




Energy To the future

 **Tüpraş**

 **Koc** | August 2024

Investor Presentation

Disclaimer

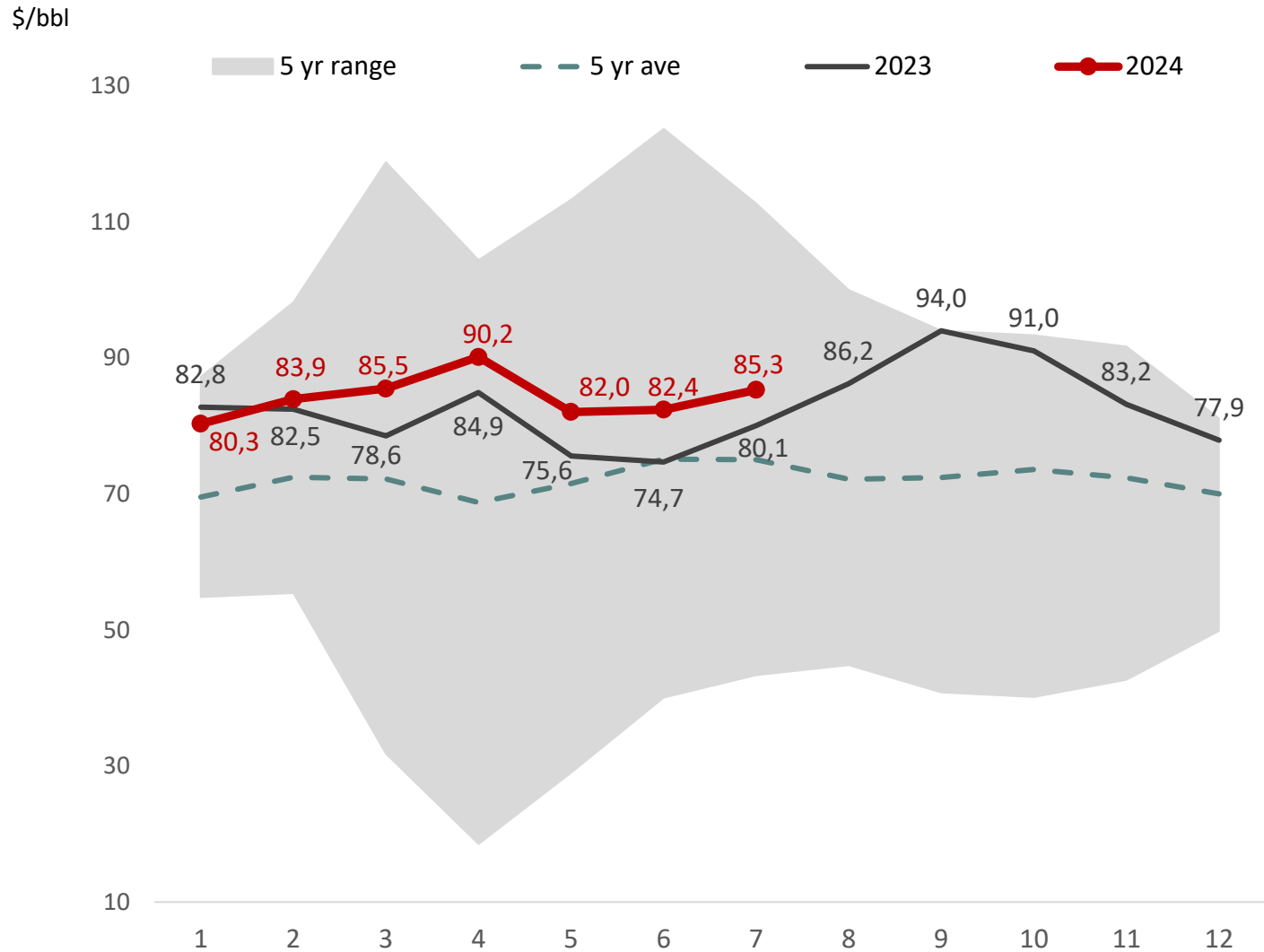
This presentation contains forward-looking statements that reflect the Company management's current views with respect to certain future events. Although it is believed that the expectations reflected in these statements are reasonable, they may be affected by variables and changes in underlying assumptions that could cause actual results to differ materially.

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Refining Market

Brent Crude Prices



- + Russian-Ukraine war
- + Impact of sanctions
- + Post-pandemic demand recovery
- + OPEC+ cut decisions
- + New trade dynamics

- Continued Non OPEC supply
- Geopolitical tensions
- Concerns over economic slowdown

Year	Average Brent Prices (\$/bbl)
2019	64.3
2020	41.7
2021	70.7
2022	101.2
2023	82.6

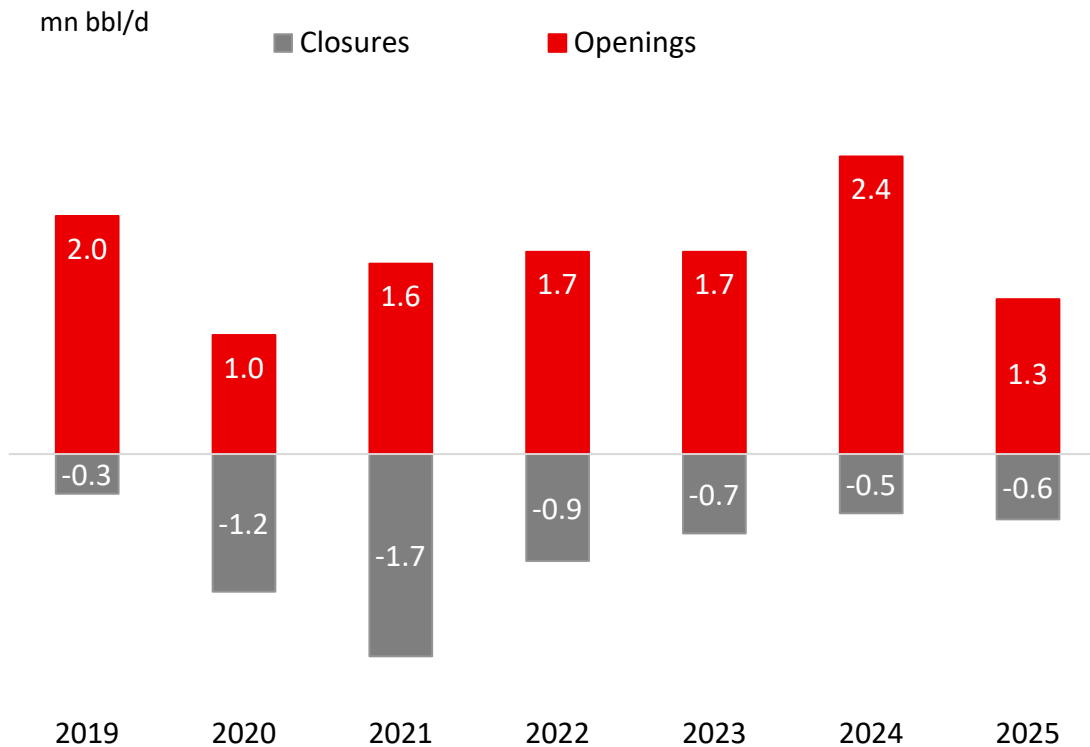
Data as of 31 July, 5 year range shows 2019-2023

Global Refinery Capacity Changes

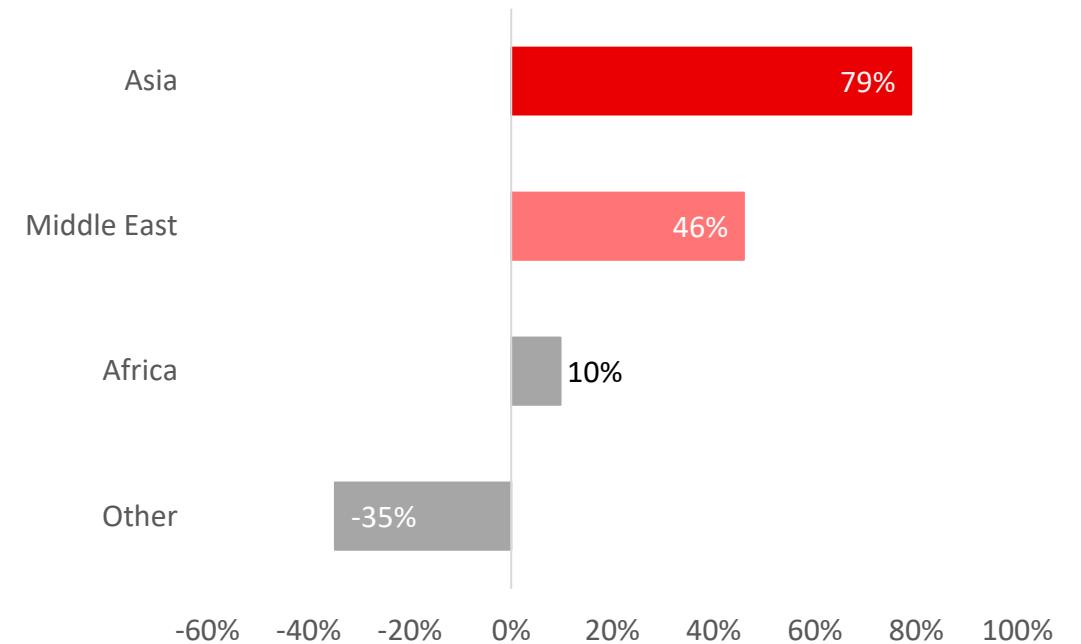
Expectations until 2025:

- In the 2019-2025 period, 79% of the net capacity increase comes from Asia and 46 % from the Middle East Region.
- 63 % of the closures intensified after the pandemic come from the OECD region.

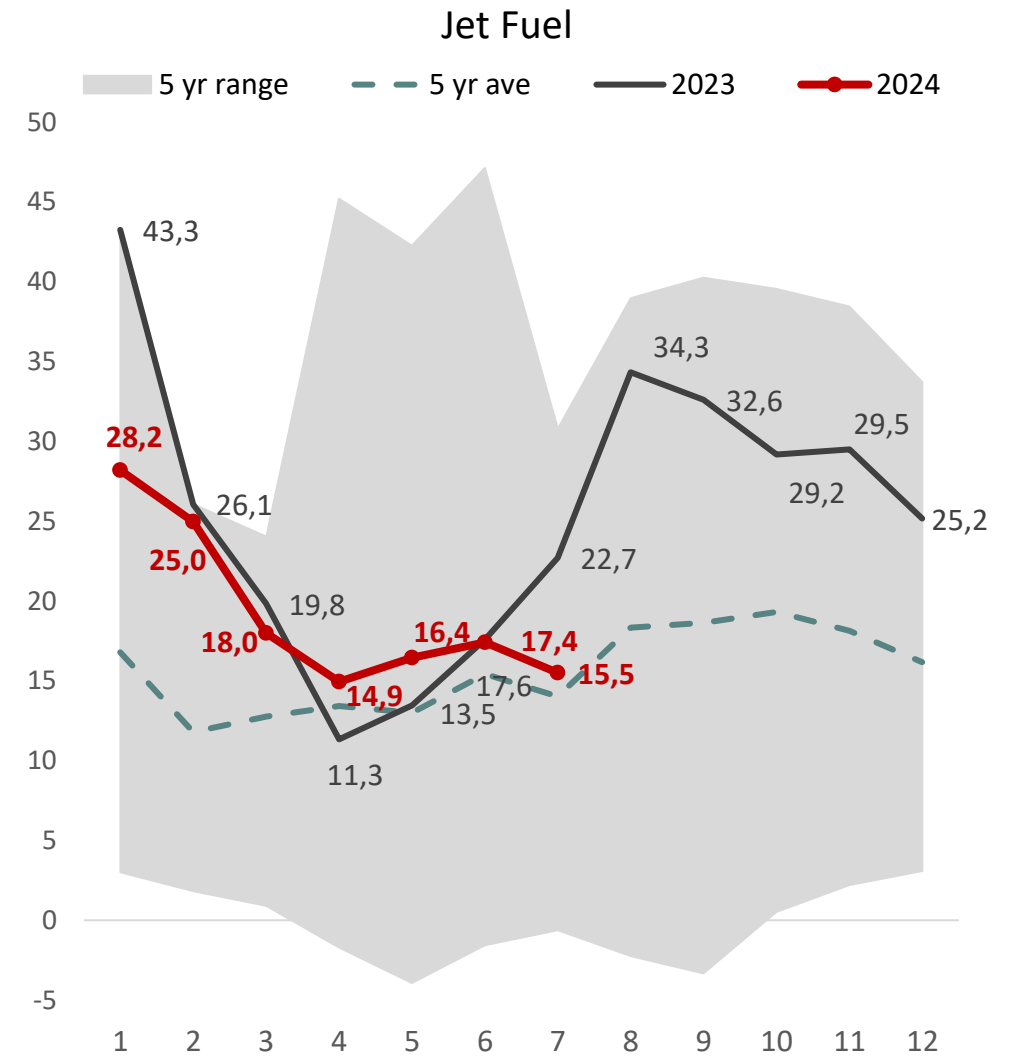
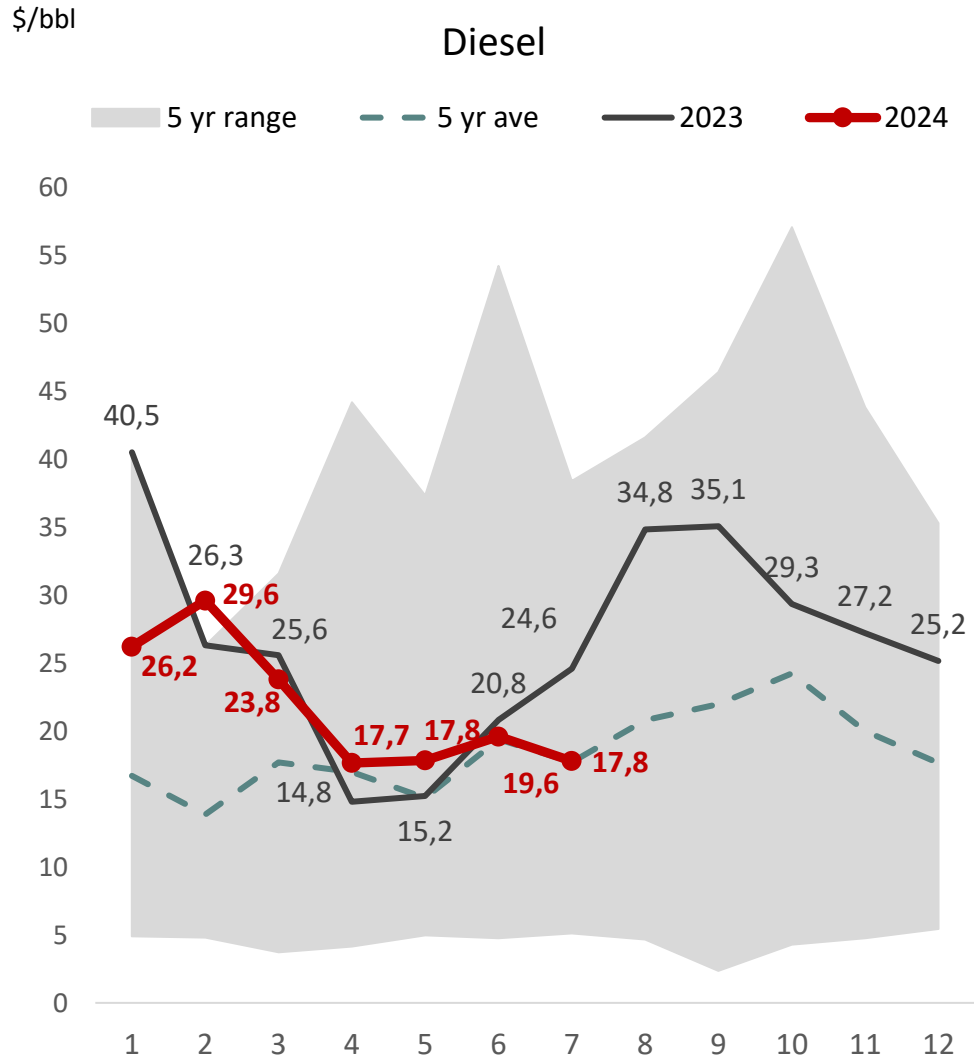
2019-2025 Net Capacity Additions



