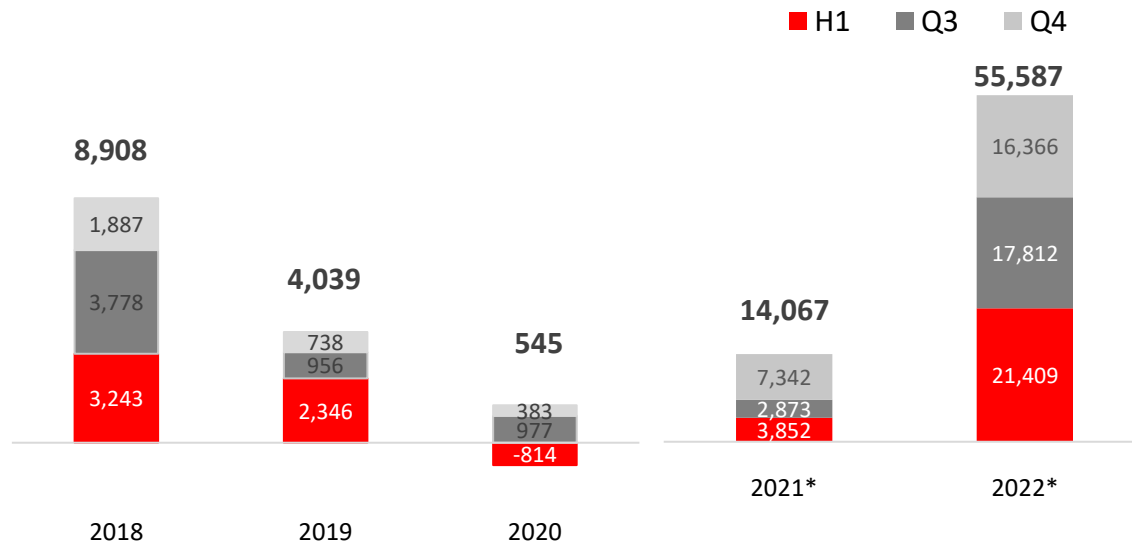
2022 PBT was positively impacted by stronger cracks and wider differential spreads.

Million TL

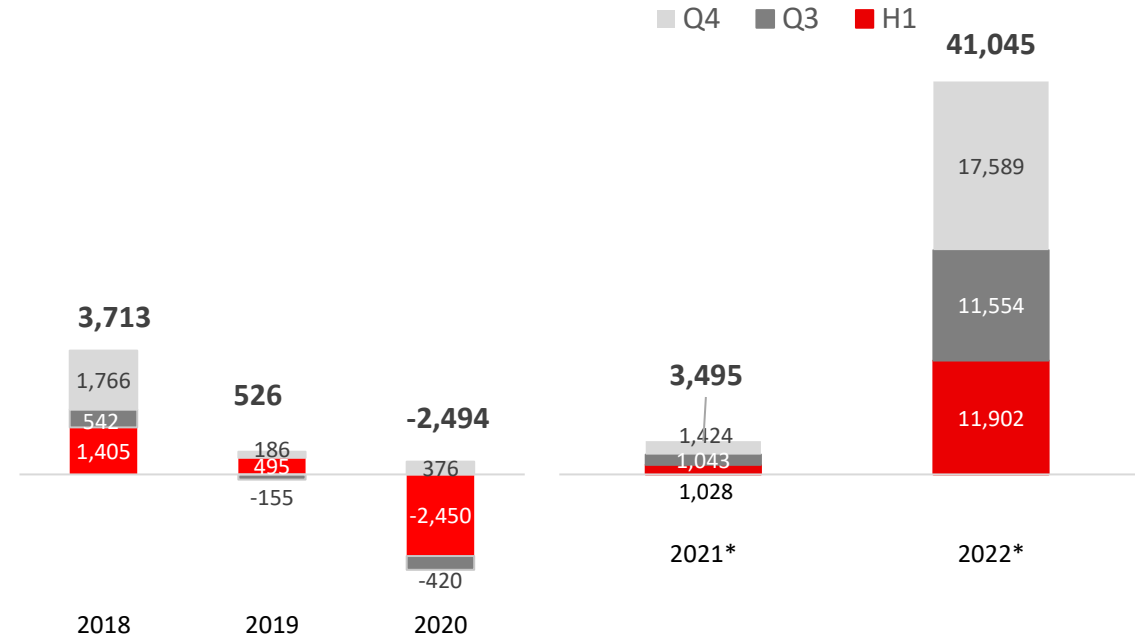


# Financial Highlights

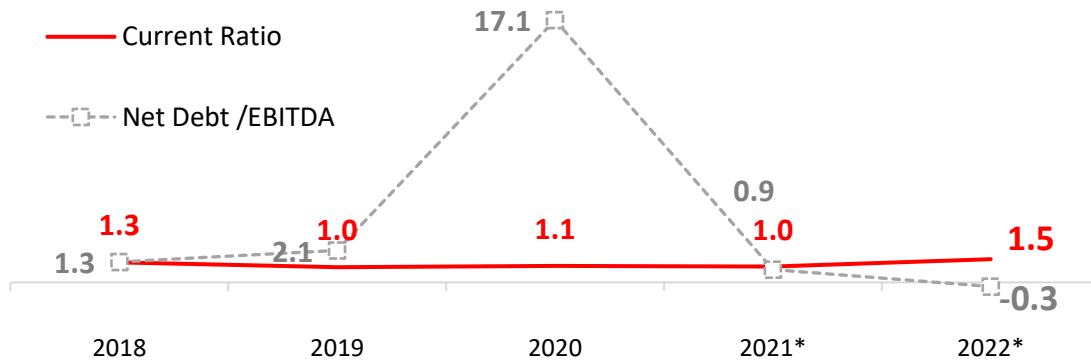
## EBITDA (mn TL)



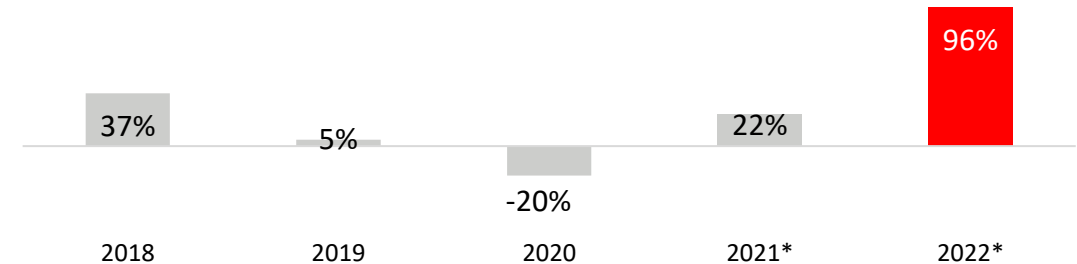
## Net Income<sup>1</sup> (mn TL)



## Current Ratio & Net Debt / EBITDA

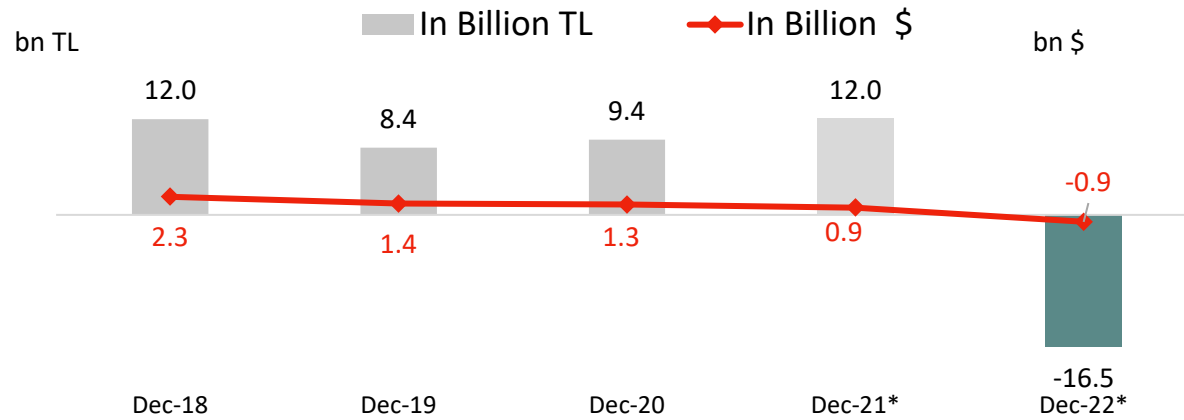


## Return on Average Equity (%)

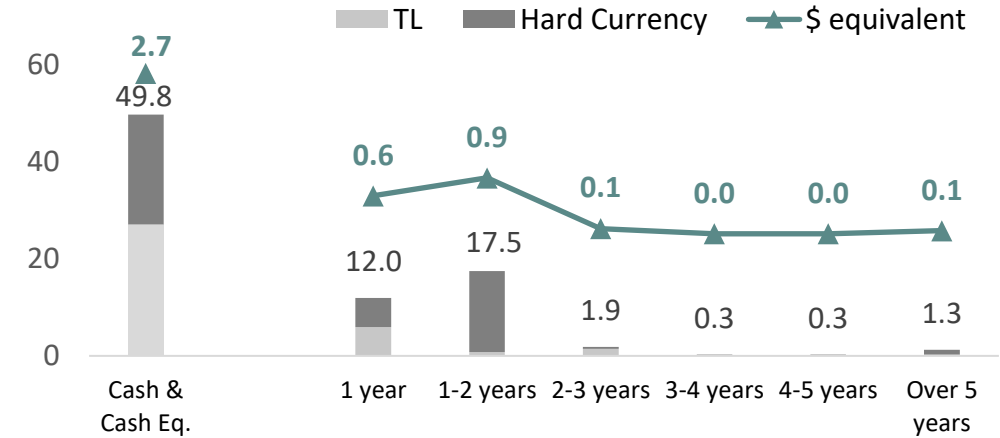


# Balance Sheet Analysis

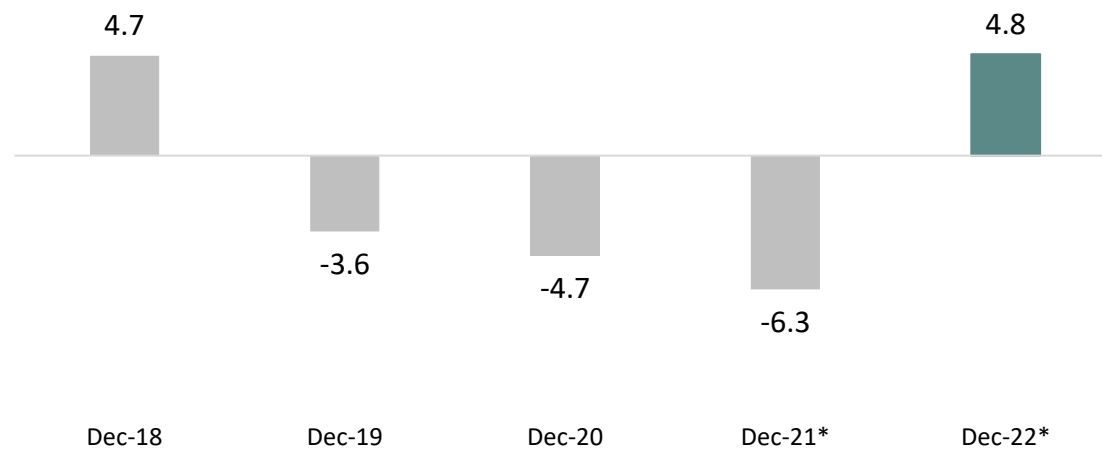
## Net Debt



## Redemption Schedule (Billion TL)



## Working Capital Requirement (Billion TL)

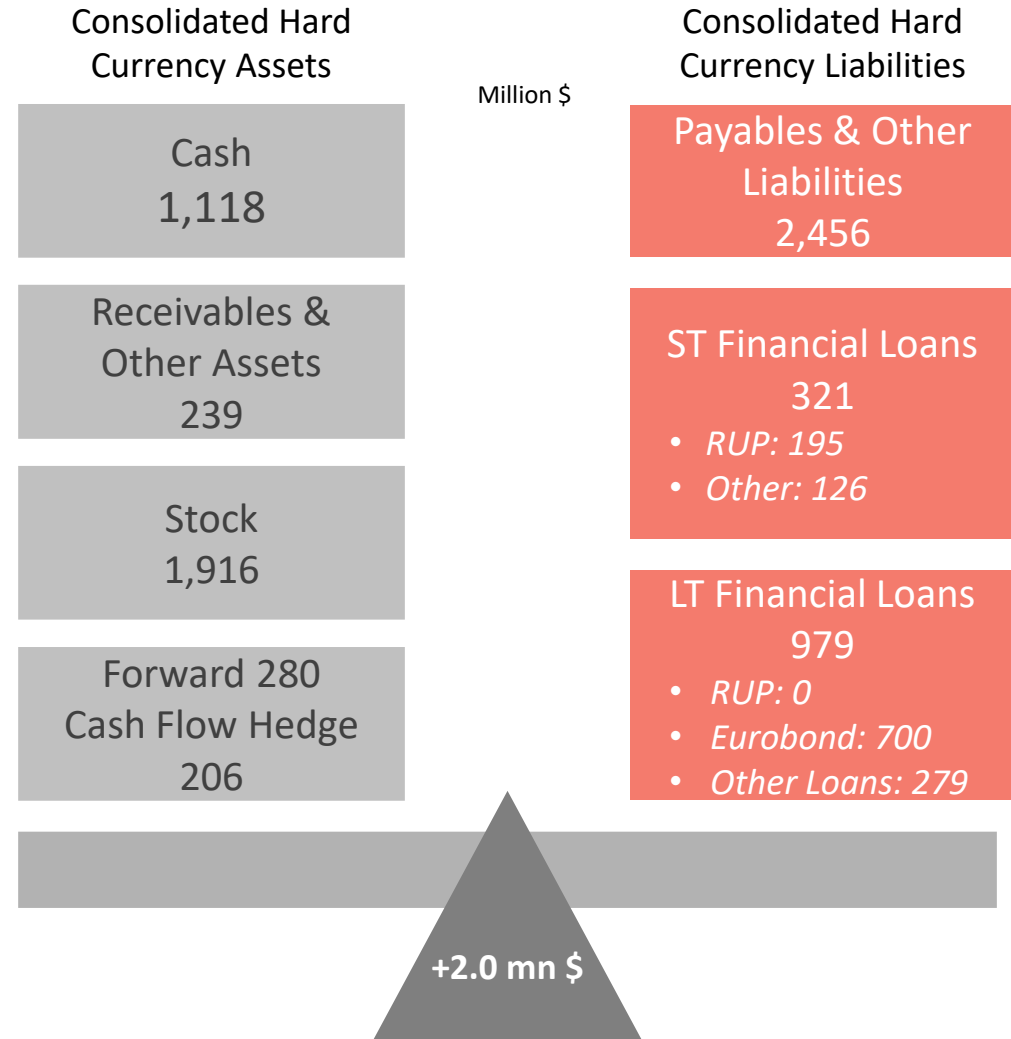


## Financial Management

- Maintenances related change in crude diet, coupled with a sharp drop in Brent prices towards the end of Q4, resulted in lower trade payables and increase in WC.
- Net cash position continued with strong operating cashflow generation.

# FX Exposure Management (31 December 2022)

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