Capacity Additions by Region

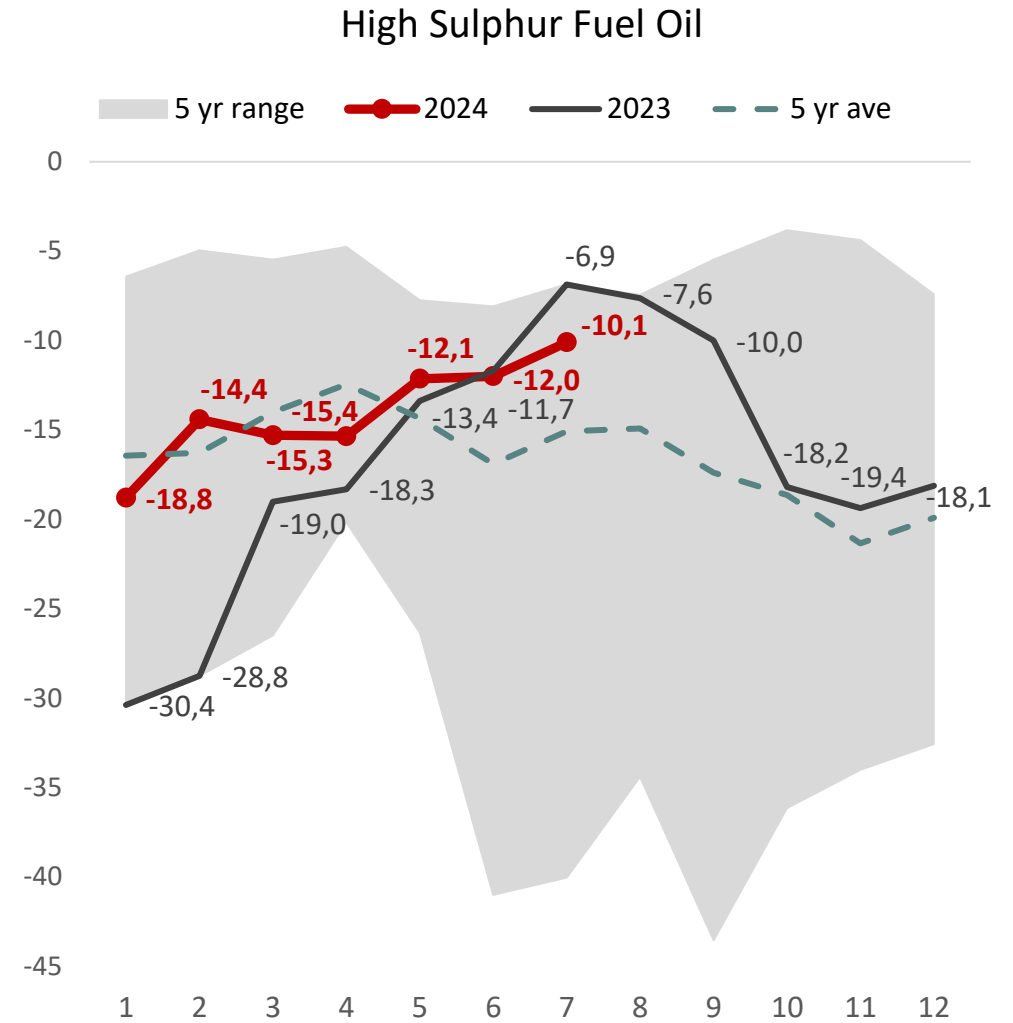
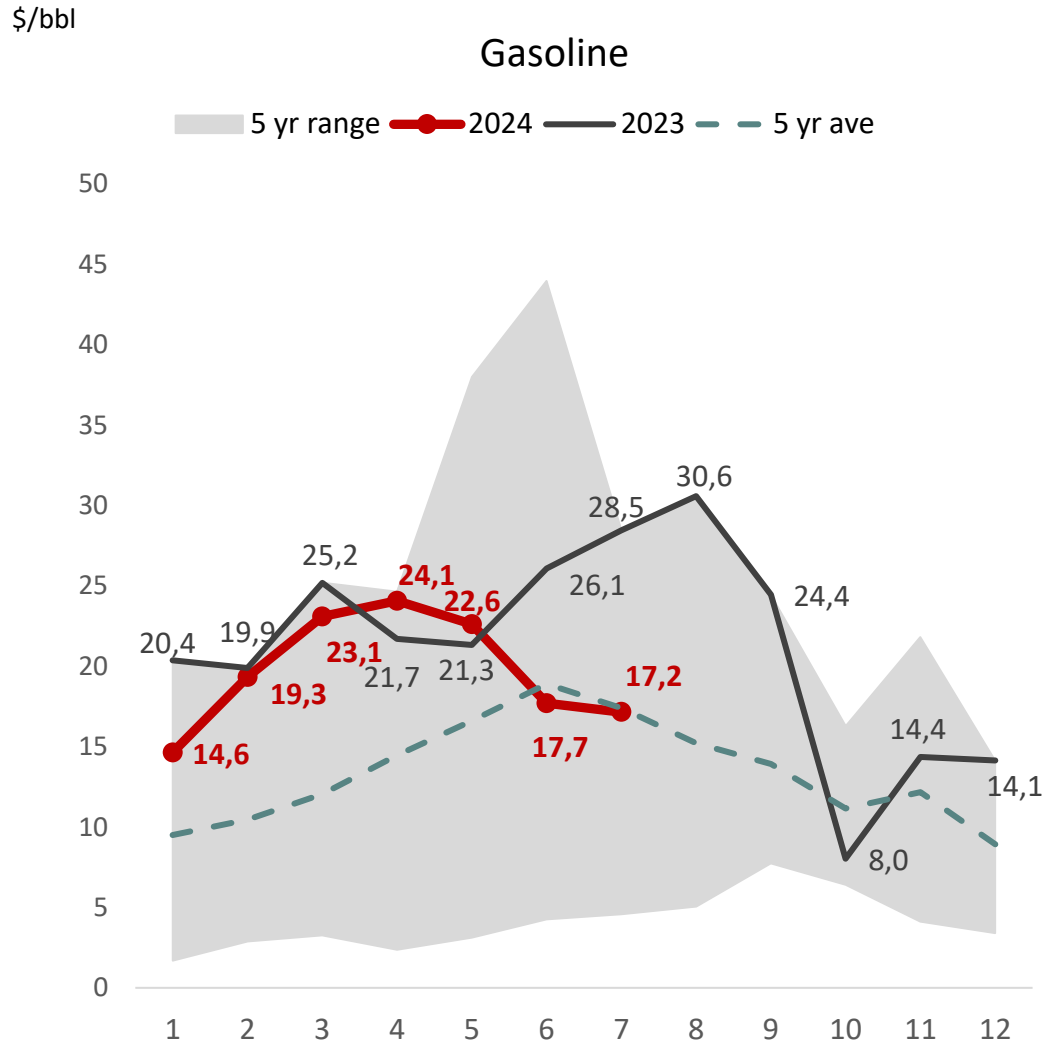


Middle Distillate Cracks



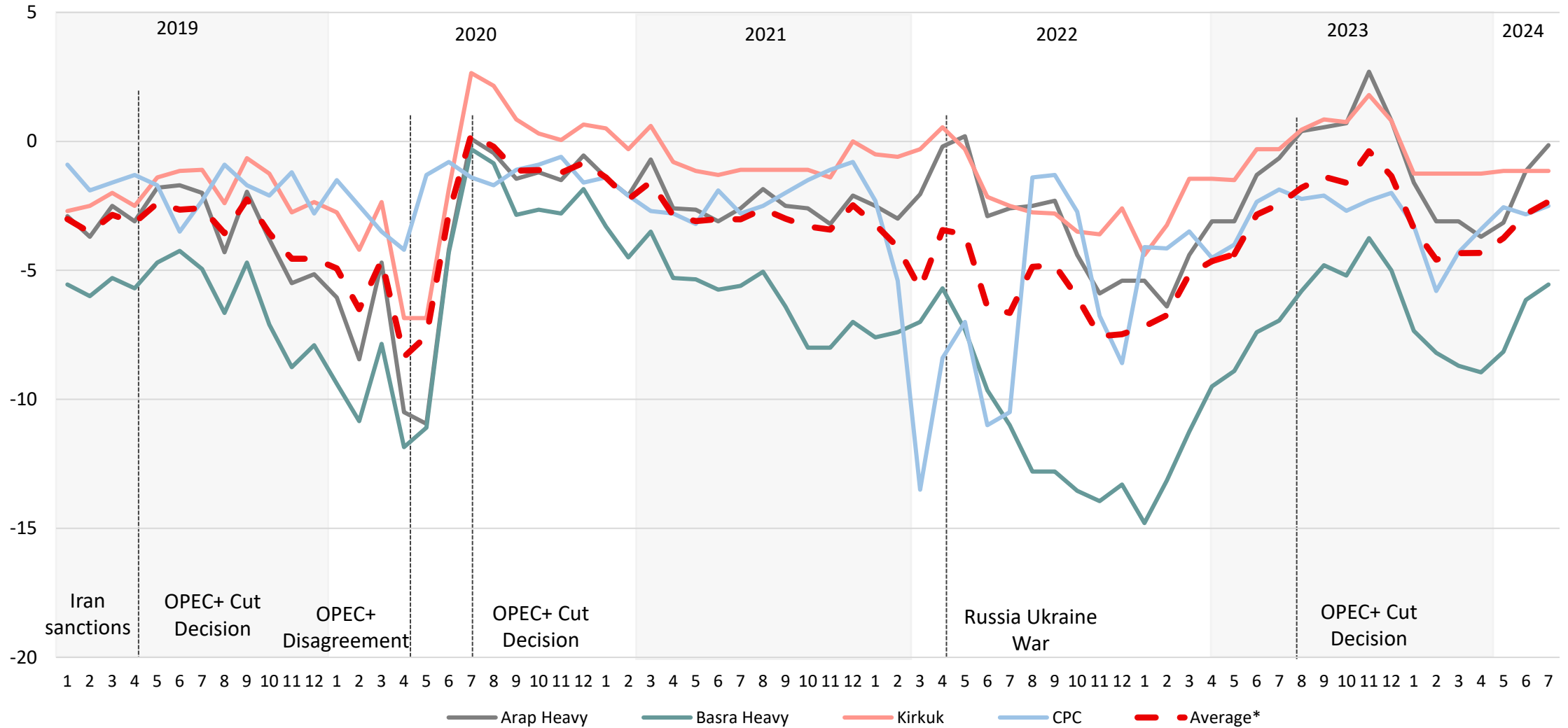
Data as of 31 July, 5 year range shows 2019-2023

Gasoline and High Sulphur Fuel Oil Cracks



Data as of 31 July, 5 year range shows 2019-2023

Heavy Crude Differentials to Brent (\$/bbl)



Data as of 31 July

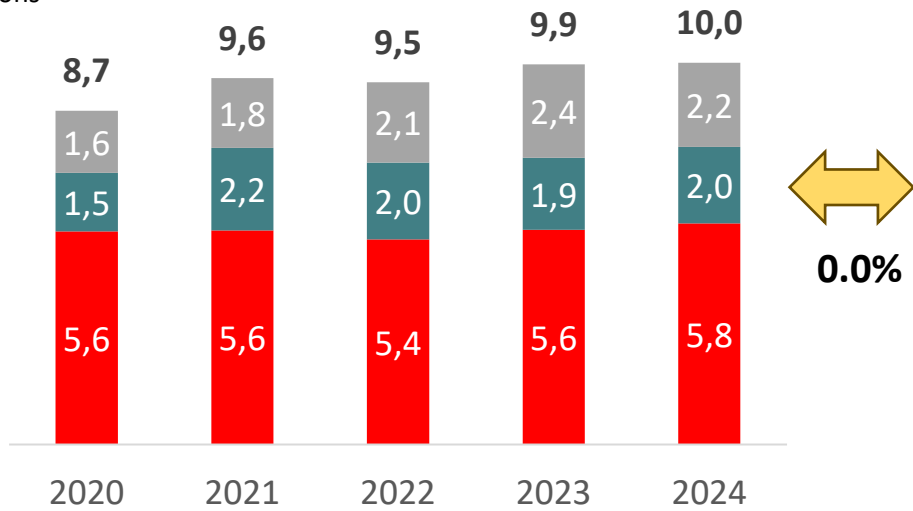
*Simple average of listed differentials

Turkish Market, 5M 2024

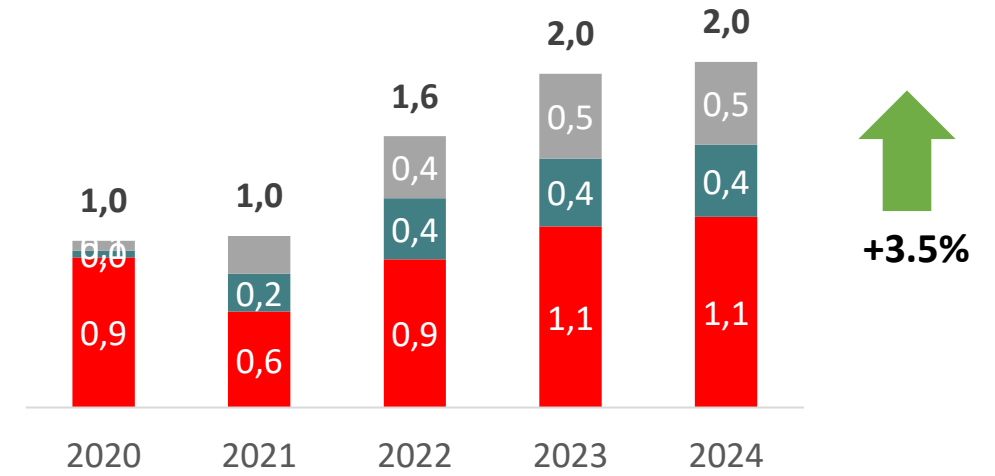
Q1 Apr May

Million Tons

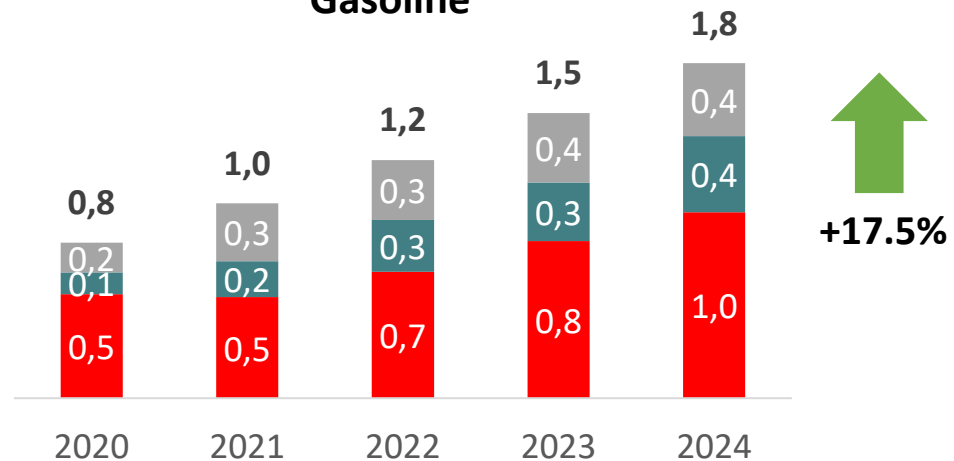
Diesel



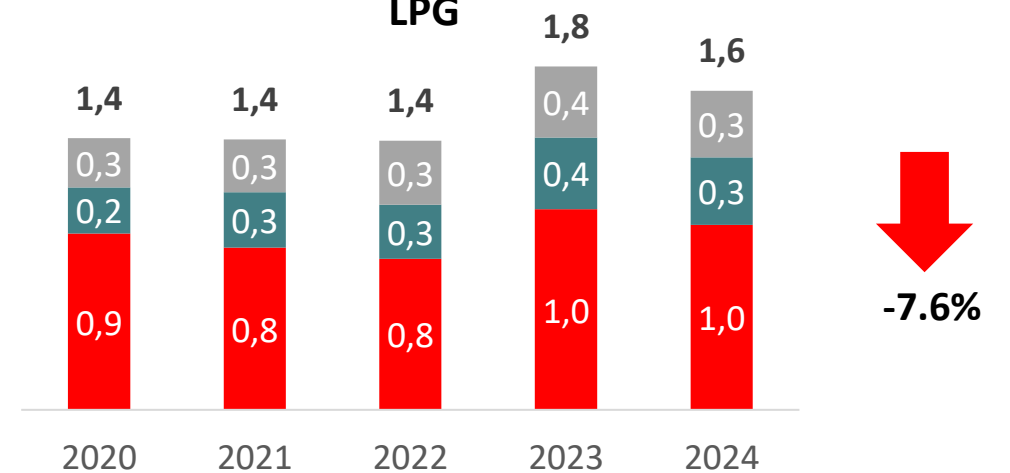
Jet¹



Gasoline

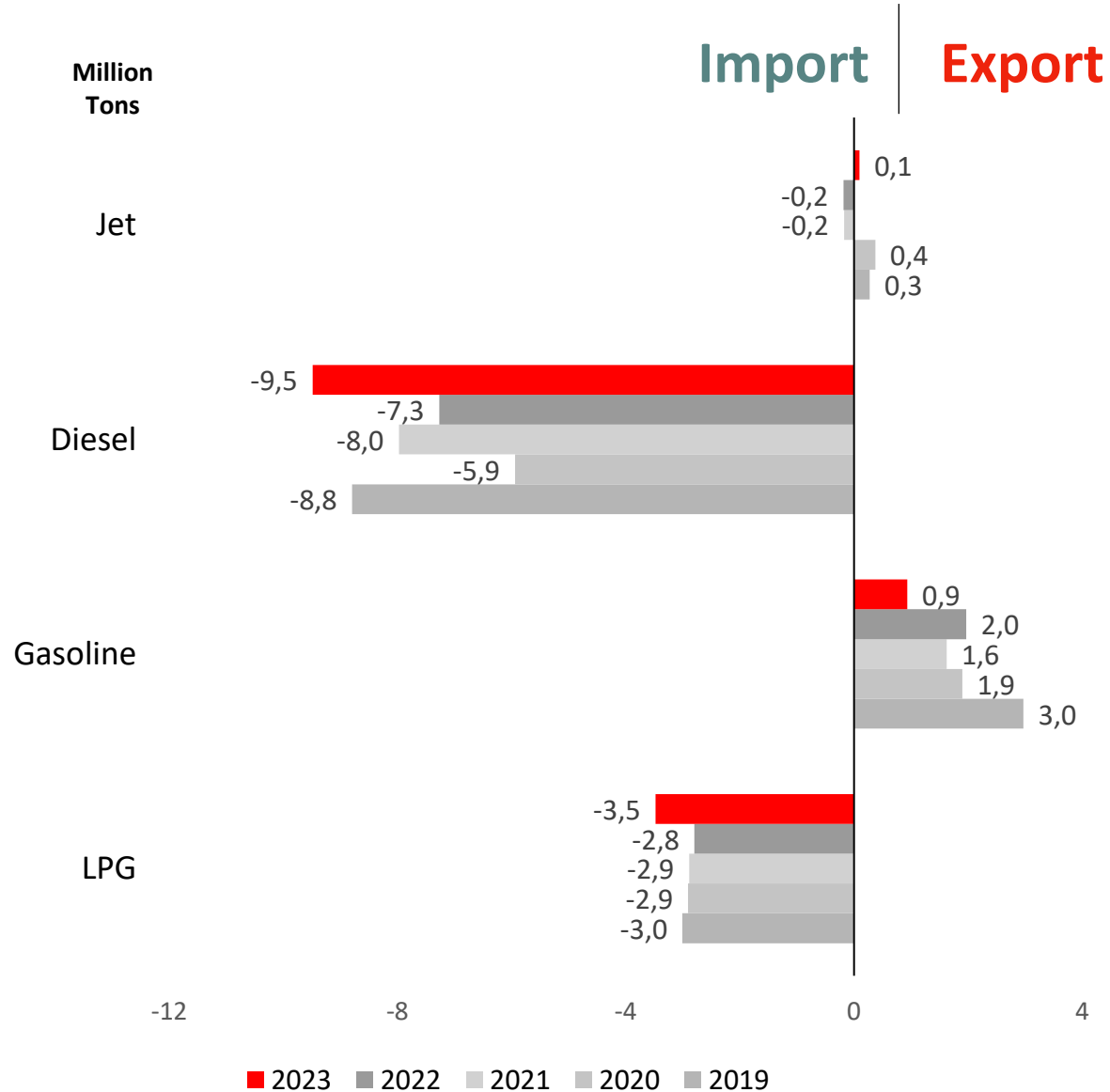


LPG



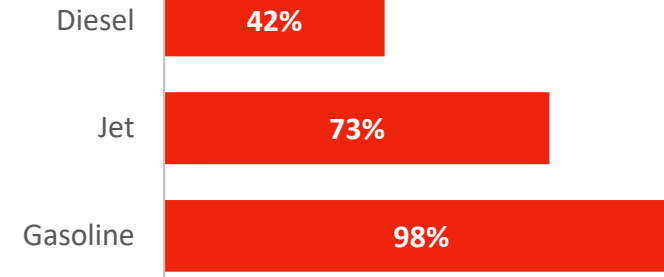
¹Transit flight consumption included

Turkey's Net Import / Export Balance

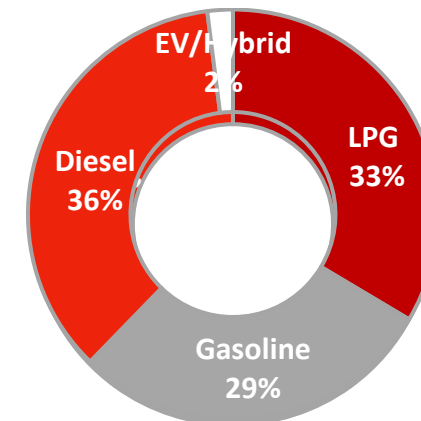


Market Share of Tüpraş

2023 12M



Fuel Choice of Passenger Cars 2023

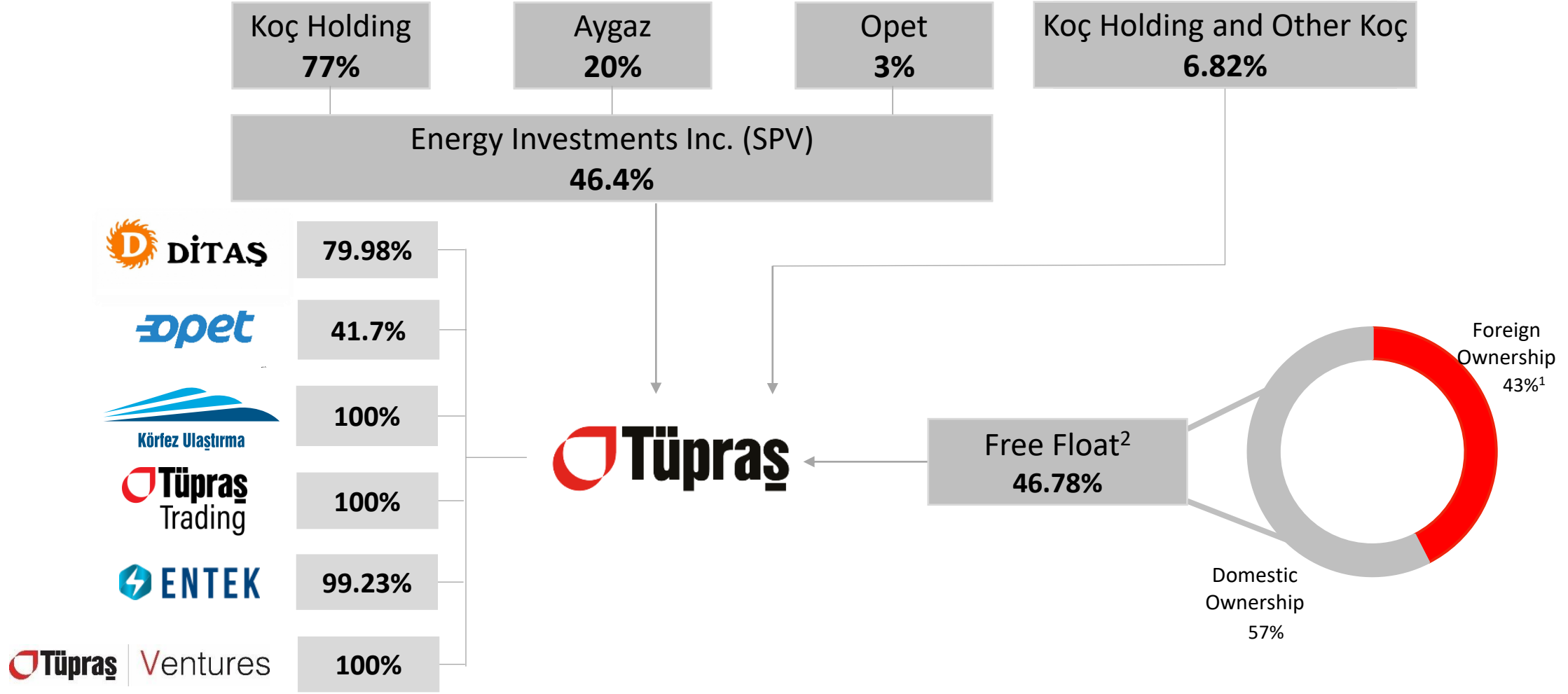




Company Overview

Tüpraş Shareholder Structure

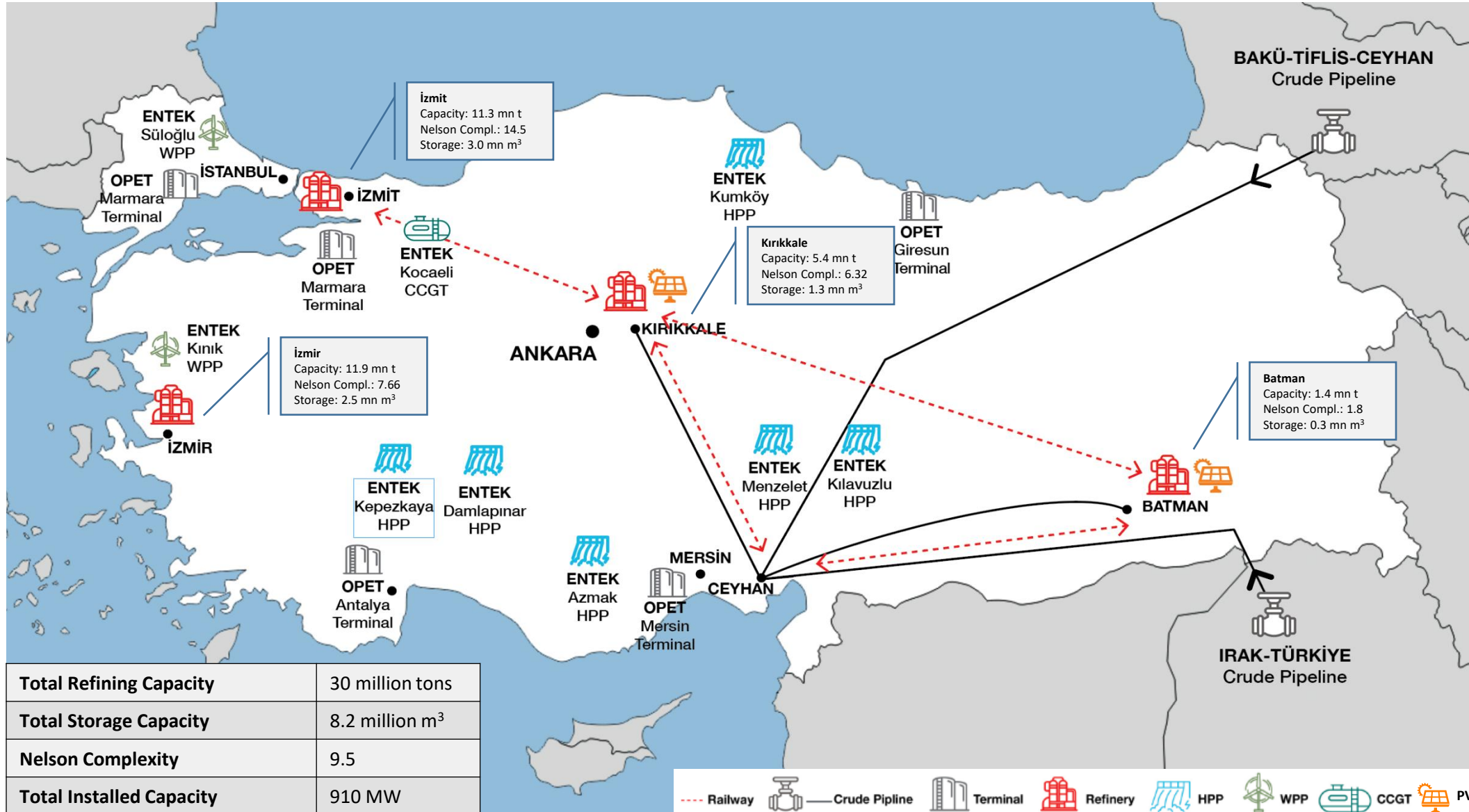
Tüpraş is Turkey's biggest industrial company and leading refiner.



¹ As of December 31, 2023

² Includes %1.11 shares of Liquid Petroleum Co.

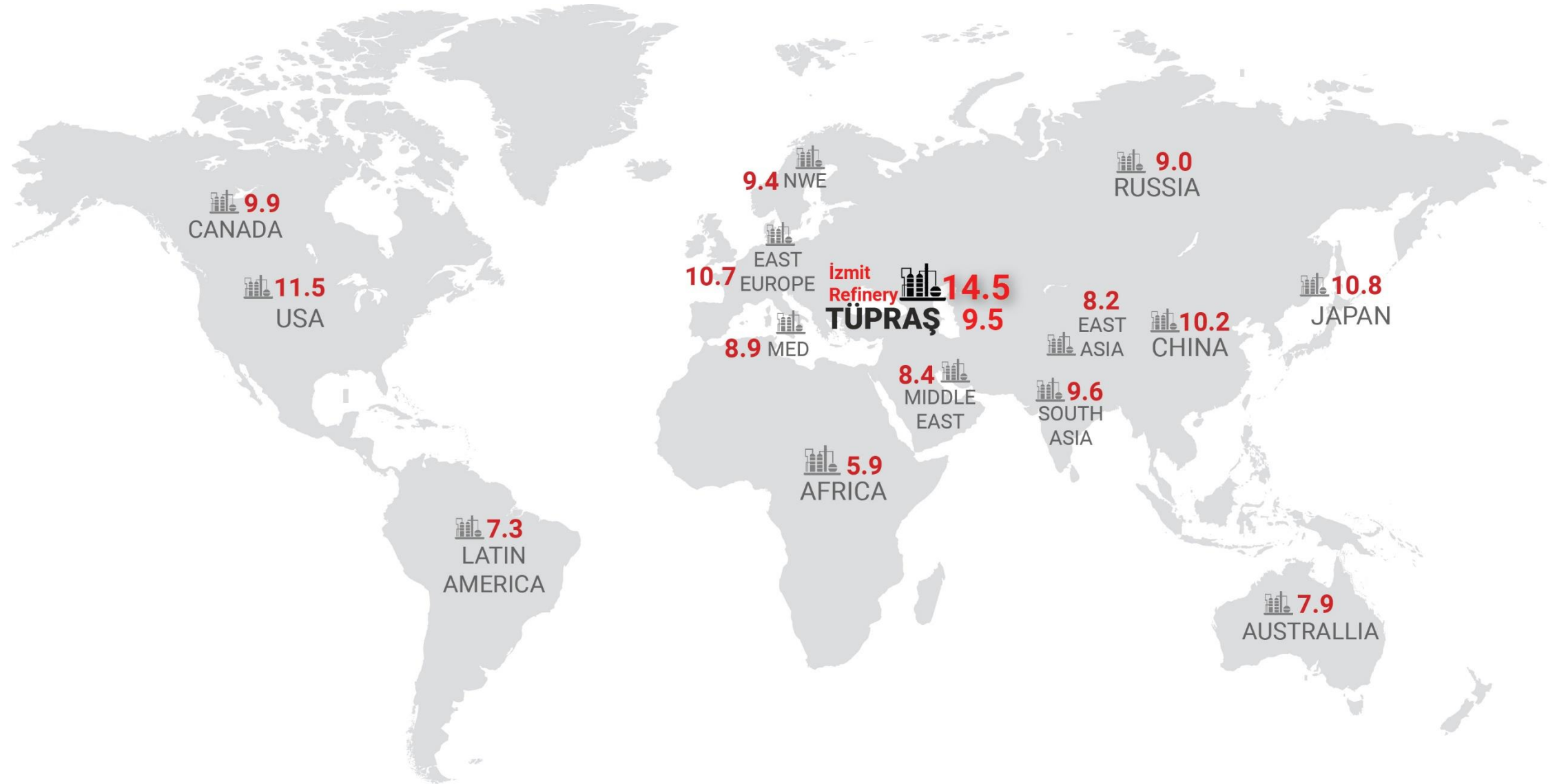
Tüpraş' Refining Assets & Distribution Network



Total Refining Capacity	30 million tons
Total Storage Capacity	8.2 million m ³
Nelson Complexity	9.5
Total Installed Capacity	910 MW



Nelson Complexity of Refining Companies



Tüpraş Subsidiaries

OPET – Distribution (%41.7)



Market Share: **18.9%** White Products **17.5%** Black Products

1,874 Stations
5 Terminals
1.1 million m³ Storage capacity
190 EV Charging Unit (7% of stations)

Körfez Ulaştırma – Railway Transport (%100)



- ~5% share in Turkish rail freight market
- **2.2 mn ton** of product and semi-product carried in 2023
- Operates with **12 locomotives** (7 of them are hybrid) and **554 total of fuel oil and platform wagons**

Tüpraş Trading UK – Trading (%100)



- Over **4.5 million tons** of product trade
- Over **6.5 million tons** of spot crude oil connections
- **1.3 million tons** of third party trading

Entek Electricity– (%99.23)



- **1.3 GWs** sales from production

492 MW
 Entek's Installed Capacity
116 MW 2 WPP
112 MW 1 CCGT
264 MW 8 HPP

DİTAŞ Marine Transport (%79.98)



- Transportation of **10.8 million tons** crude cargoes and **7.2 million tons** products cargoes.

661,787 DWT
 Carrying Capacity
470,067 DWT 4 Crude Oil Tanker
61,283 DWT 4 Bitumen Tanker
130,437 DWT 8 Product Tanker

Tüpraş Ventures (%100)

Tüpraş Ventures

KOC GROUP COMPANIES' FIRST PRIVATE VENTURE CAPITAL INVESTMENT FUND

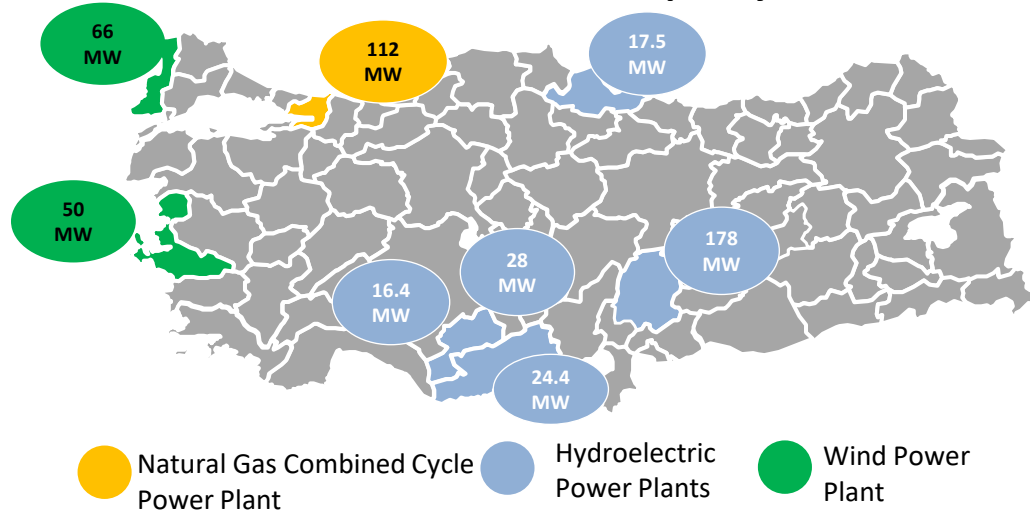
Energy Transformation Sustainability Operational Excellence

- Direct investment in 3 technological developments: **2 green hydrogen, 1 robotics.**
- Collaboration with 2 venture capital funds investing in new technology companies in USA and Europe.
- In 2023, 18 investments were undertaken.

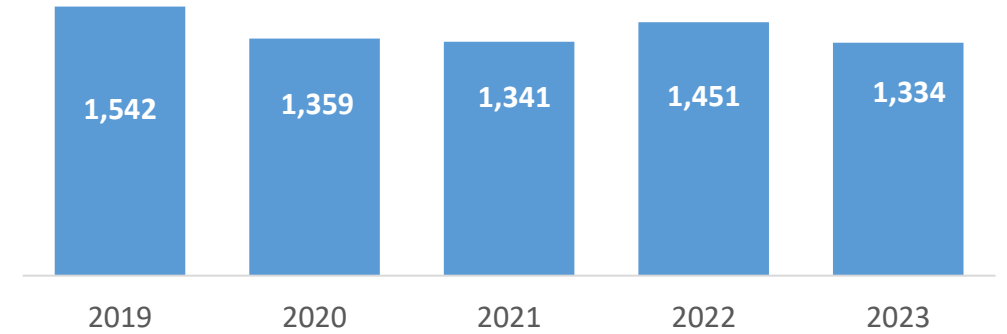
Tüpraş Subsidiaries

Entek - Electricity (Tüpraş Share: 99.23%)

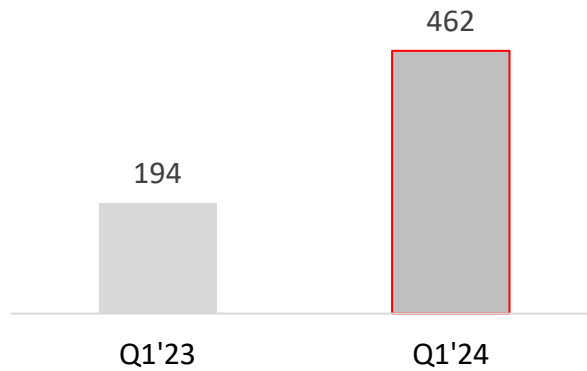
Entek's Installed Capacity



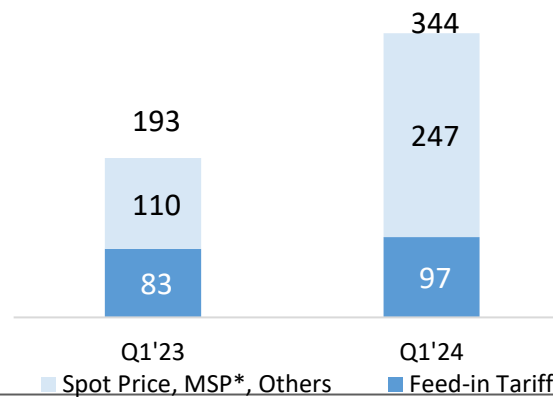
Production (000 MWh)



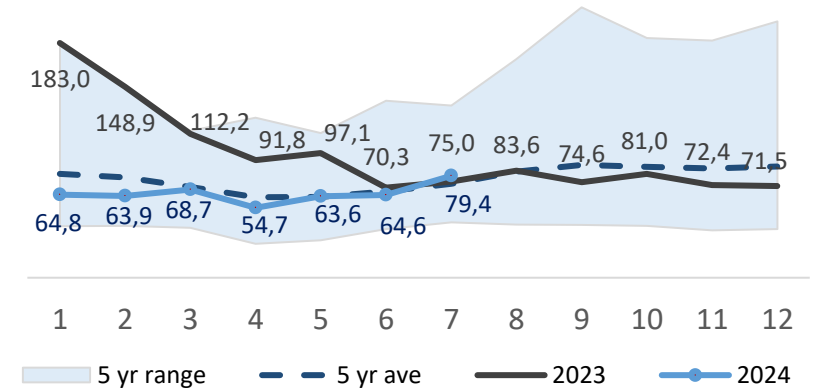
EBITDA (million TL)



Total ZCE Sales from Production (GWh)



Spot Price (\$/Mwh)

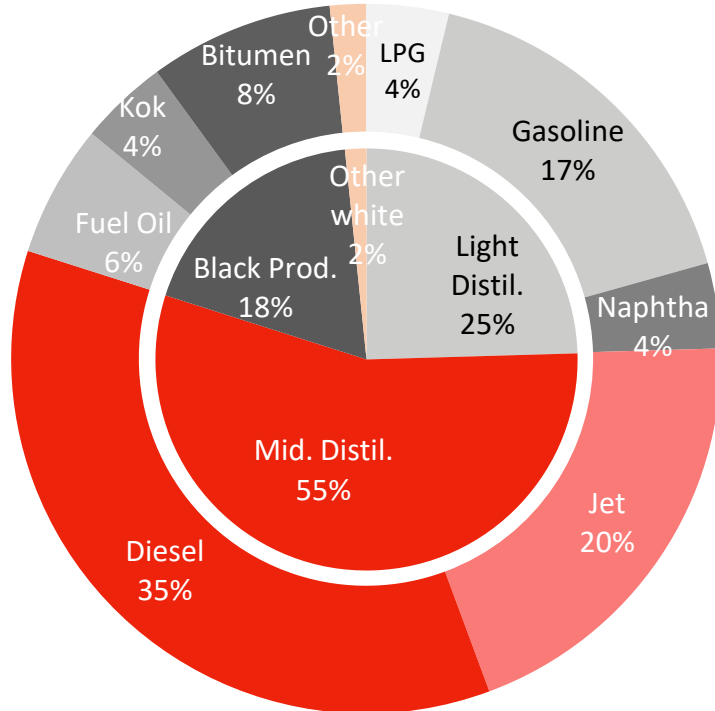




Operations

Q1 Product Yields

Q1 2023



White Product Yield (%)