## Outlook for 2023

# 2023 Refinery Maintenance Schedule

Refinery	Unit	Starting Quarter	Duration (weeks)	Purpose	Planned
Batman	Crude Oil & Vacuum	Q1	7	Seasonal	Ongoing
	Crude Oil & Vacuum	Q4	6		Planned
İzmir	FCC	Q1	7	Revamp	Ongoing
	Crude Oil, Vacuum, CCR, İsom.	Q1	8		Ongoing
	Lube Complex	Q1	8		Ongoing
	Crude Oil , Vacuum	Q4	5	Periodic Maintenance	Planned
	HYC	Q4	5		Planned
İzmit	Crude Oil & Vacuum	Q1	9	Periodic Maintenance	Planned
	Desulphurizer	Q1	9		Planned
	CCR	Q1	9		Planned
Kırıkkale	Battery Shut Down	Q1	6	Periodic Maintenance	Ongoing

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

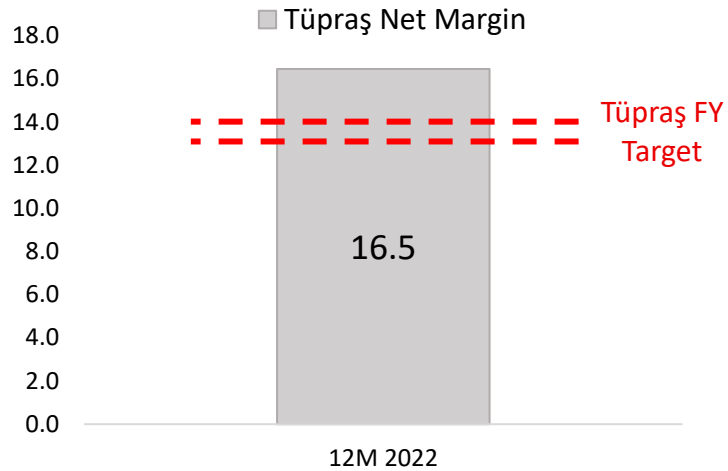
- 24-25 mn tons production, 28-29 mn tons sales and 85 - 90% capacity utilization