80.2%

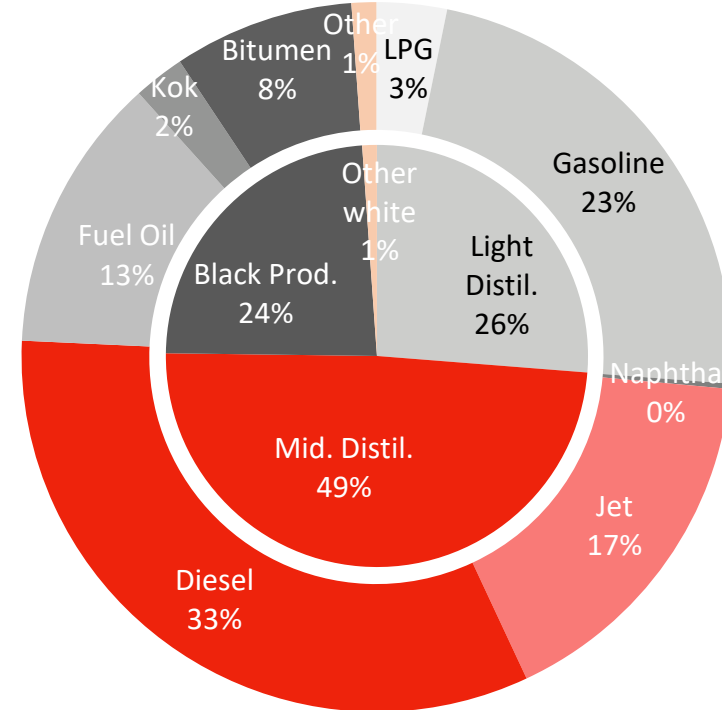
Production

5.0 mn tons

API

31.1

Q1 2024



White Product Yield (%)

75.3%

Production

5.9 mn tons

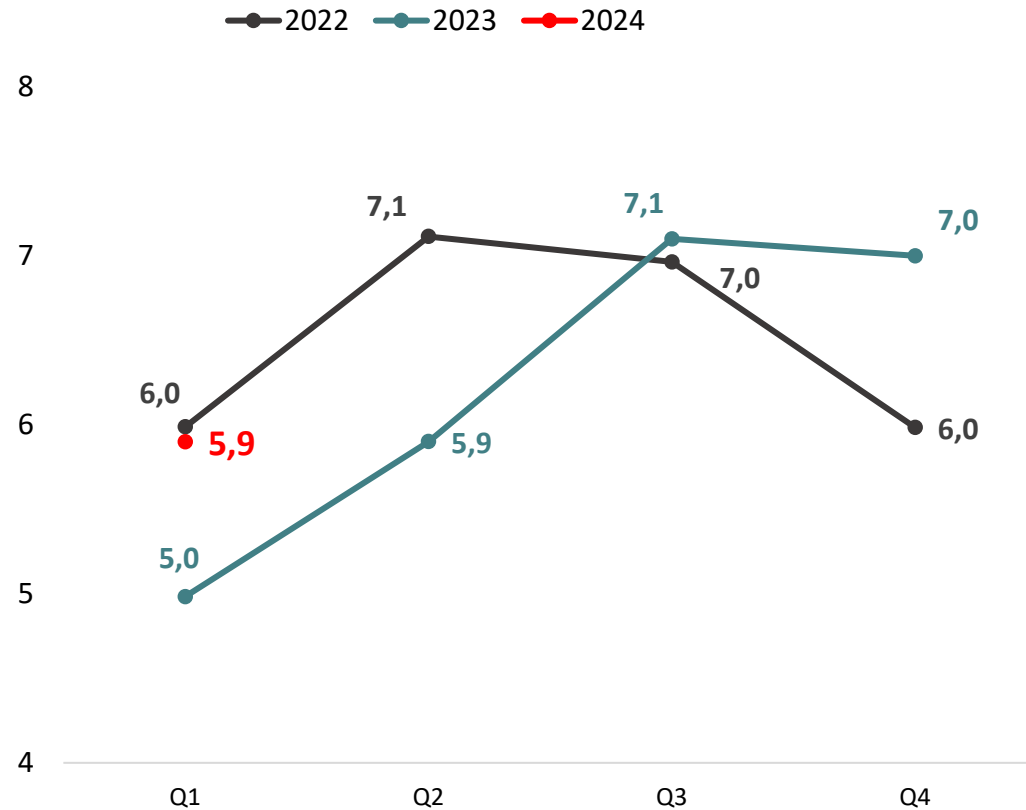
API

32.4

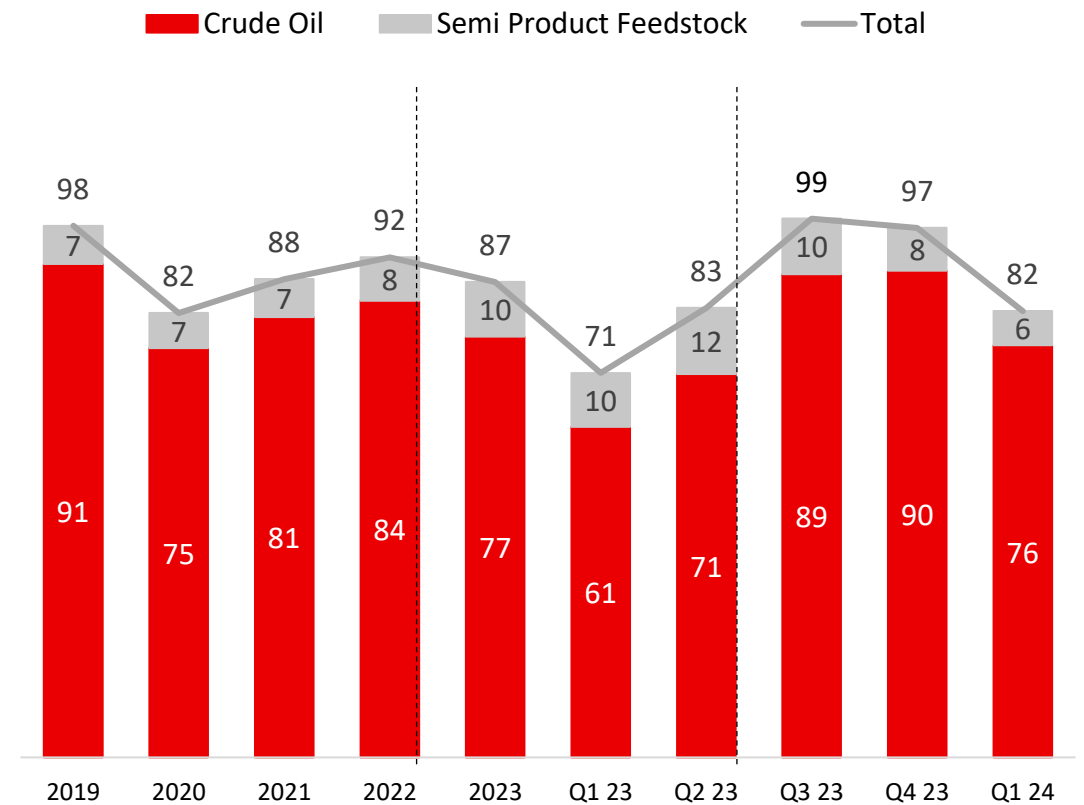
Capacity Utilization and Quarterly Production Volume

- Tüpraş produced 5.9 million tons in Q1 2024.
- Capacity utilization for Q1 2024 was 82%, higher year on year despite RUP maintenance.

Quarterly Production (Million Tons)



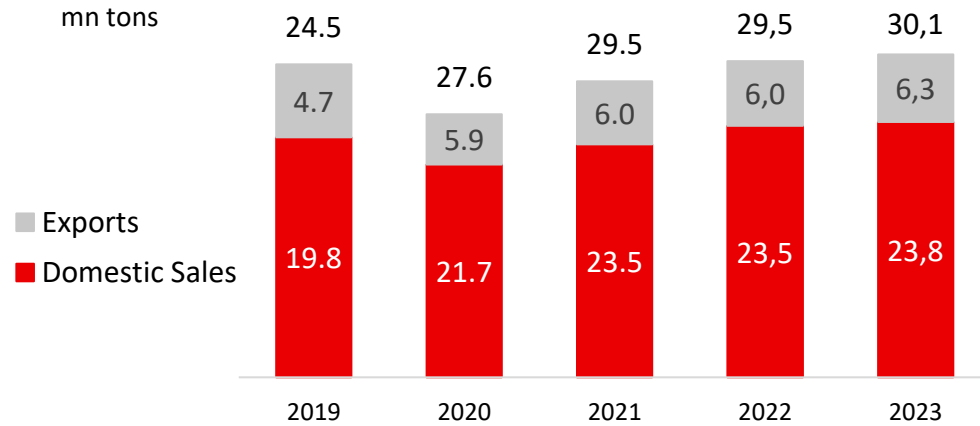
Capacity Utilization (%)



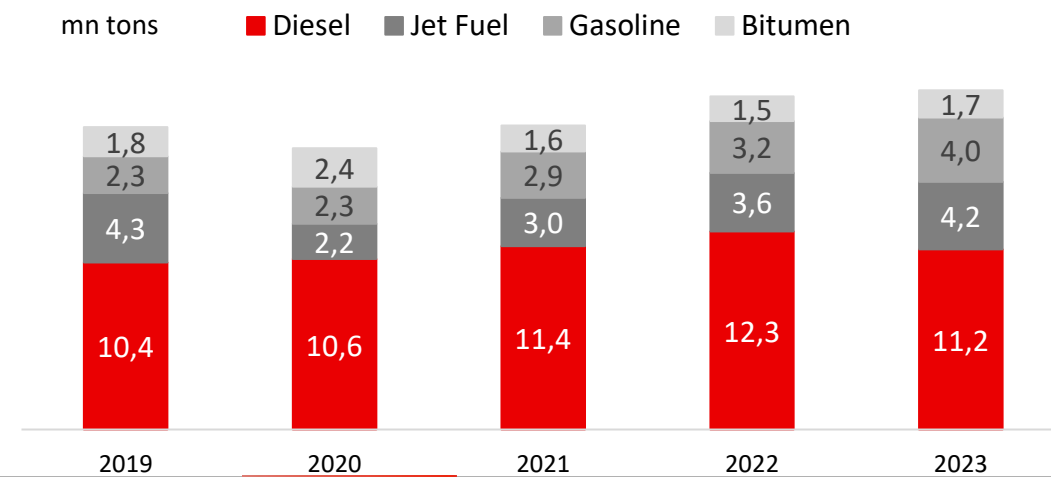
Sales

- Tüpraş generated 30.1 million tons of total sales in 2023.

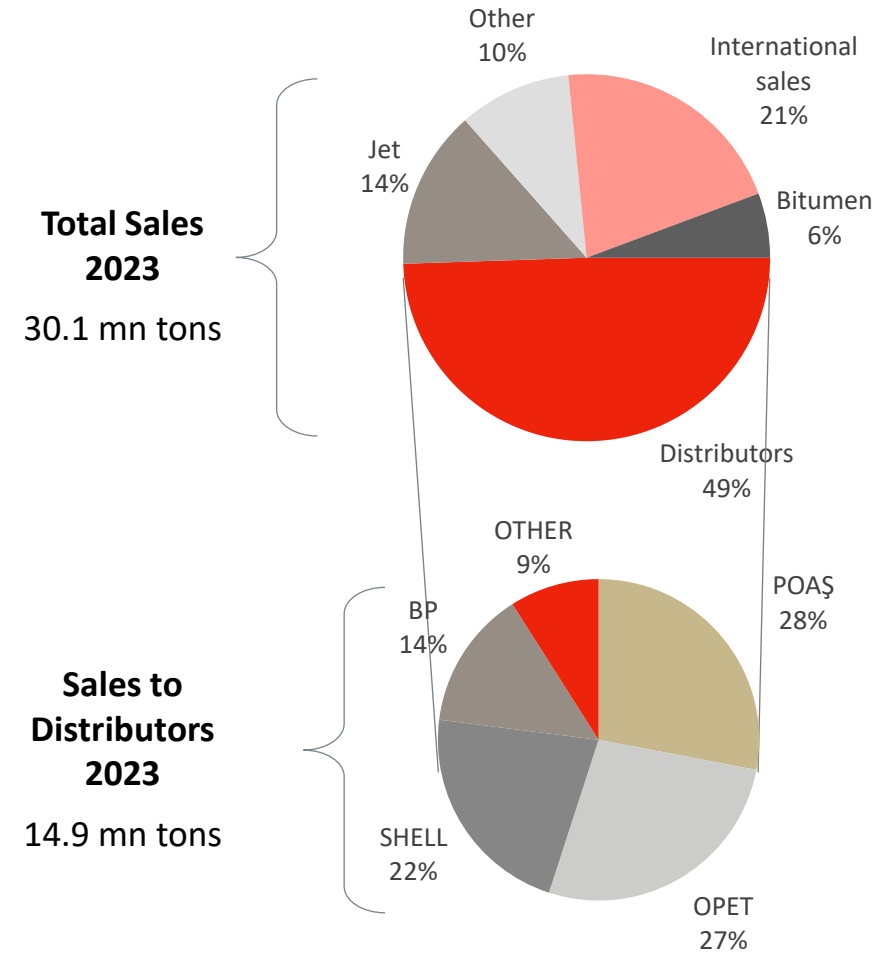
Total Sales



Domestic Sales of Key Products



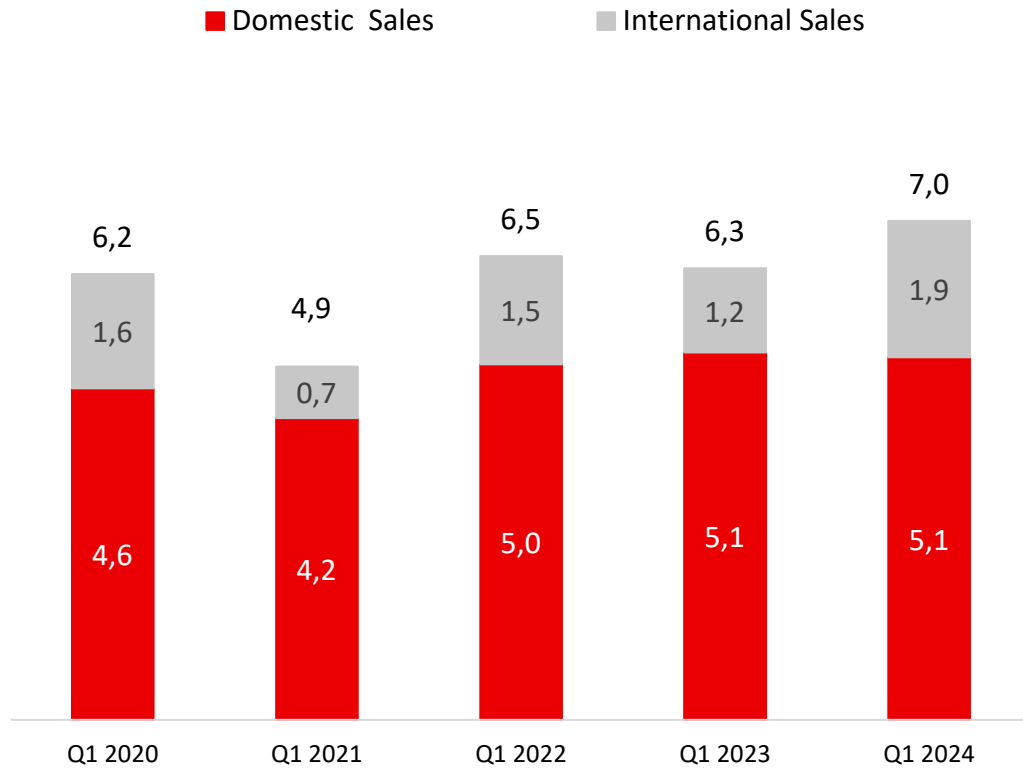
Customer Groups 2023



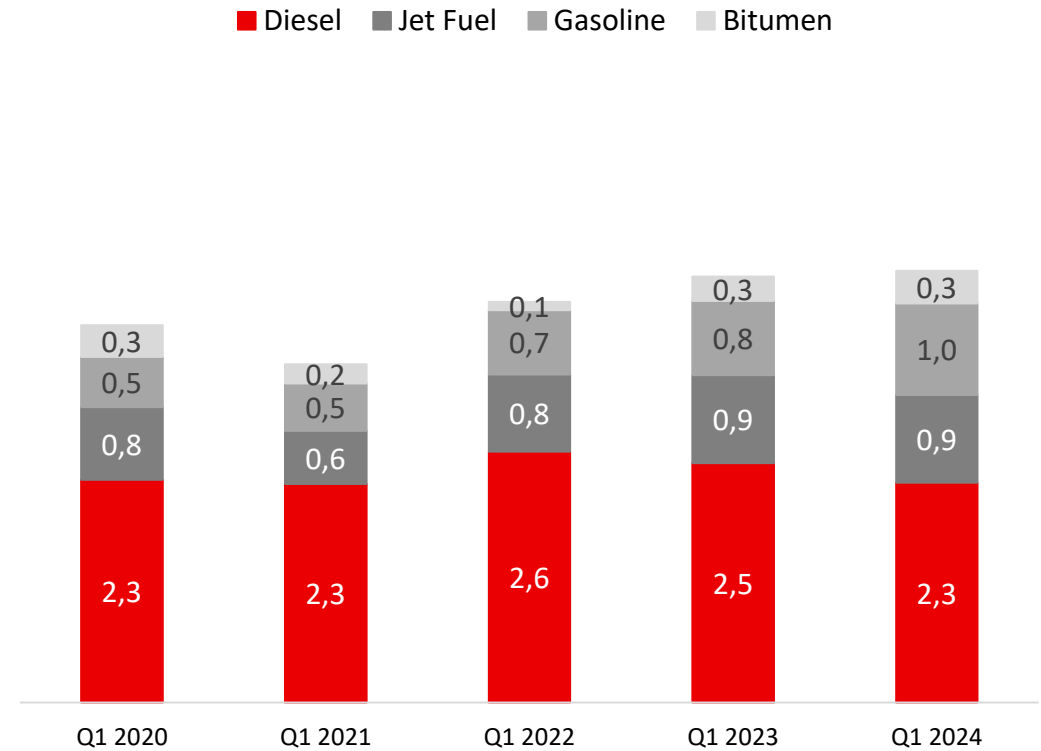
Product Sales in Q1 2024 (Million Tons)

- Tüpraş' sales are up by 10% compared to Q1 2023 reaching to 7.0 million tons in Q1 2024.
- Exports grew by 60% year on year primarily driven by gasoline and high performance of Tupras Trading UK.

Total Product Sales



Domestic Sales of Selected Products





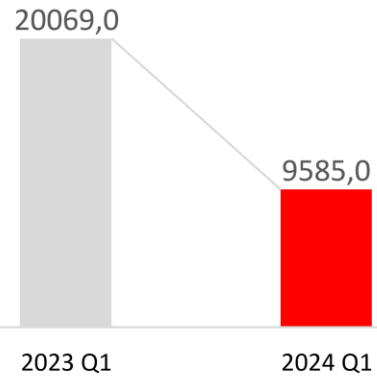
Financials

Income Statement (Million TL)

Million TL	Q1 2024	Q1 2023	%
Net Sales	165,473	160,251	3%
COGS	-152,298	-136,485	12%
Gross Profit	13,175	23,766	-45%
Operating Expenses	-5,853	-5,251	11%
Income/Loss from other operations	-3,342	-911	267%
Operating Profit	3,979	17,604	-77%
Inc./Loss from Equity pick ups	282	-413	-168%
Operating Profit Before Fin. Income/Loss	4,261	17,191	-75%
Financial Income /Expense	3,241	-1,328	-344%
Monetary Gain/Loss	-5,609	-3,387	66%
Profit Before Tax	1,892	12,476	-85%
Net Profit (excluding minority interest)	320	2,811	-89%
EBITDA*	9,585	20,069	-52%
Inventory Gain/Loss	3,312	-25	-
EBITDA* CCS	6,273	20,094	-69%

Financial Highlights

EBITDA (mn TL)

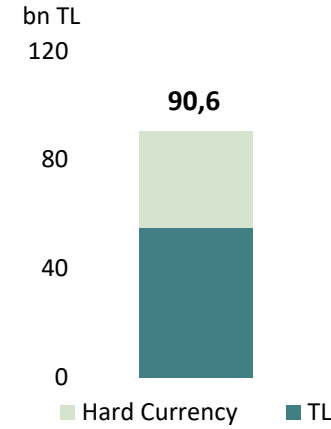


Net Income* (mn TL)

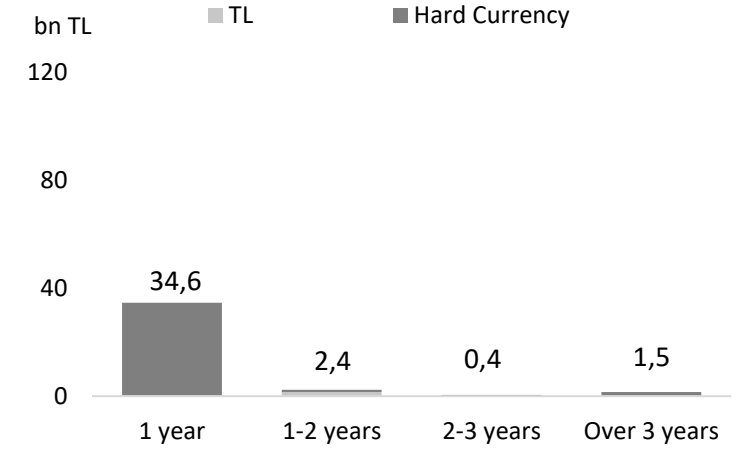


* Excluding minority interest

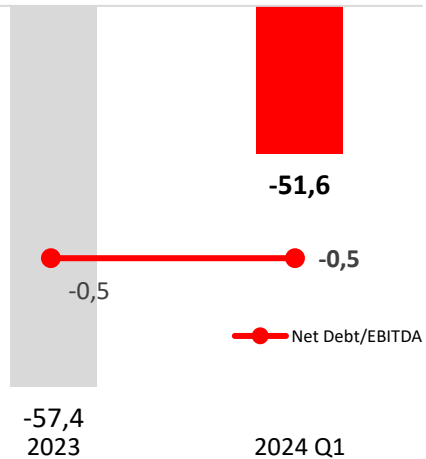
Cash Currency Breakdown



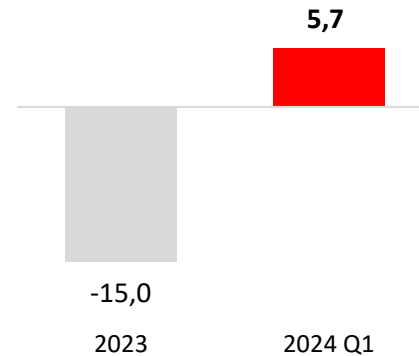
Redemption Schedule



Net Debt & Net Debt / EBITDA



Working Capital



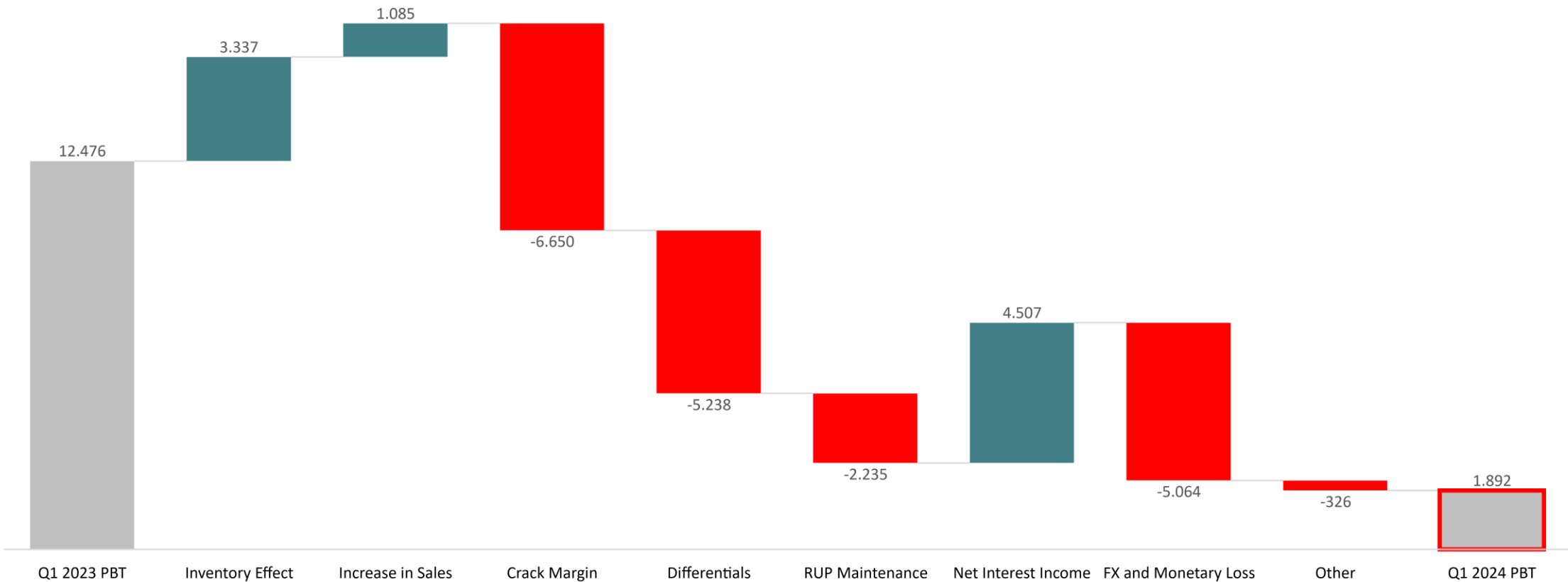
Financial Management

- As the Red Sea tensions lengthen the cargo durations, the build-up in inventory led to an increase in Working Capital Requirement.
- Net cash position continued with strong operating cashflow.

Profit Before Tax Bridge (2023 Q1 – 2024 Q1)

Weakened crack margins and narrowed differentials combined with scheduled RUP maintenance led to a lower PBT compared to the same period last year.

Million TL



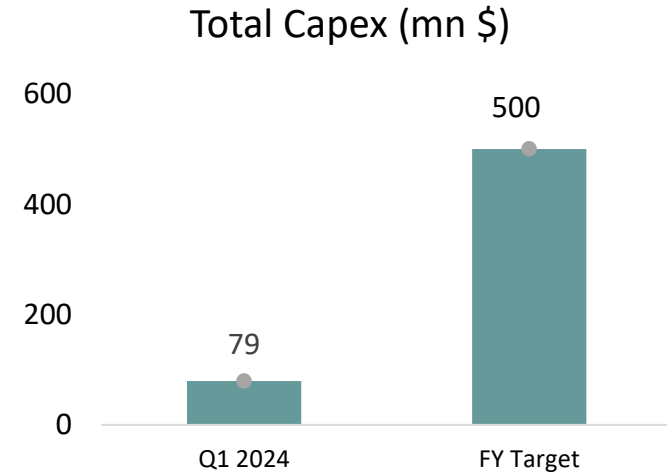
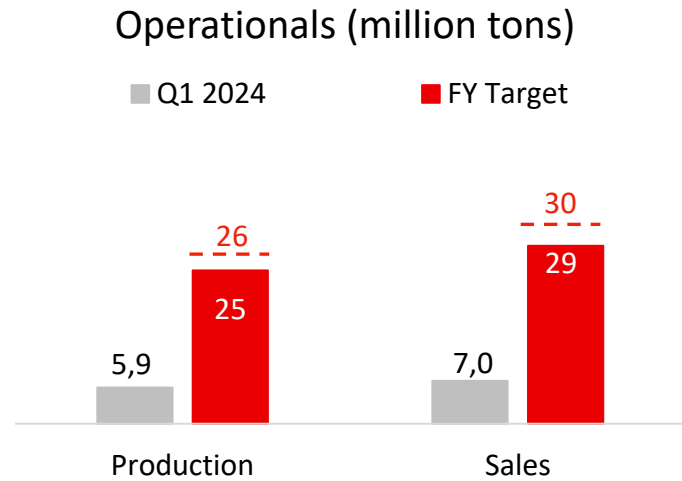
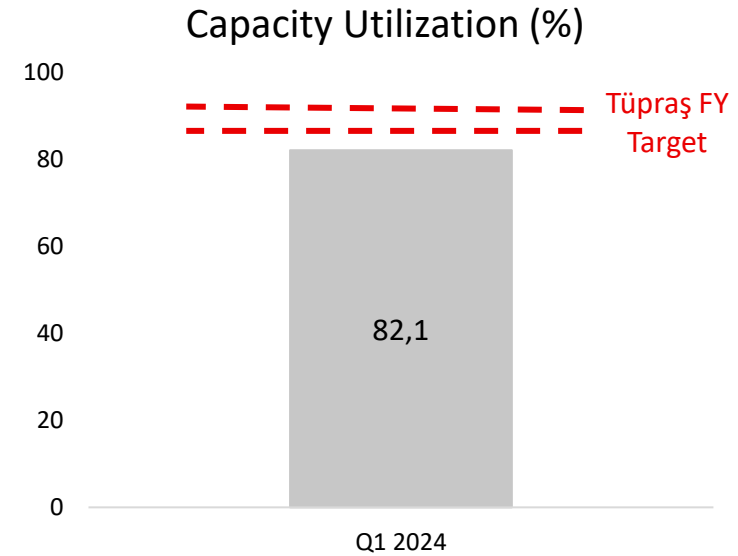
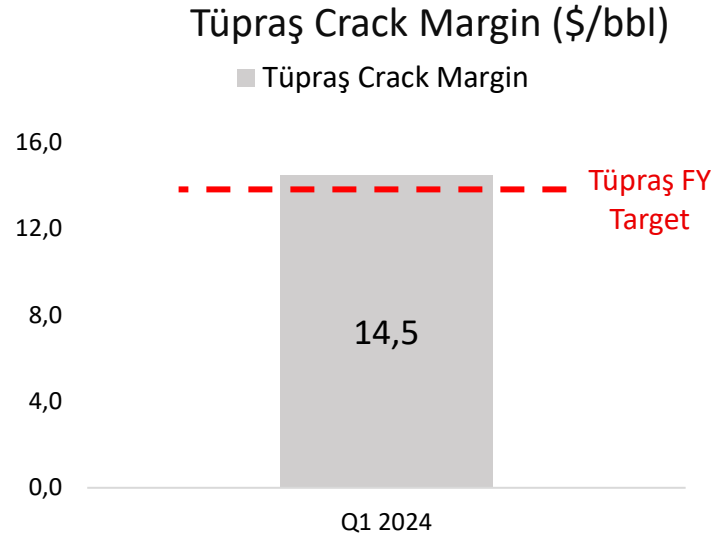
2024 Expectations

Tüpraş Crack Margin expectation ~14 \$/bbl

- ~26 mn tons annual production, ~30 mn tons annual sales and 85-90% average capacity utilization

Consolidated Capex ~500 million \$

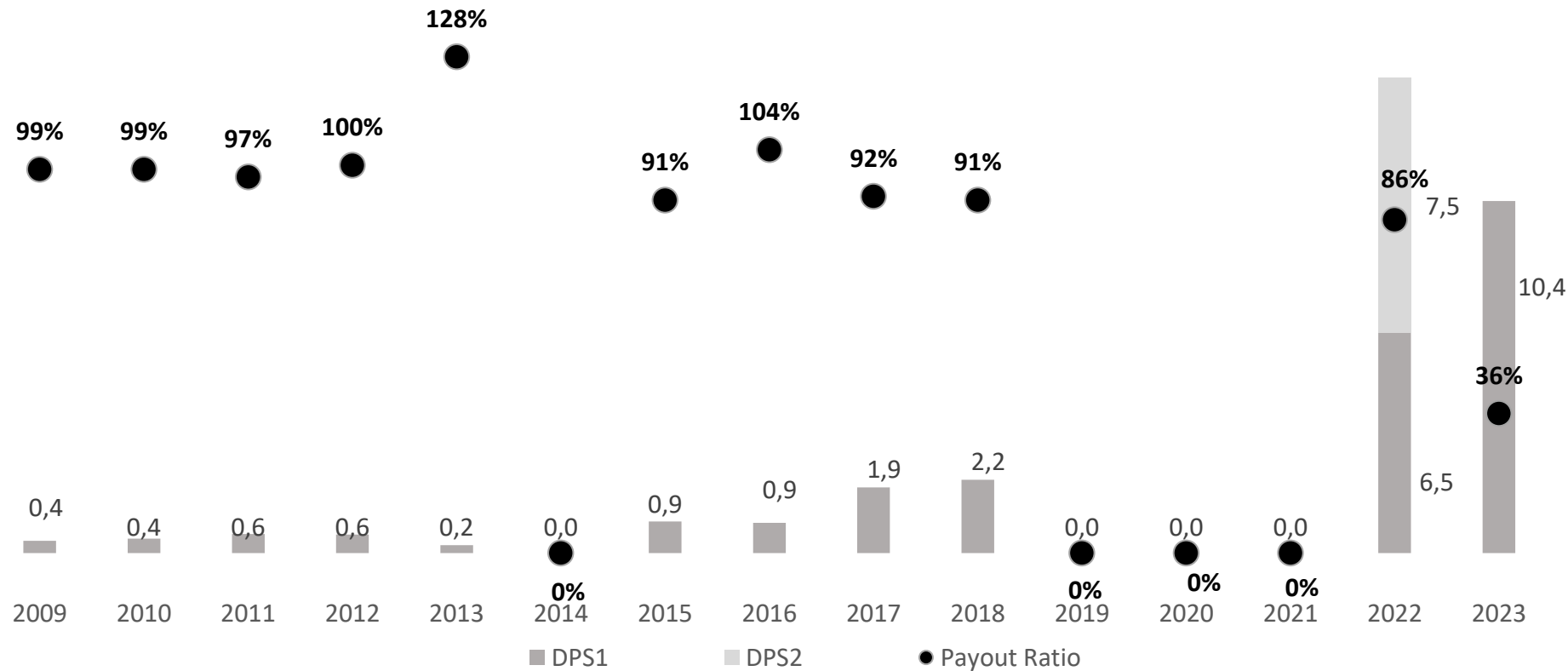
1Q 2024 Results



Tüpraş Balance Sheet (Million TL)

	31.03.2024	31.12.2023	Diff.	Diff. (%)
Current Assets	212,345	231,451	-19,105	-8
Cash & C. Equivalents	90,587	112,790	-22,203	-20
Trade Receivables	38,753	46,531	-7,778	-17
Derivatives	1,978	2,375	-397	-17
Inventories	62,304	51,162	11,142	22
Pre-paid expenses	1,525	1,471	54	4
Other Current Assets	17,198	17,121	77	0
Long Term Assets	191,139	190,597	542	0
Financial Assets & Subsidiaries	9,597	9,945	-349	-4
Tangible & Intangible Fixed Assets	159,069	159,694	-625	0
Derivatives	62	42	19	45
Pre-paid expenses	2,504	2,088	416	20
Deferred Tax	7,931	7,440	491	7
Other Longterm Assets	11,976	11,387	589	5
Total Assets	403,484	422,047	-18,563	-4
Short Term Liabilities	165,291	178,661	-13,370	-7
Financial Loans	34,582	34,482	99	0
Trade Payables	95,339	112,712	-17,373	-15
Derivatives	5,293	613	4,680	764
Provisions	2,289	1,411	878	62
Other ST Liabilities	27,788	29,442	-1,654	-6
Long Term Liabilities	7,976	9,875	-1,898	-19
Financial Loans	4,358	6,165	-1,807	-29
Payables & Provisions	2,214	2,387	-172	-7
Derivatives	465	540	-75	-14
Other LT Liabilities	939	783	156	20
Total equity attributable to equity holders of the parent	227,569	231,006	-3,437	-1
Minority Interests	2,648	2,506	143	6
Total Liabilities & Equity	403,484	422,047	-18,563	-4

Dividend (TL)



Strategic Transition Dividend Plan

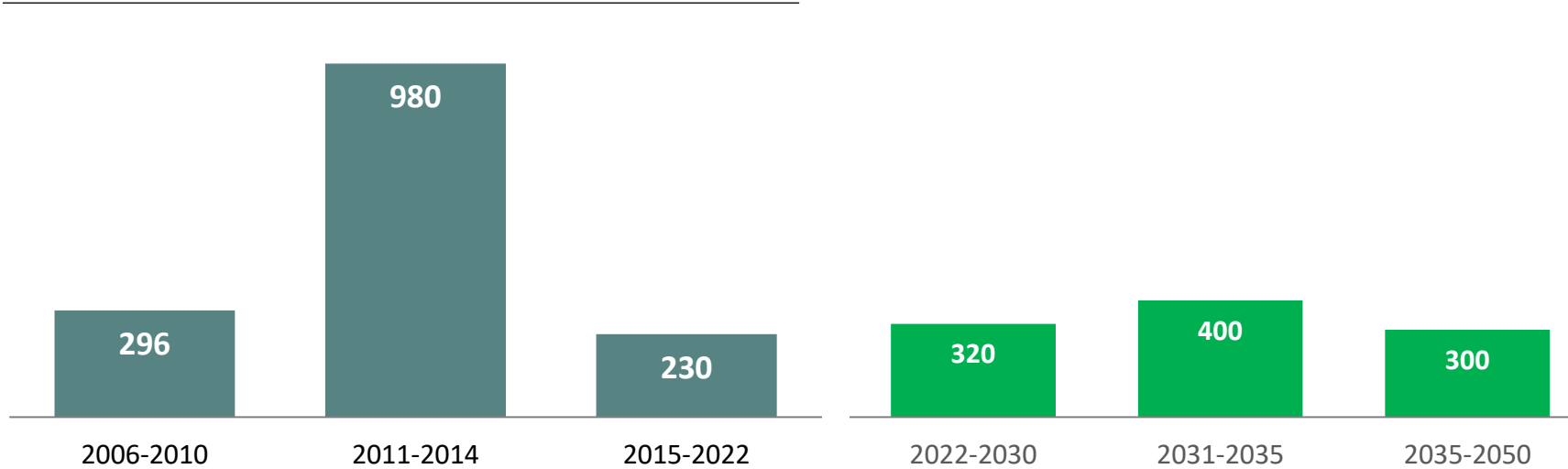
Our new business model enables us to pay ~80% average dividends and we will remain as a high dividend payer

*2009-2022 dividend payout ratio, which is calculated according to distributable net income based on statutory accounts

Investments (Million \$)


Avg. 460 Mn\$

Avg. 350 Mn\$

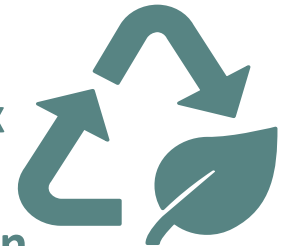


CURRENT PROJECTS

- FCC Modernization in İzmir
- New Sulphur Recovery Unit in Kırıkkale
- Solar Power Plant in Kırıkkale
- Firefighting System Modernization in Kırıkkale
- Wind Power Plant in İzmir

7+ 
After privatization
Billion \$ investment

~50%
of total capex
ESG related
investments in
2022



Financial Policy

Financial Discipline: Risk management policies focusing on areas such as leverage, liquidity, counterparty risk, commodity, interest rate and currency exposure.