## Consolidated Capex **~350 million \$**

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

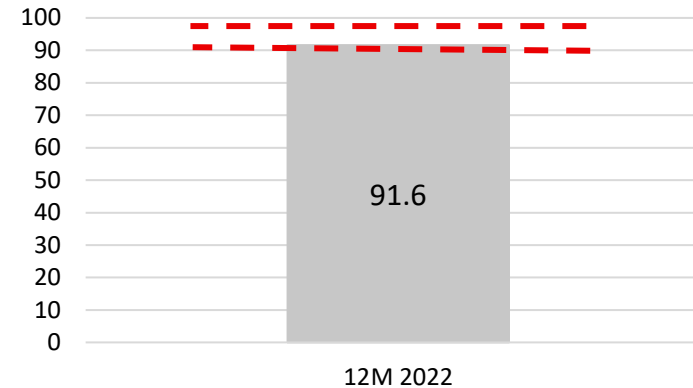
# 12M 2022 Results

## Refining Margins (\$/bbl)



16.5 \$/bbl net refining margin in 12M 2022

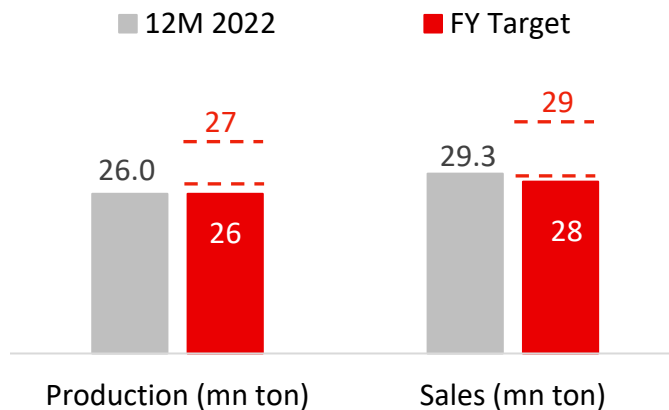
## Capacity Utilization (%)



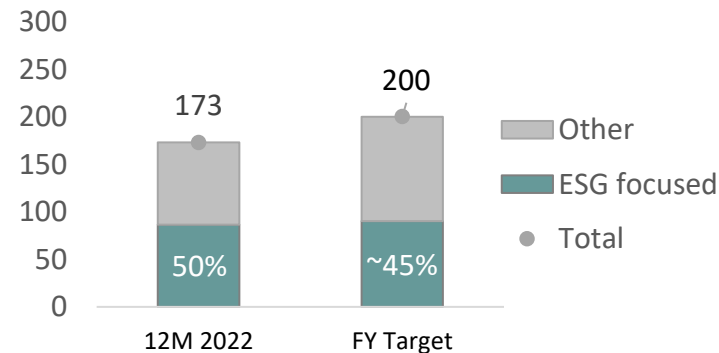
91.6 % total capacity utilization in 12M 2022

29.3 mn tons of sales and 26 mn tons of production in 12M 2022

## Operationals



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



173 mn \$ total CAPEX in 12M 2022, with 50% 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

### İzmit

Solar - 12.48 MW (approved from EMRA)

### Kırıkkale:

Solar - 12.58 MW (construction to be completed by Q2'23)

Solar – 16.72 MW (application made)

Solar – 23.3 MW (application made)

Solar – 51.3 MW (application made – with storage)

### 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)

Solar - 2 MW (already in service)