Leverage & Liquidity

Liquidity risk management & targets/limits for financial ratios:

- Net financial debt/EBITDA
- Net financial debt/Equity
- Current ratio
- Share of long-term debt

Counterparty Risk Policy

Deposit is kept within bank-based limits:

- Credit rating assessment and strong capital base.
- Cap on the maximum deposit allocated to a single bank.
- Cap for deposits subject to banks shareholders' equity

Interest Rate & Fx

- The fixed/floating profile of financial debt.
- Management of FX risk with derivative instruments
- Zero FX exposure target on daily basis.

Commodity Hedging Policy

Inventory Hedging Policy:

- Operational hedge: Optimum stock policy & forward pricing mechanism.
- Financial hedge: Cargo based hedging to match the pricing period of purchases with sales.

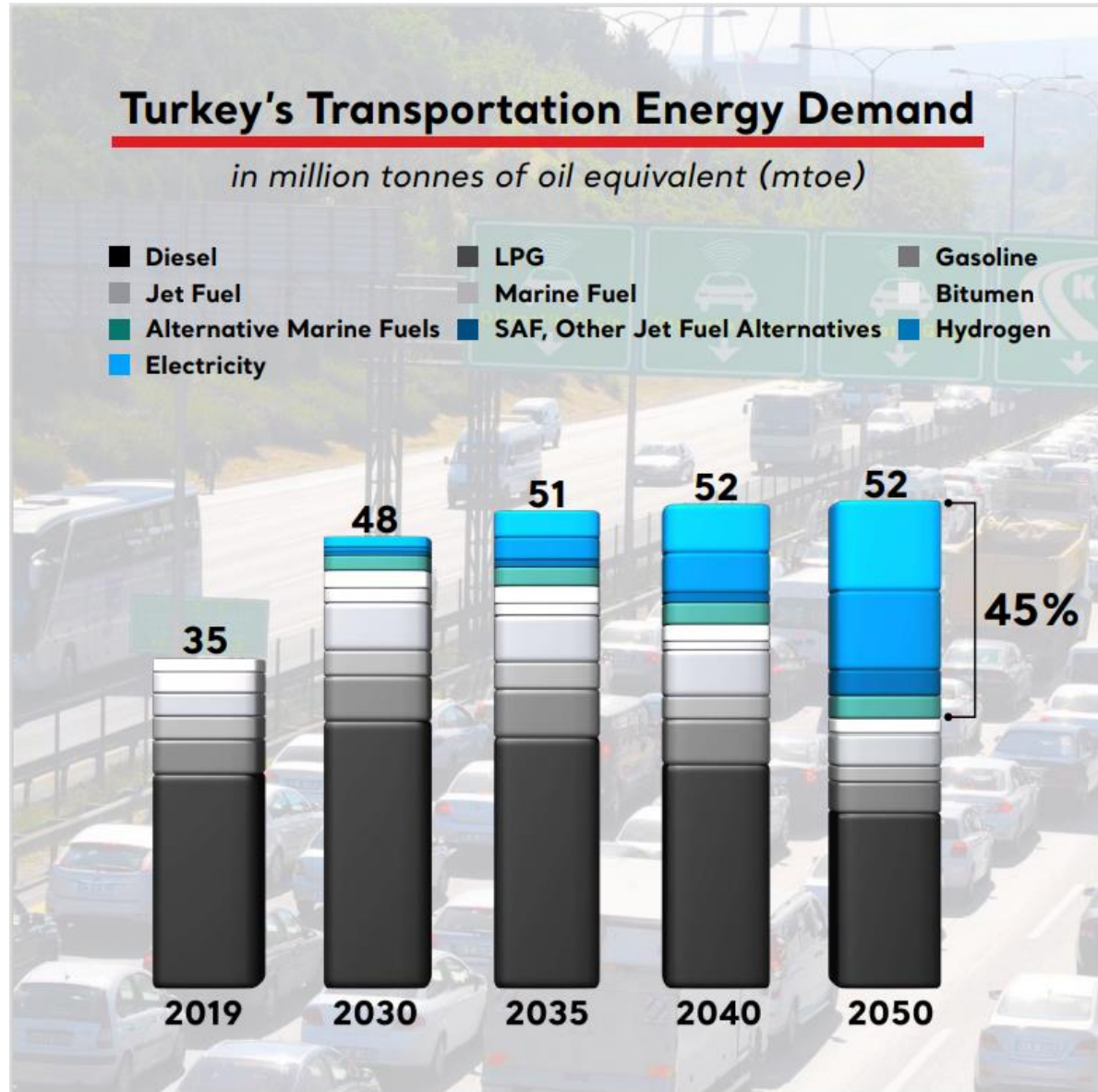
Crack Margin Hedging Policy:

- Financial hedge: Crack margin (gasoline, diesel, jet fuel, fuel oil) risk mitigation by using derivatives.
- Hedge ratio between %0-%50 with up to 1 year hedge tenor



Strategy

Turkey's Transportation Energy Demand



OUR PROJECTIONS



Turkey's fossil fuel consumption to peak in 2030



Diesel to be partially replaced by **H₂**, for commercial vehicles existing domestic refining capacity will still be well positioned



In passenger cars, **EVs** to lead new sales starting early 2030s and become the dominant powertrain before 2040

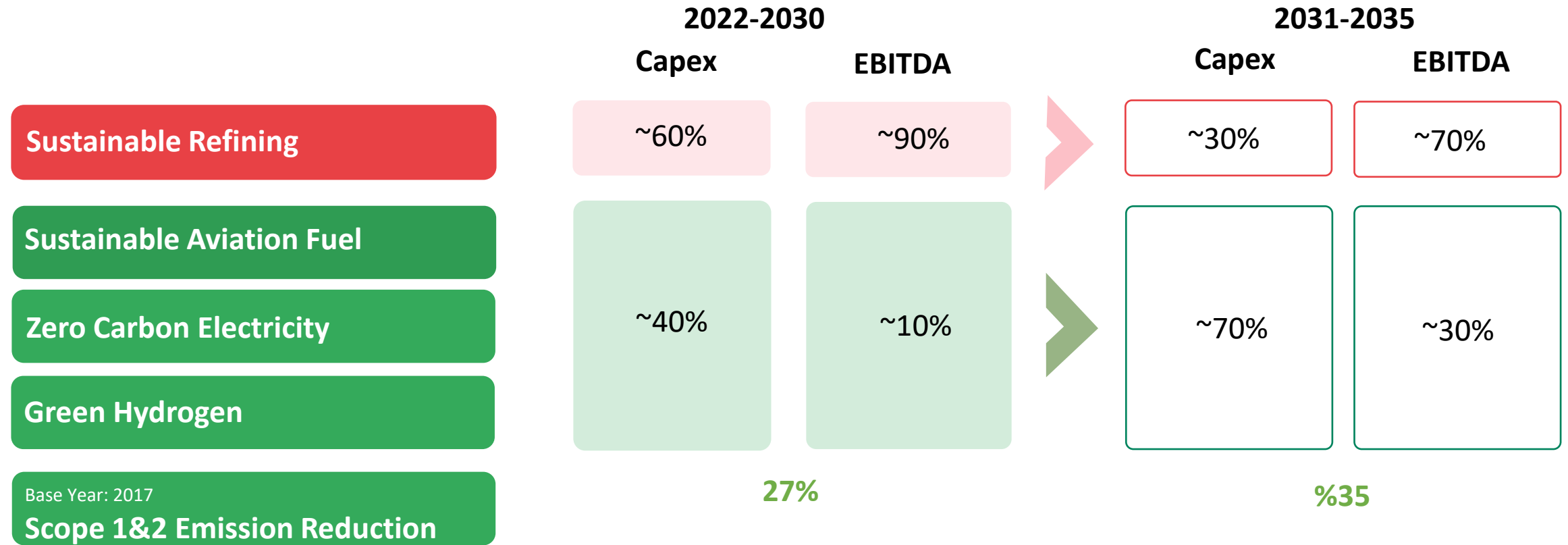


H₂ to enter a rapid growth phase from 2030



Sustainable Aviation Fuel to cover ~10% of aviation fuel by 2030

Strategic Transition Plan



Sustainable & Profitable Tüpraş

2035

Average EBITDA
> \$1 Billion / Year

Average Capex
~ \$350 Million /Year

ROACE
> 25%

Net Debt/
EBITDA
<2.0x

Average Pay-Out Ratio
~ 80%

Strategic Transition Plan – Investment Areas



SUSTAINABLE REFINING

Energy Efficiency and Decarbonization Projects

- Remain as a **Major EBITDA Contributor**
- **Improve energy efficiency** to drive up profitability
- **Diversify product portfolio** through lighter chemicals
- Within **2022-2035**;
 - **~2.3 bn USD capex, ~13 bn USD Cumulative EBITDA**



ZERO CARBON ELECTRICITY

Integrating Zero Carbon Electricity to produce Green H₂

- Ensure affordable **green H₂ production, capturing electrification demand**
- **Primarily supply zero carbon electricity for H₂ production, remaining portion to be sold**
- Within **2022-2035**;
 - **~1.3 bn USD capex , ~400 MUSD Cumulative EBITDA**



BIOFUELS

Becoming the Lead SAF Supplier in Turkey

- Capture changing market for **liquid fuels, ensure long term profitability in aviation sector.**
- **Conversion of existing unit** in İzmir to produce **Sustainable Aviation Fuel (SAF)**
- Within **2022-2035**;
 - **~600 MUSD capex, ~1.1 bn USD Cumulative EBITDA**



GREEN HYDROGEN

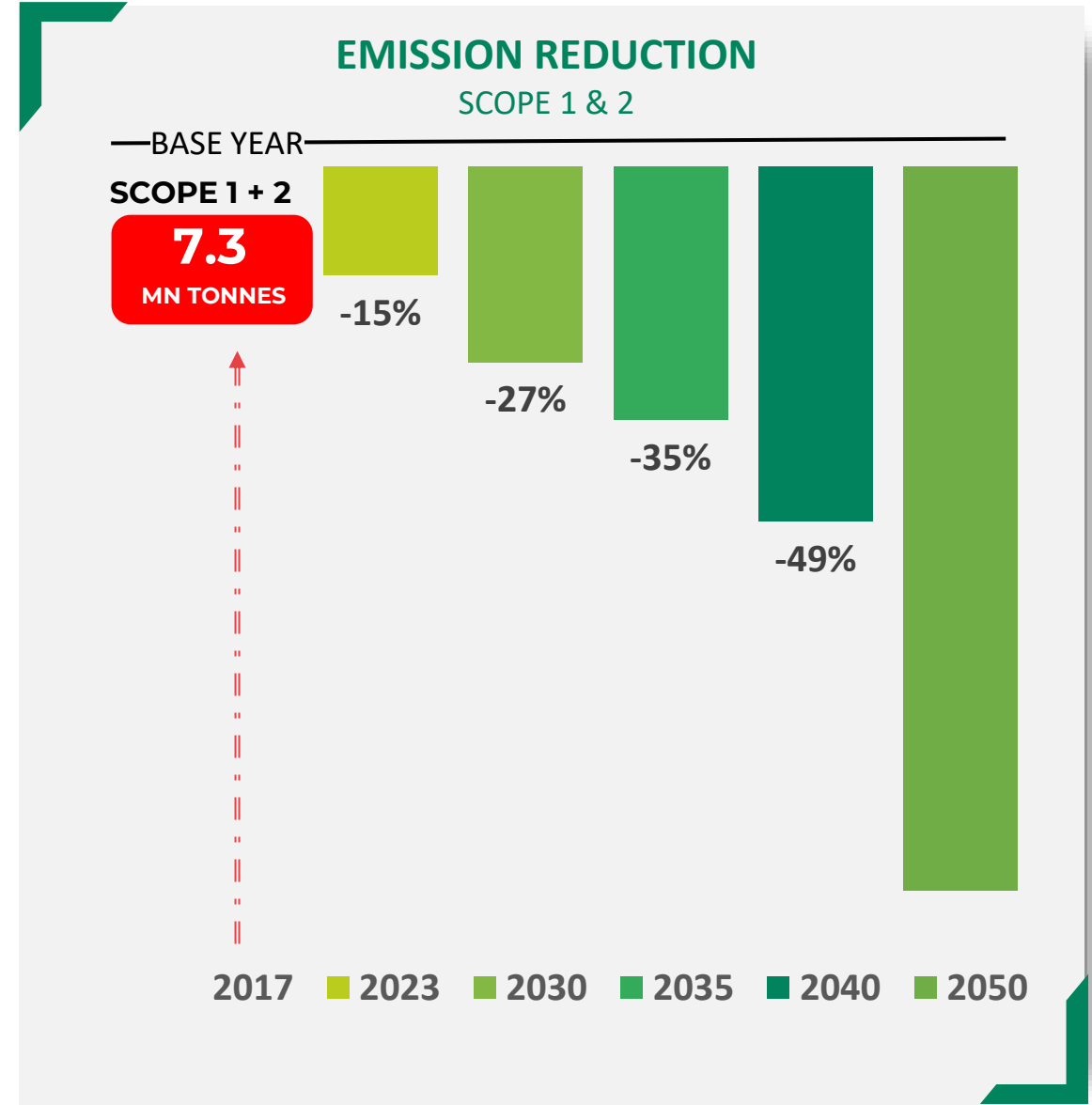
Reducing Refining Emissions

- Capture changing market for **land transportation, reduce refining emissions.**
- **Reduce Scope 1-2 emissions** of refineries. Followed by **H₂ sales**, starting from 2030.
- Within **2022-2035**;
 - **~690 MUSD capex, ~640 MUSD Cumulative EBITDA**

Strategic Transition Plan – Emission Reduction



We will invest in energy efficiency & decarbonization Projects, green hydrogen & zero carbon electricity usage in refining to reduce scope 1 & 2 emissions



Strategic Transition Plan - Financials

We are
sustainable
and
profitable.

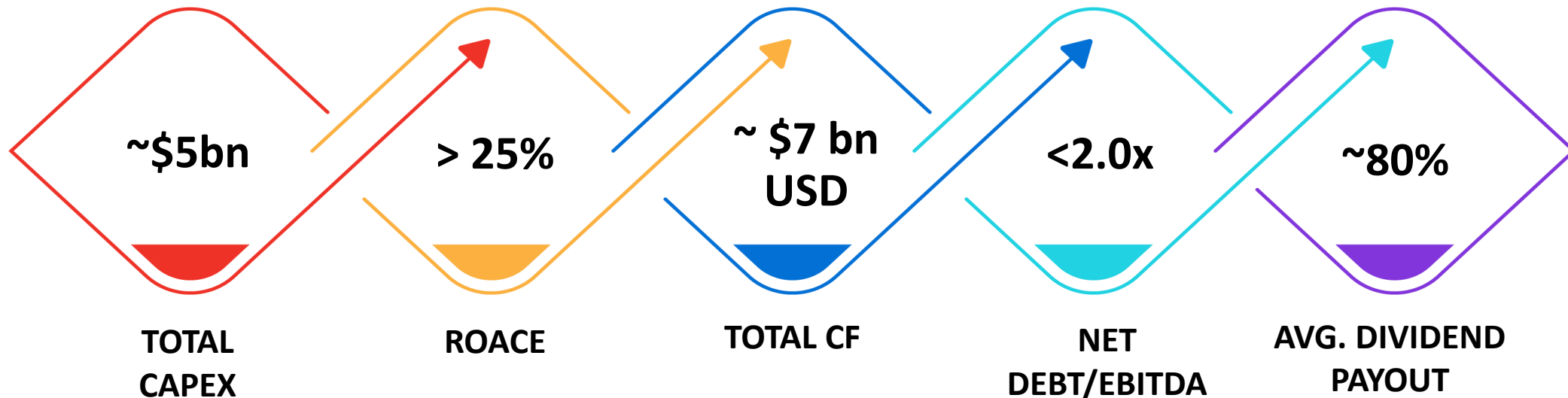
Will **eliminate our scope 1 & 2 emissions by 2050** while executing our plan and achieving these results.

\$350mn average CAPEX until 2035, totaling **\$5 bn.**

ROACE will remain above 25% creating **~\$7bn total CF** until 2035

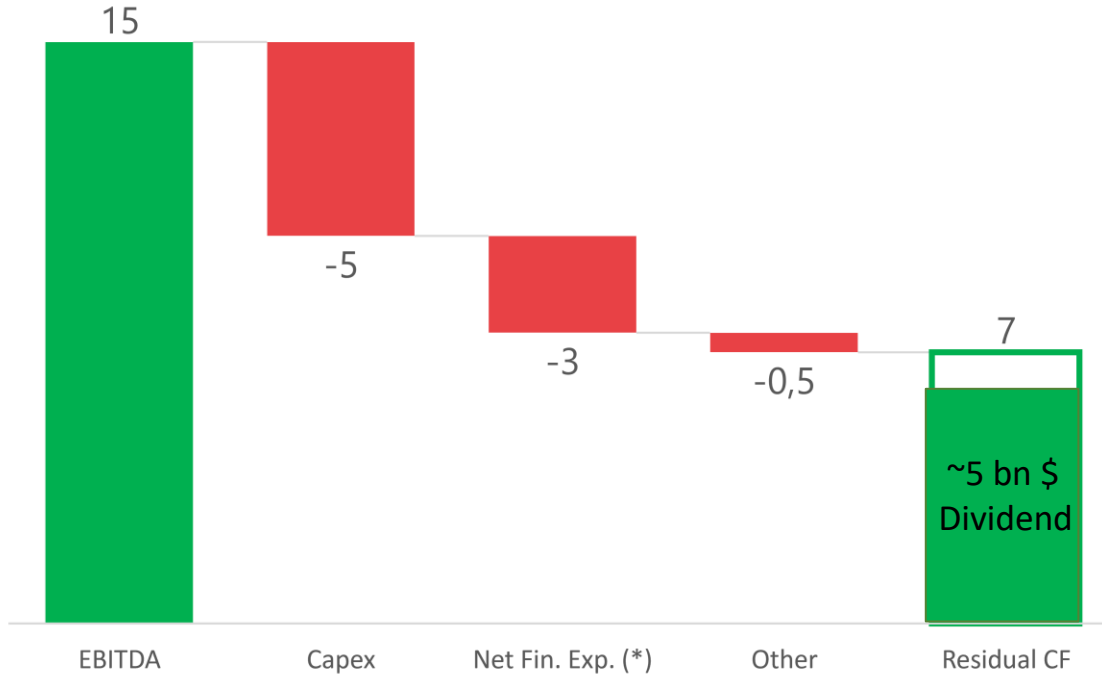
With ample CF, **Net Debt / EBITDA** will be below **<2.0x**

Will remain a **high dividend payer**, average **~80% dividend pay-out**



Strategic Transition Plan - Financials

Cumulative Cash Flow Bridge (\$ bn)



Sound Financial Plan

- Superior EBITDA generation and disciplined capex plan leads to very low external funding requirement.
- Strong FCF generation ensures strong dividend potential
- 80% dividend payout on average according to our new business model
- Net Debt / EBITDA will remain below 2x

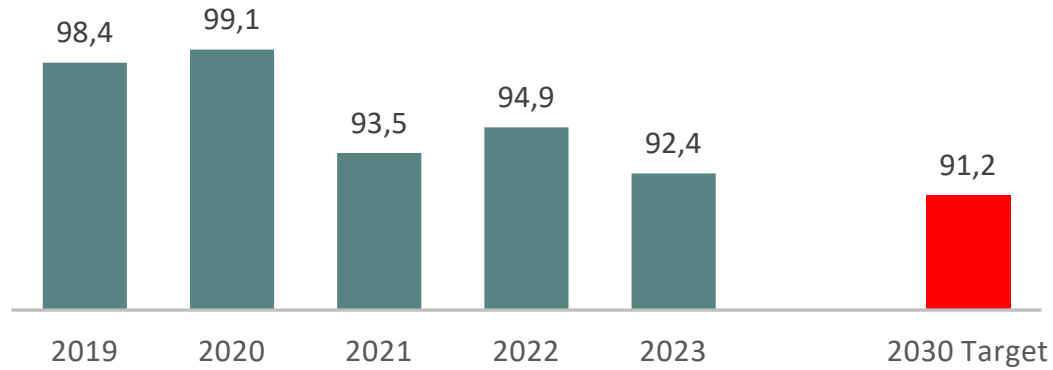
(*) Consists of net additional funding and related financial expenses



ESG

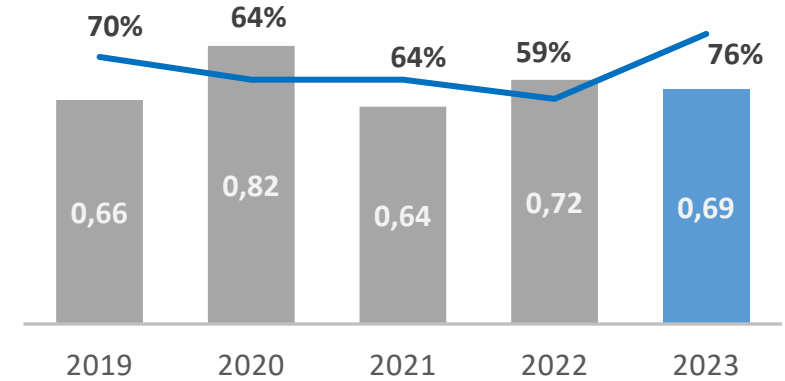
Tüpraş's Environmental Highlights

Energy Intensity Achievements

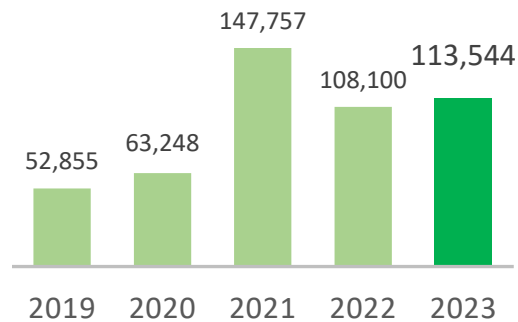


Water Consumption per processed crude oil (m3/ton)

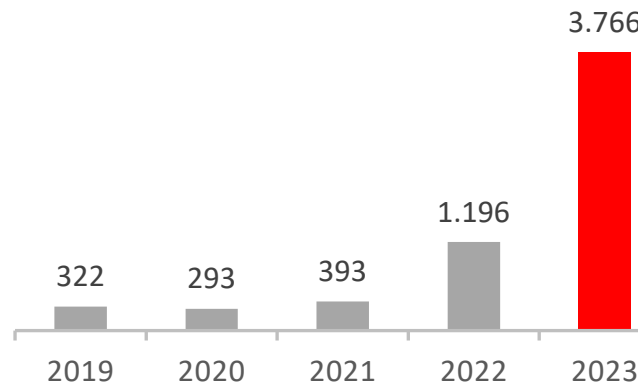
Ratio of recovered water to total water consumption (%)



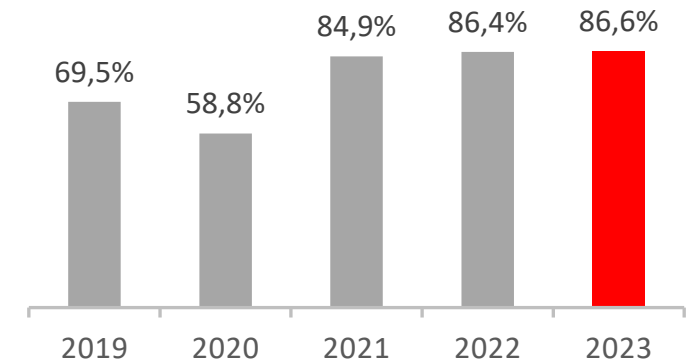
Levelized Greenhouse Gas Emissions Reductions through Energy Efficiency Projects (tons CO2e)



Environmental Investment and Operational Expenditures (MTL)



Waste recycling rate





Appendix

2024 Refinery Maintenance Schedule

RUP Maintenance

Preparation and planning phase: 2022

Maintenance start: March 1

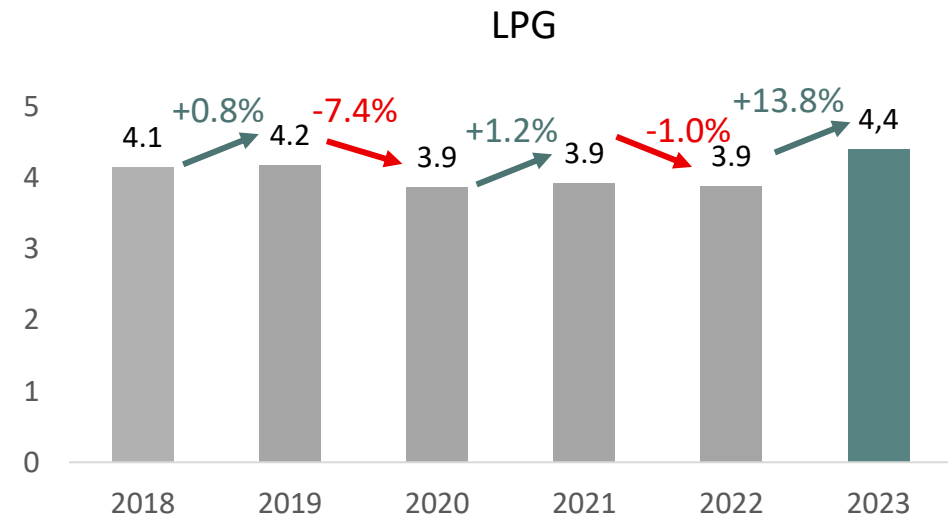
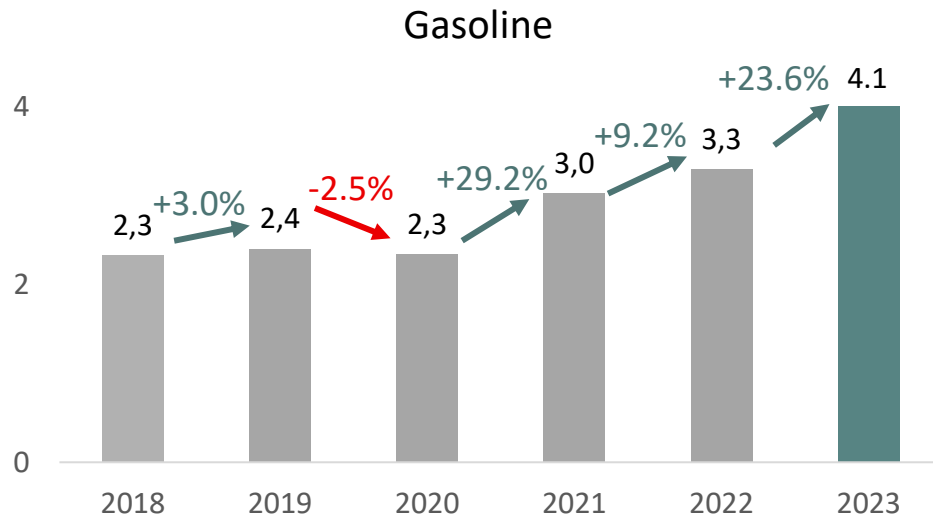
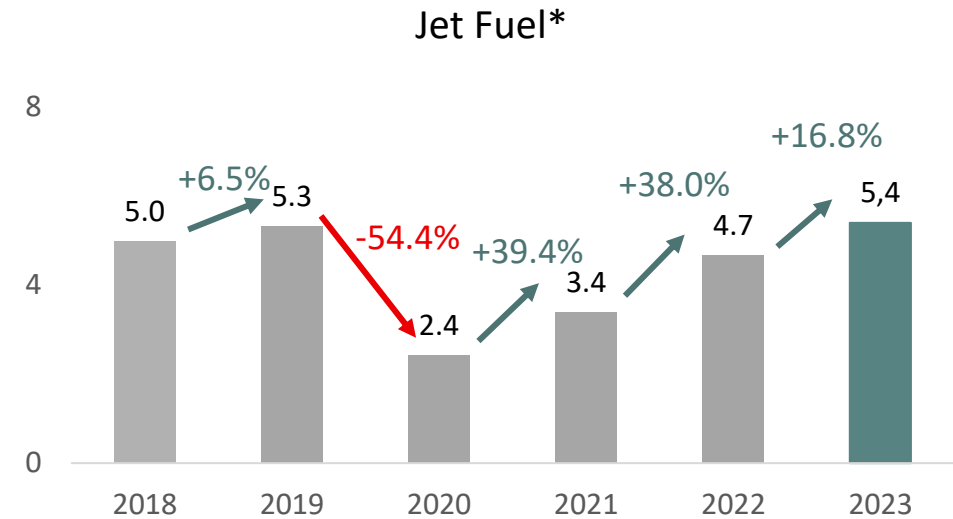
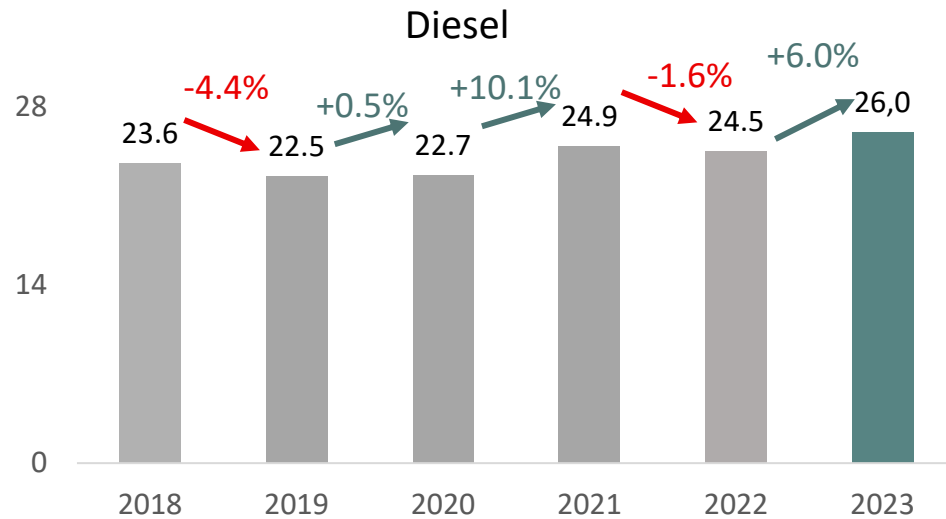
- Catalyst changes
- Checks and maintenance on distillation columns, heat exchangers, furnaces and flare.
- Detailed planned maintenance

Completion:
92 days

Refinery	Unit	Starting Quarter	Duration (weeks)	Purpose	Planned
İzmit	Crude Oil & Vacuum	Q4	5	Periodic Maintenance	Planned
	Desulphurizer	Q4	5		Planned
	RUP	Q1	13		Ongoing
	FCC	Q2	6	Periodic Maintenance	Ongoing
İzmir	FCC	Q3&Q4	21	Revamp	Planned
	Crude Oil , Vacuum, HYC	Q1	7	Periodic Maintenance	Completed
Batman	Crude Oil & Vacuum	Q2&Q4	4	Seasonal	Planned

Turkish Market Fuel Consumption 2018-2023

Million
Tons



Competition - STAR Refinery

Timeline



- Feasibility studies began in 2010 and construction kicked off in 2011
- Goldman Sachs has acquired a 13% stake in SOCAR Turkey for \$1.3 billion.
- Total investment size 6.3 bn USD, with 3.3 bn USD credit agreement.
- Following the completion of construction late 2018, reached full capacity utilization in August 2019
- Star reached to 13 mn tons of capacity

Turkish Market Structure (mn tons, 2023)

Turkey Demand	Tüpraş	STAR	Total	Turkish Market Demand*	Balance
LPG	0.9	0.2	1.1	4.4	-3.3
Petchem F.	0.2	1.7	1.9		
Gasoline	5.1		5.1	4.1	1.0
Jet Fuel	4.6	1.3	5.9	5.4	2.1
Diesel	8.9	6.9	15.7	26.0	-9.3
Fuel Oil	1.3		1.3	0.3	1.0
Bitumen	2.6		2.6		
Pet coke	0.8	0.9	1.7		
Total	~30	~13	~43		

* Source: EMRA

Competition - Regional Competition

- Tüpraş competes with 69 refineries in the Mediterranean and Black Sea markets.
- Mediterranean regional product balance is also affected from Middle East, North West Europe and Asia flows

Mediterranean



54 Refineries ~7.7 mbd

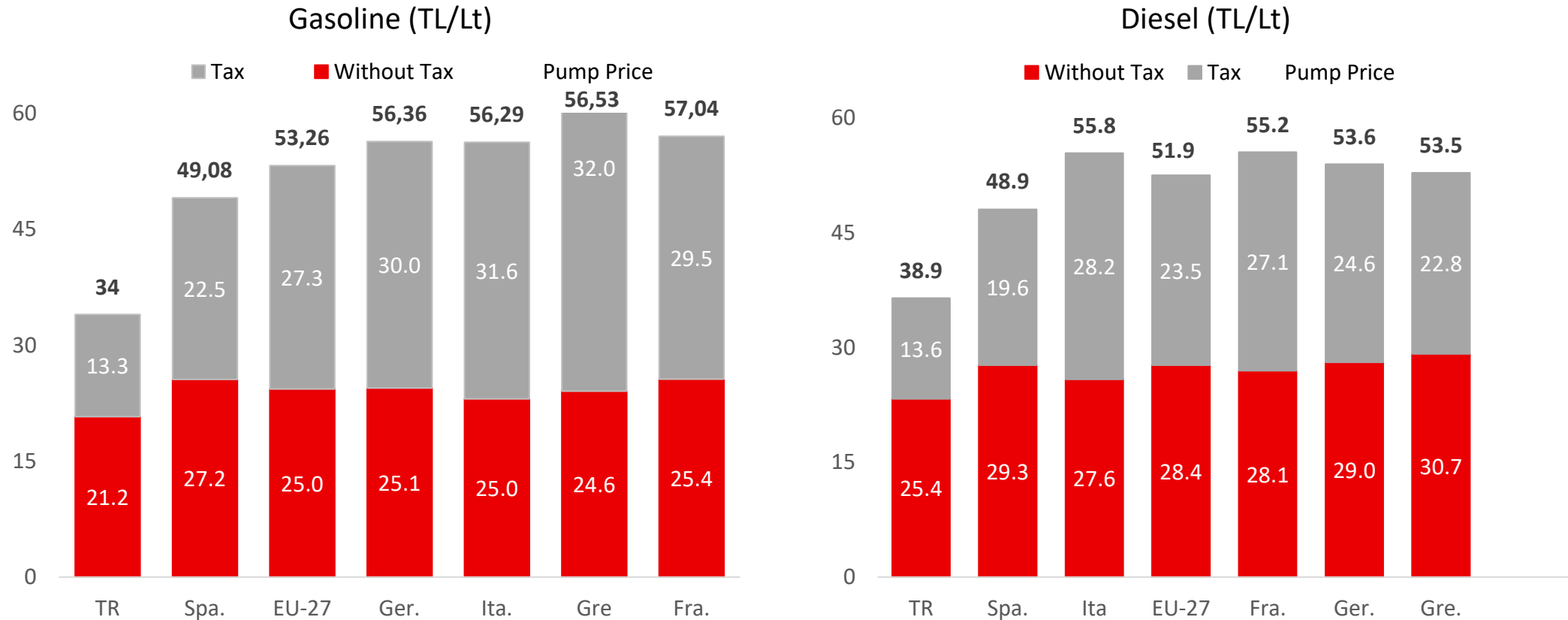
Black Sea



15 Refineries ~1.5 mbd

European Pump Price Comparison

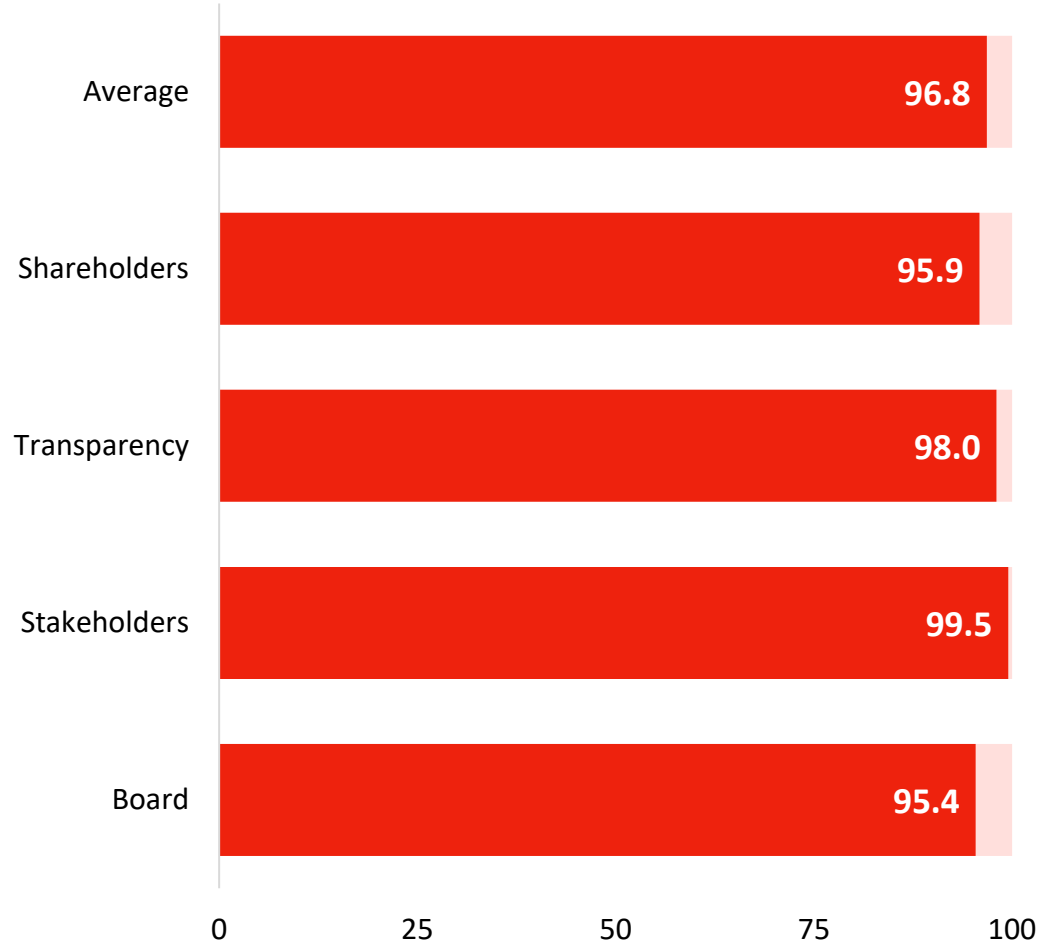
Turkish fuel prices are highly competitive with other European countries.