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**

 **Koç**

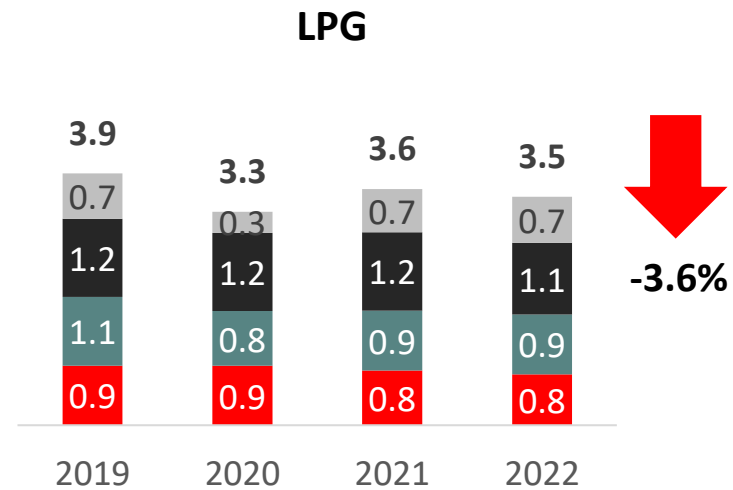
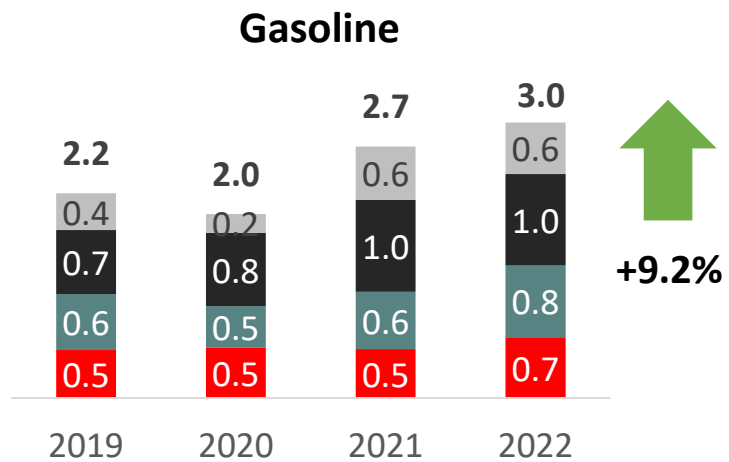
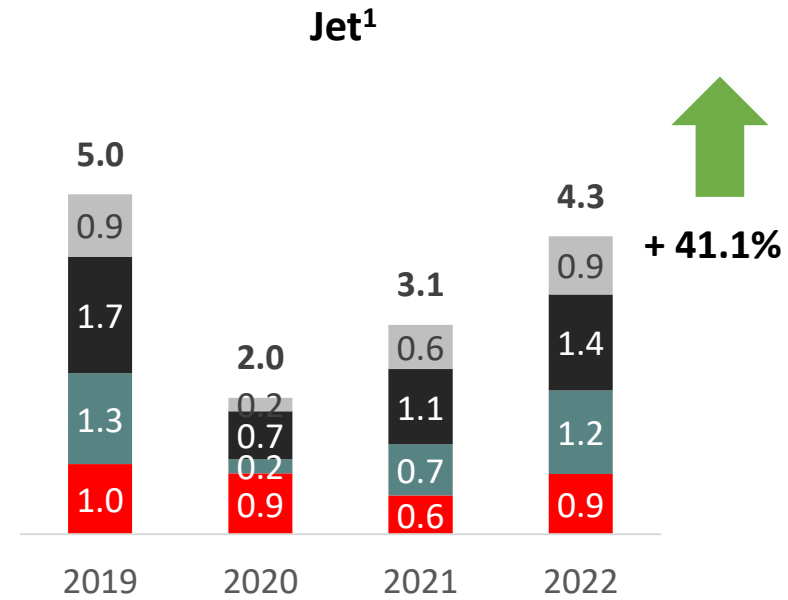
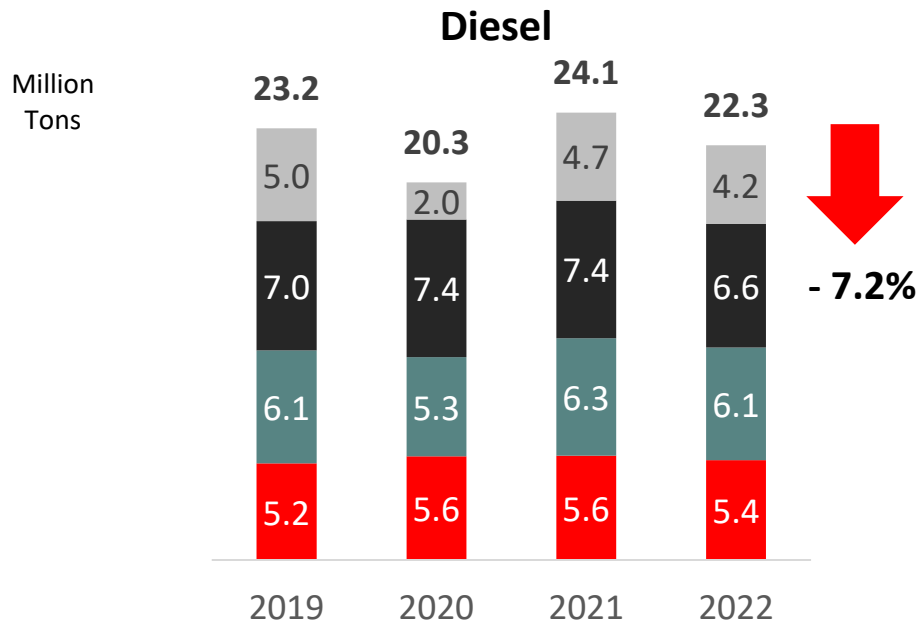
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## Appendix