Prices of Europe and Turkey, as of December 31, 2023

Tüpraş - Ratings

Tüpraş BIST Corporate Governance Rating Score

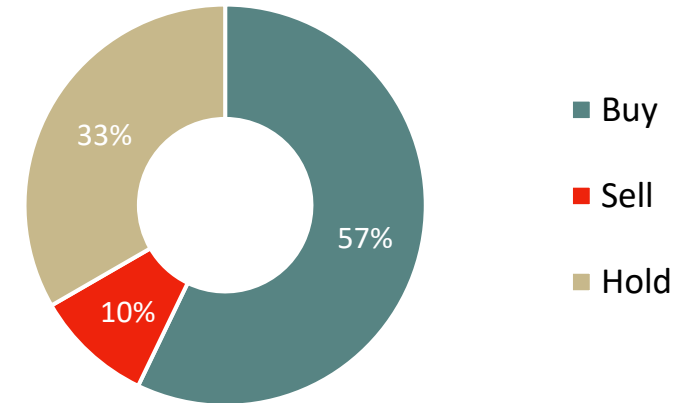


Source: SAHA Corporate Governance and Rating Services Inc. (November 2023)

Credit Rating Scores

Foreign Currency Long Term	FitchRatings	MOODY'S	S&P Global Ratings
Tüpraş	B+ (Stable)	B2 (Positive)	
Turkey	B + (Positive)	B3 (Positive)	B (Positive)
Koç Holding		B2 (Positive)	BB(Positive)

Analyst Recommendations

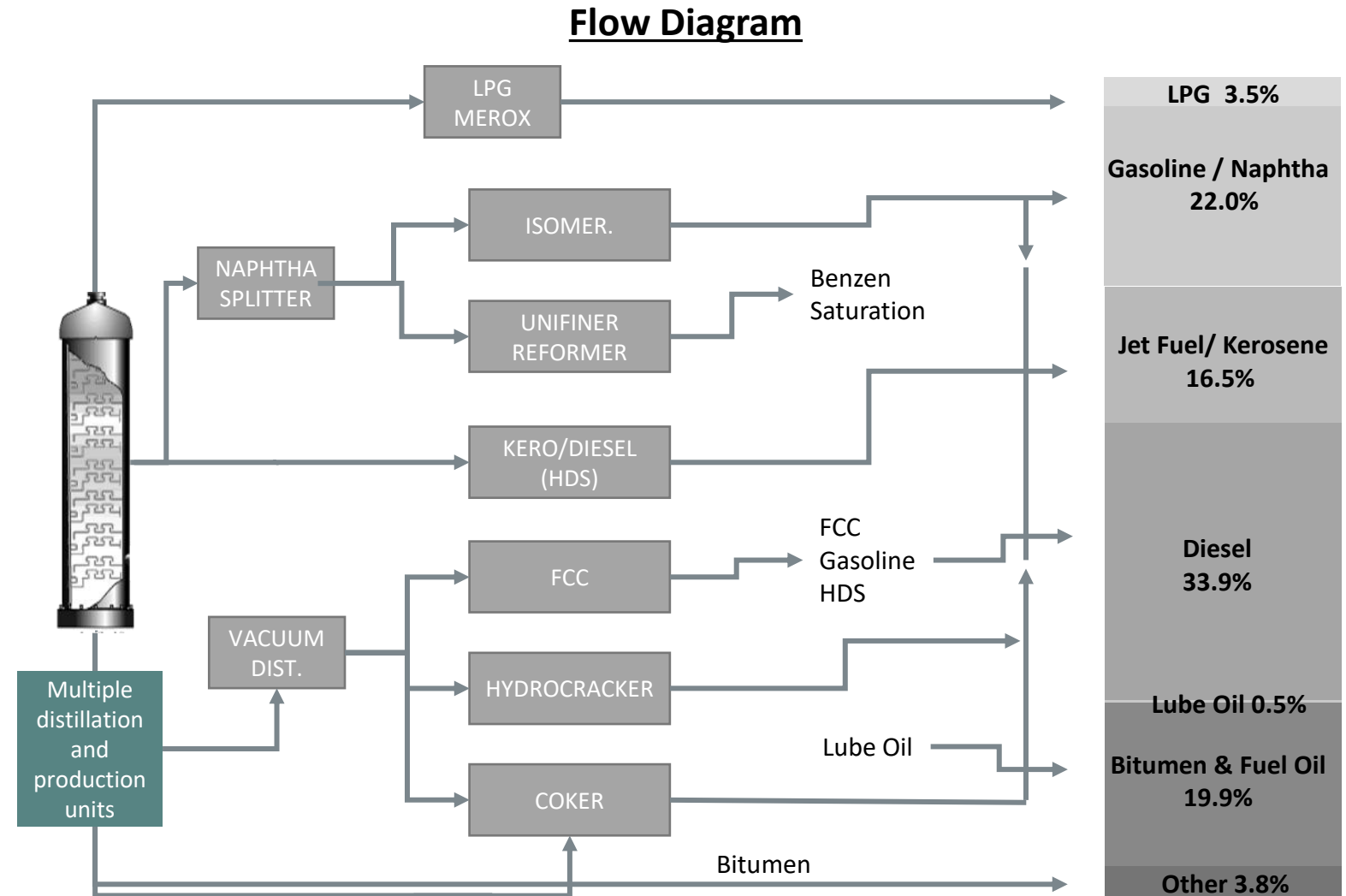


Source: Bloomberg*
*data as of May'24

Tüpraş Production Flow and Yield Breakdown

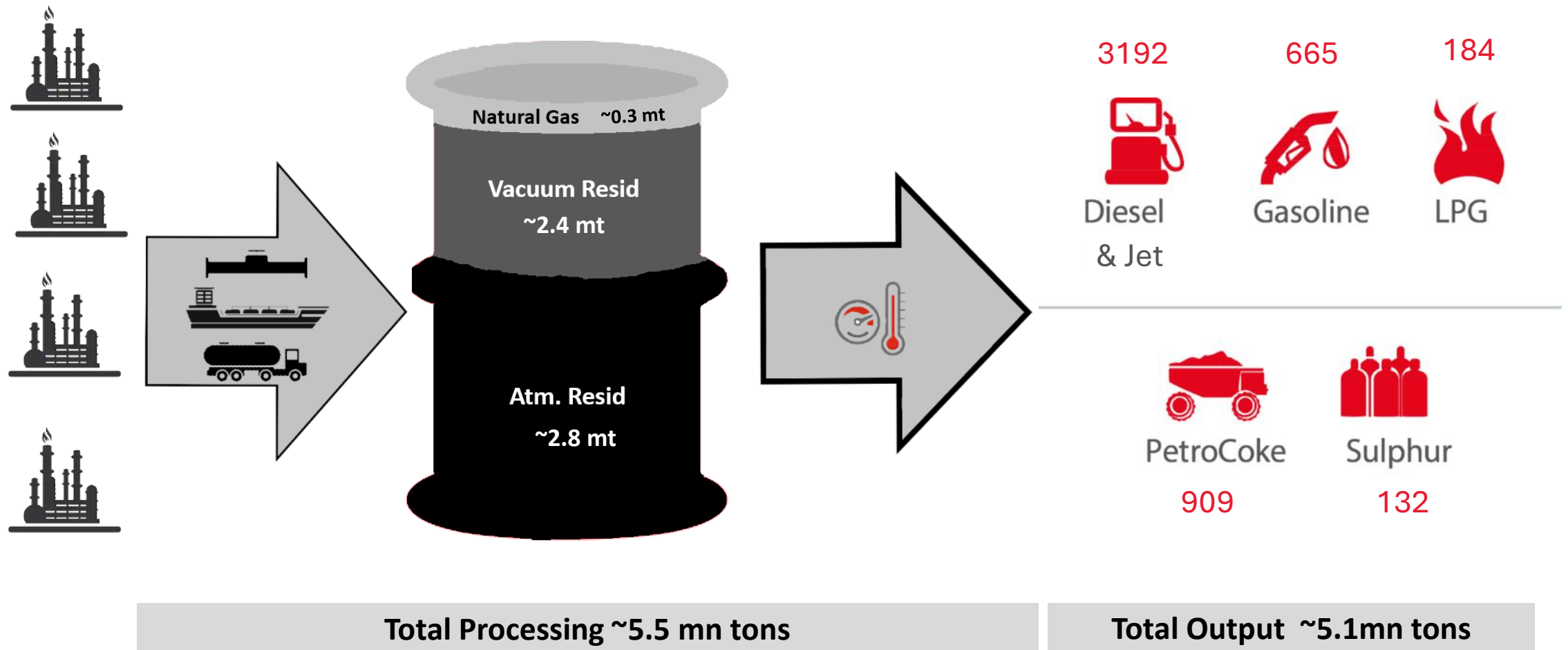
- Tüpraş has 30 million tons of production capacity
- Tüpraş operates 4 refineries with an integrated system optimization program

Key Units	# of Units	Capacity (m ³ /d)
CRUDE OIL	8	99,420
VACUUM DIST.	8	42,752
HYDROCRACKER	4	18,032
ISOMERATION	3	7,804
UNIFINER REFORMER	5	16,225
KERO/DIESEL (HDS)	9	37,265
FCC	2	4,650
COKER	1	9000
NAPHTA SPLITTER	8	
LPG MEROX	6	

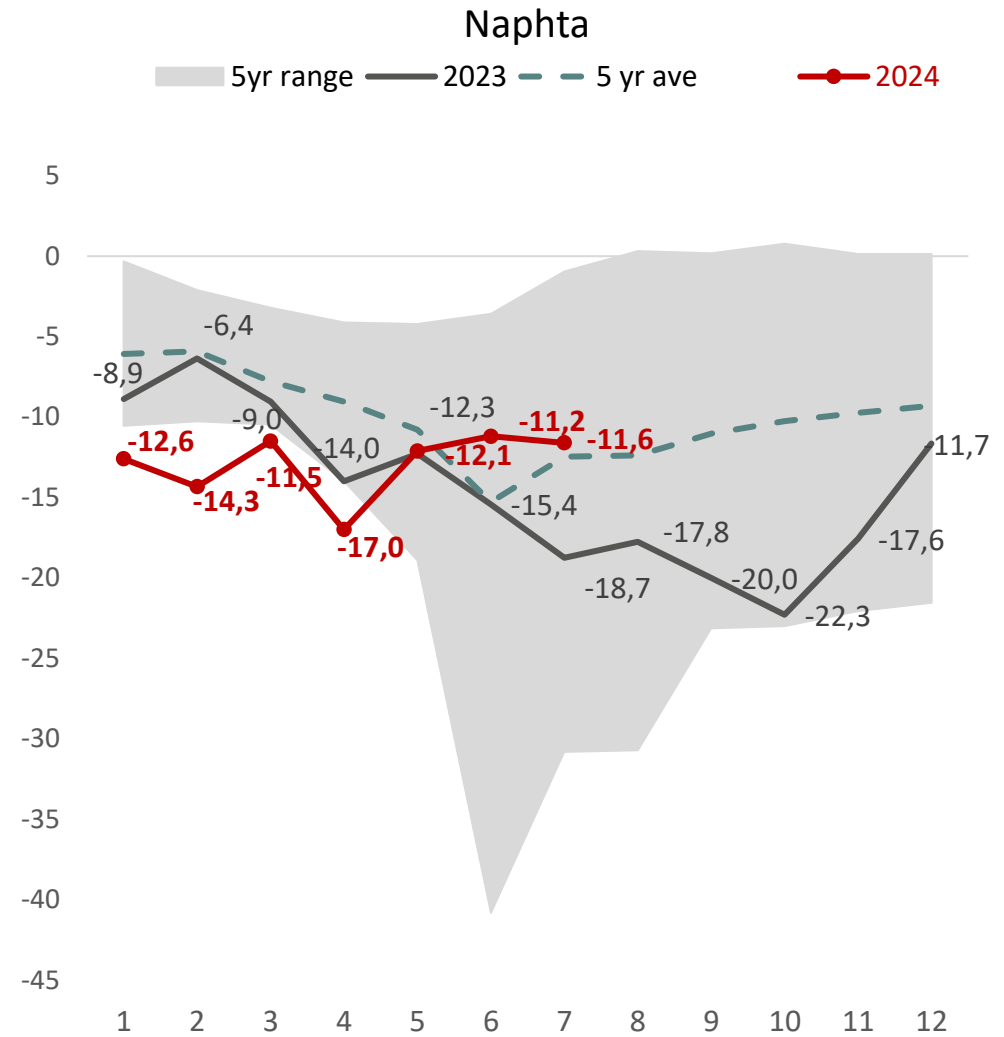
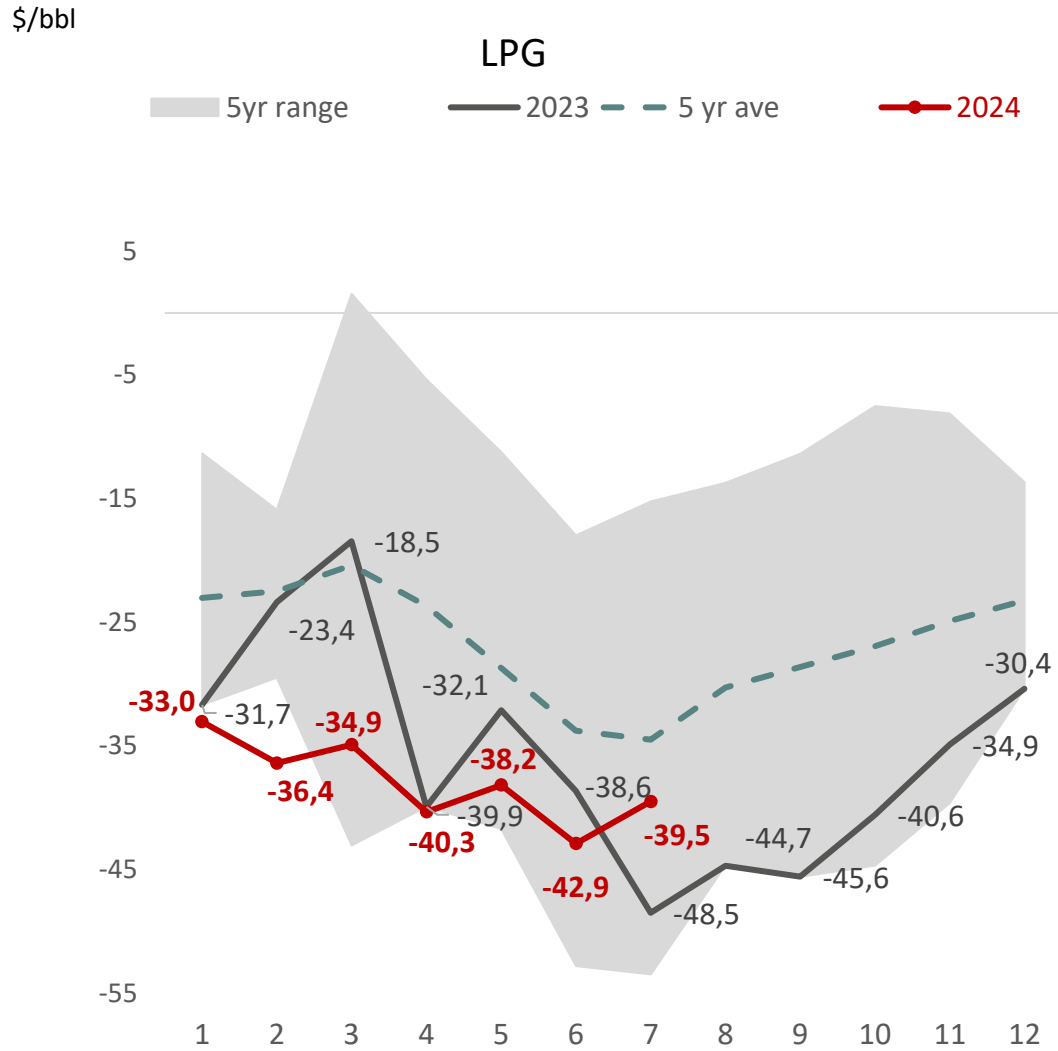


RUP Feedstock and Production

- Residuum Upgrade Plant (RUP) was completed in 2015 and it is the main conversion unit of Tüpraş.
- The second scheduled maintenance began in Q1 2024, is expected to be completed in 92 days.



LPG and Naphta Cracks



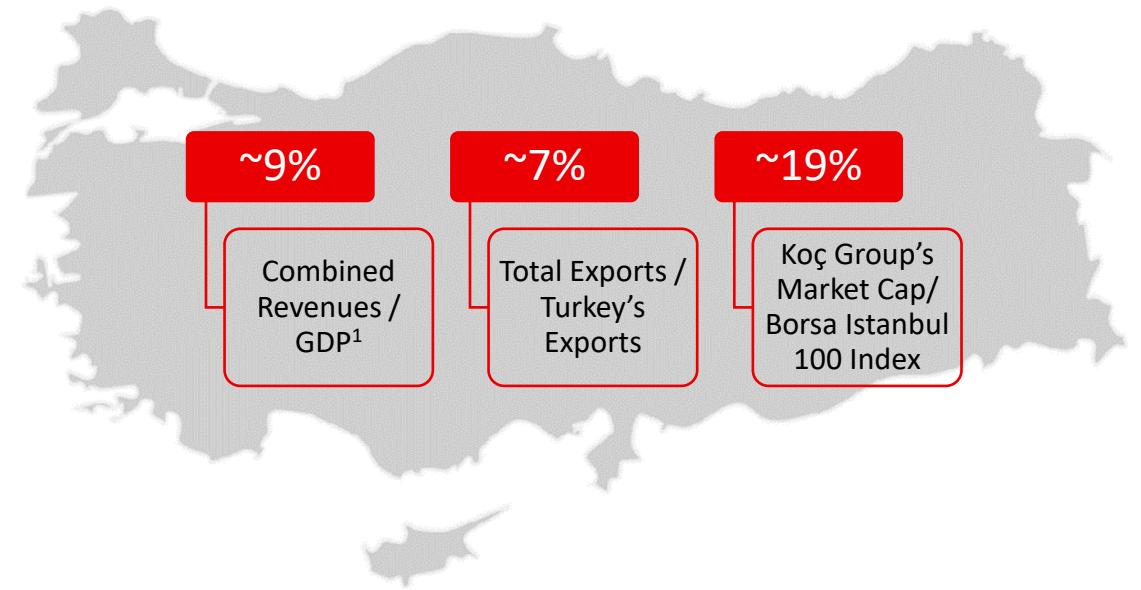
Data as of 31 July, 5 year range shows 2019-2023

Turkey's Leading Investment Holding Company

- Koç Holding is Turkey's largest industrial and services group
- The only Turkish company in Fortune Global 500².

Pioneer in its Sectors

- Leading positions with clear competitive advantages in sectors with long-term growth potential such as energy, automotive, consumer durables and finance.



Notes : Data as of YE22

(1) 2022 Report (based on consolidated revenues)

(2) 2022 report (based on consolidated revenues)



 **Tüpraş**

 **Koç**



Investor
Presentation

Latest Webcast



2023 Integrated
Annual Report

Strategic
Transition Plan



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