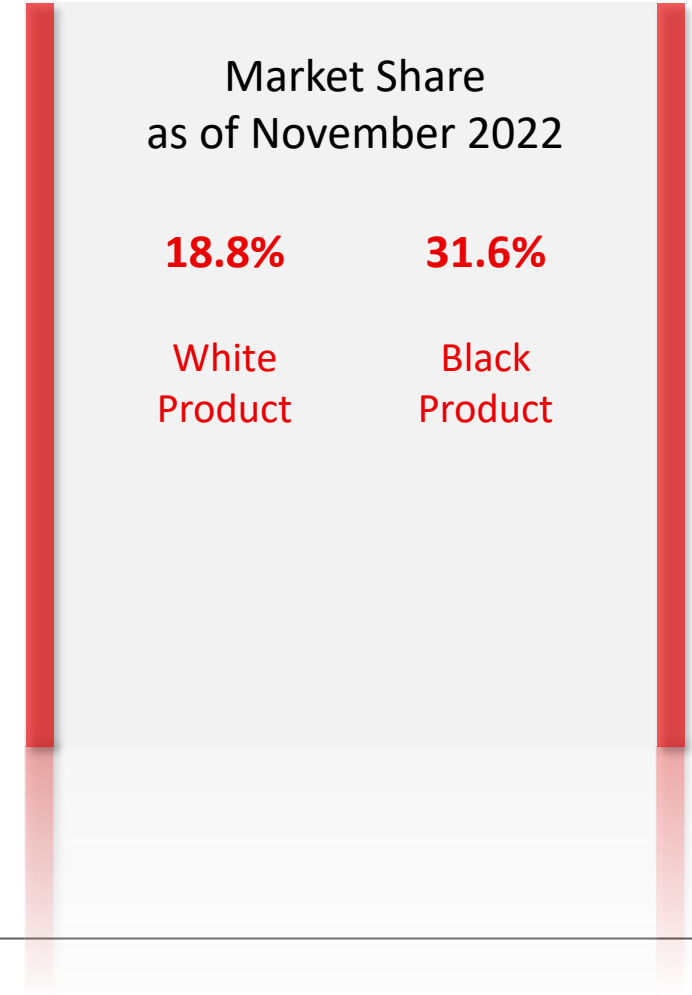
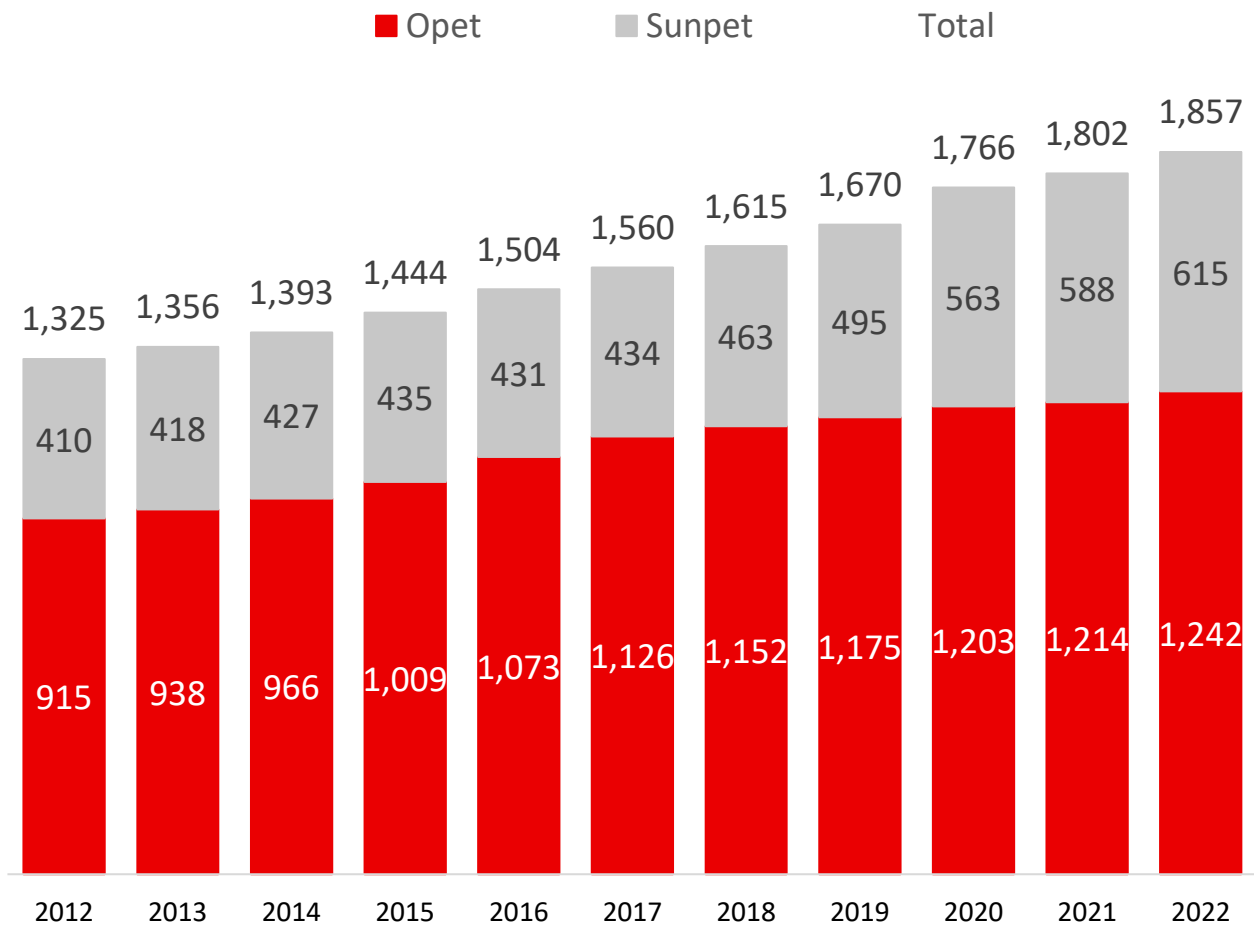
# Turkish Market, 11M 2022

■ Q1 ■ Q2 ■ Q3 ■ Oct-Nov



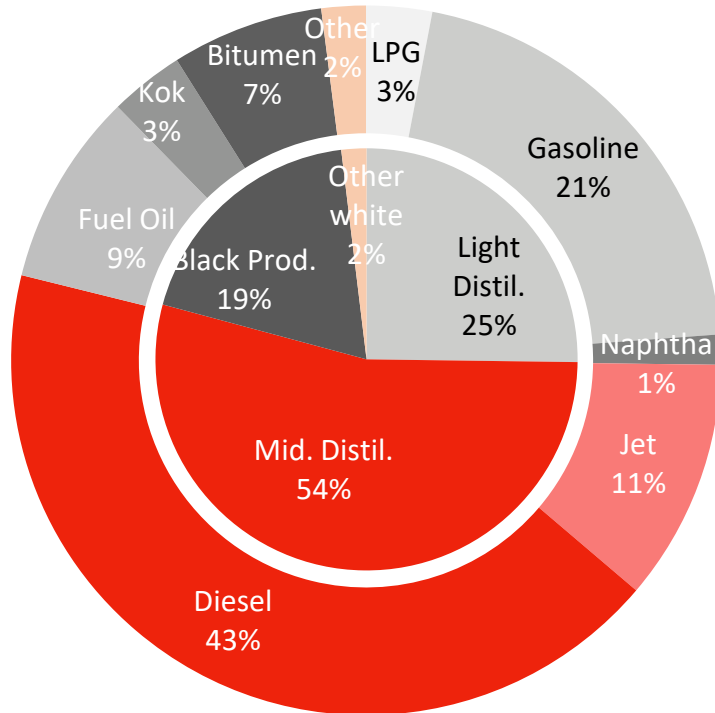
<sup>1</sup>Transit flight consumption included

Opet has 1,857 fuel stations as of December 2022 end.



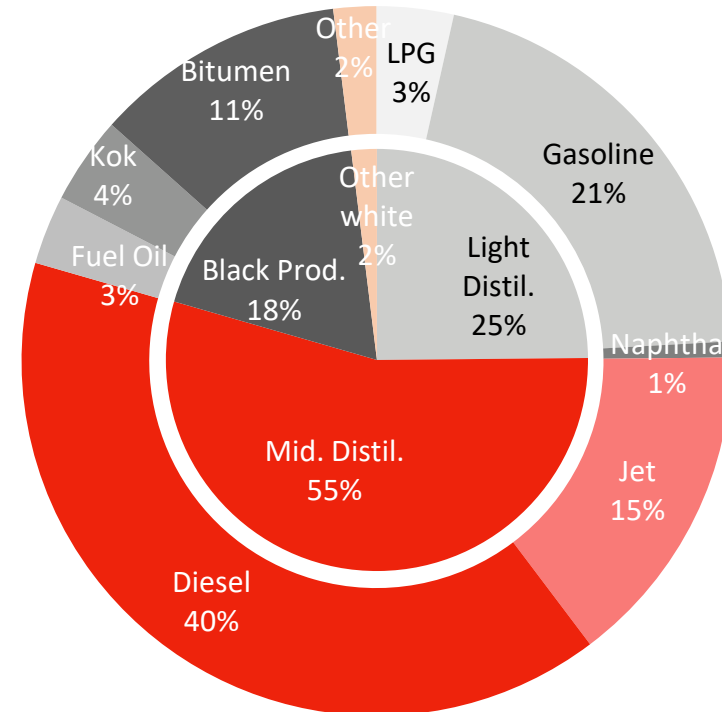
# Q4 Product Yields

Q4 2021



White Product Yield (%)	80.0%
Production	7.0 mn tons
API	31.0

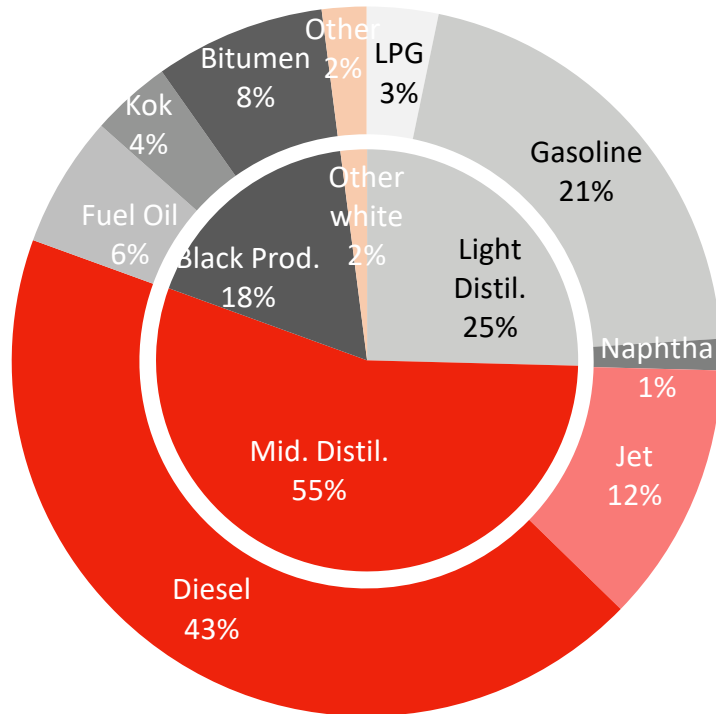
Q4 2022



White Product Yield (%)	80.2%
Production	6.0 mn tons
API	30.8

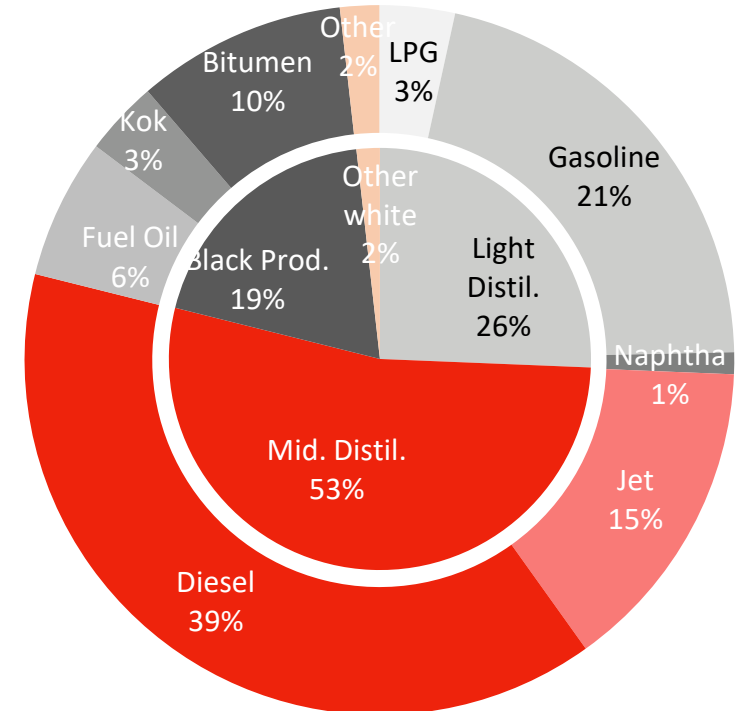
# 12M Product Yields

12M 2021



White Product Yield (%)	81.4%
Production	25.1 mn tons
API	31.2

12M 2022



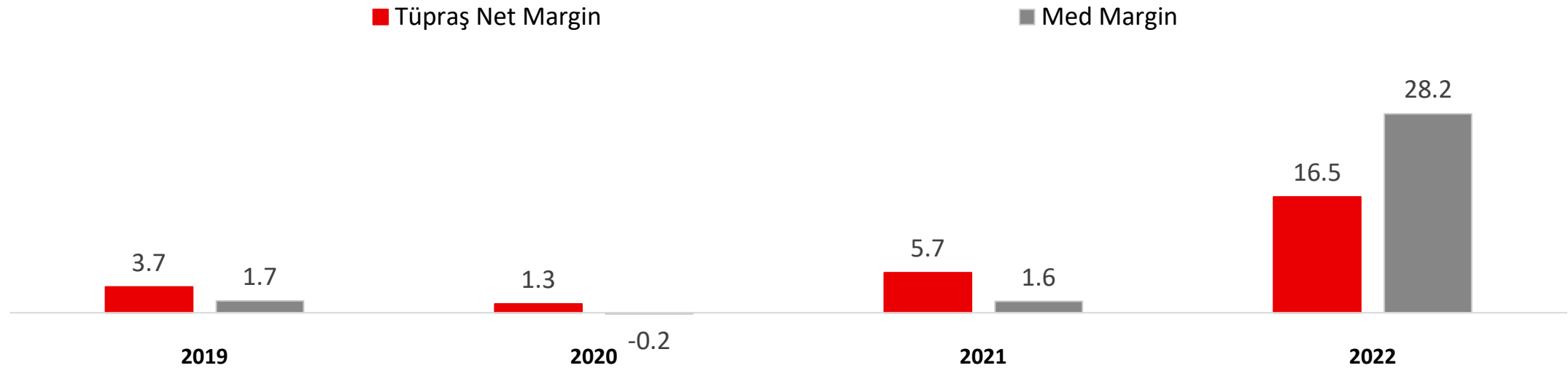
White Product Yield (%)	79.5%
Production	26.0 mn tons
API	31.1

# Tüpraş Balance Sheet (Million TL)

	31.12.2022*	31.12.2021*	Diff.	Diff. (%)
<b>Current Assets</b>	<b>119,711</b>	<b>66,515</b>	<b>53,195</b>	<b>80</b>
Cash & C. Equivalents	49,770	21,176	28,594	135
Trade Receivables	21,418	13,797	7,621	55
Derivatives	3,597	3,824	-227	-6
Inventories	36,046	23,758	12,288	52
Pre-paid expenses	749	193	555	287
Other Current Assets	8,131	3,768	4,363	116
<b>Long Term Assets</b>	<b>49,182</b>	<b>39,742</b>	<b>9,440</b>	<b>24</b>
Financial Assets & Subsidiaries	3,029	2,156	873	40
Tangible & Intangible Fixed Assets	33,680	29,064	4,616	16
Derivatives	57	44	13	29
Pre-paid expenses	618	123	495	401
Deferred Tax	9,196	6,436	2,759	43
Other Longterm Assets	2,601	1,918	683	36
<b>Total Assets</b>	<b>168,892</b>	<b>106,257</b>	<b>62,635</b>	<b>59</b>
<b>Short Term Liabilities</b>	<b>78,895</b>	<b>64,829</b>	<b>14,067</b>	<b>22</b>
Financial Loans	11,994	11,628	366	3
Trade Payables	52,699	43,837	8,861	20
Derivatives	995	3,467	-2,472	-71
Provisions	531	219	311	142
Other ST Liabilities	12,677	5,677	7,000	123
<b>Long Term Liabilities</b>	<b>22,811</b>	<b>22,347</b>	<b>464</b>	<b>2</b>
Financial Loans	21,274	21,565	-291	-1
Payables & Provisions	1,190	455	735	162
Derivatives	298	73	225	308
Other LT Liabilities	48	254	-206	-81
<b>Total equity attributable to equity holders of the parent</b>	<b>66,743</b>	<b>18,809</b>	<b>47,934</b>	<b>255</b>
<b>Minority Interests</b>	<b>442</b>	<b>272</b>	<b>170</b>	<b>63</b>
<b>Total Liabilities &amp; Equity</b>	<b>168,892</b>	<b>106,257</b>	<b>62,635</b>	<b>59</b>

# Tüpraş and Med Margins(\*) (\$/bbl)

## Average Margins



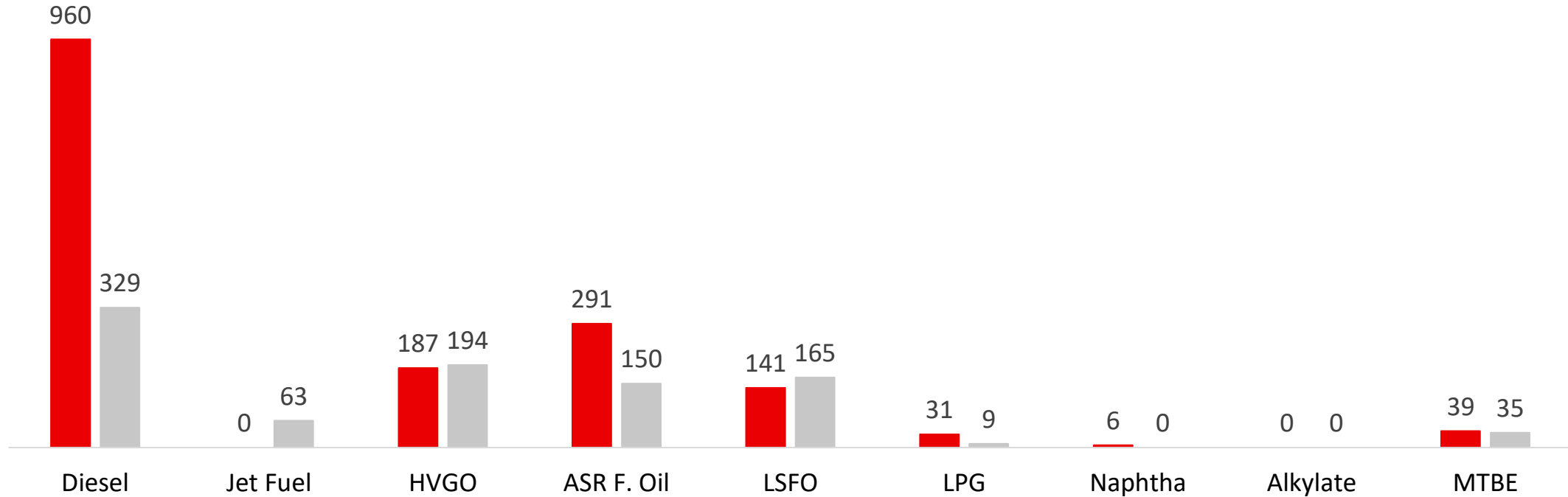
(\$/bbl)	Gross Margin	Inventory Effect	Clean Gross Margin	Clean NET Margin	Net Margin	Med Margin
Q4 2022	30.0	0.0	30.0	19.0	19.0	29.0
12M 2022	23.9	0.7	23.2	15.8	16.5	28.2
Q4 2021	14.0	3.7	10.4	5.5	9.1	3.6
12M 2021	10.5	2.1	8.4	3.6	5.7	1.6

(\*) 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

■ Q4 2022    ■ Q4 2021



 **Tüpraş**

 **Koç**

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