




Energy To the future

 **Tüpraş**

 **Koc** | November 2024

Investor Presentation

Disclaimer

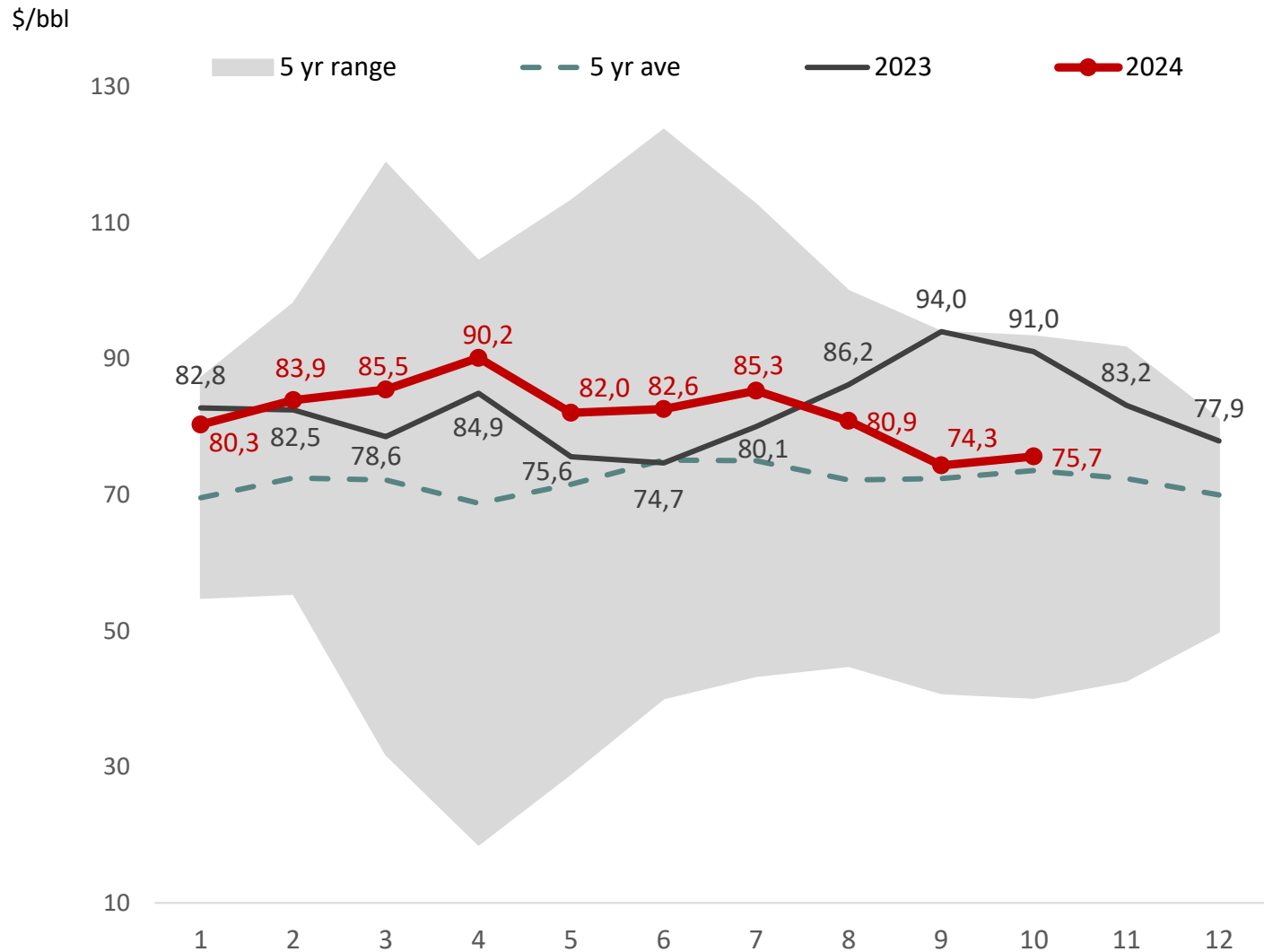
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Refining Market

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

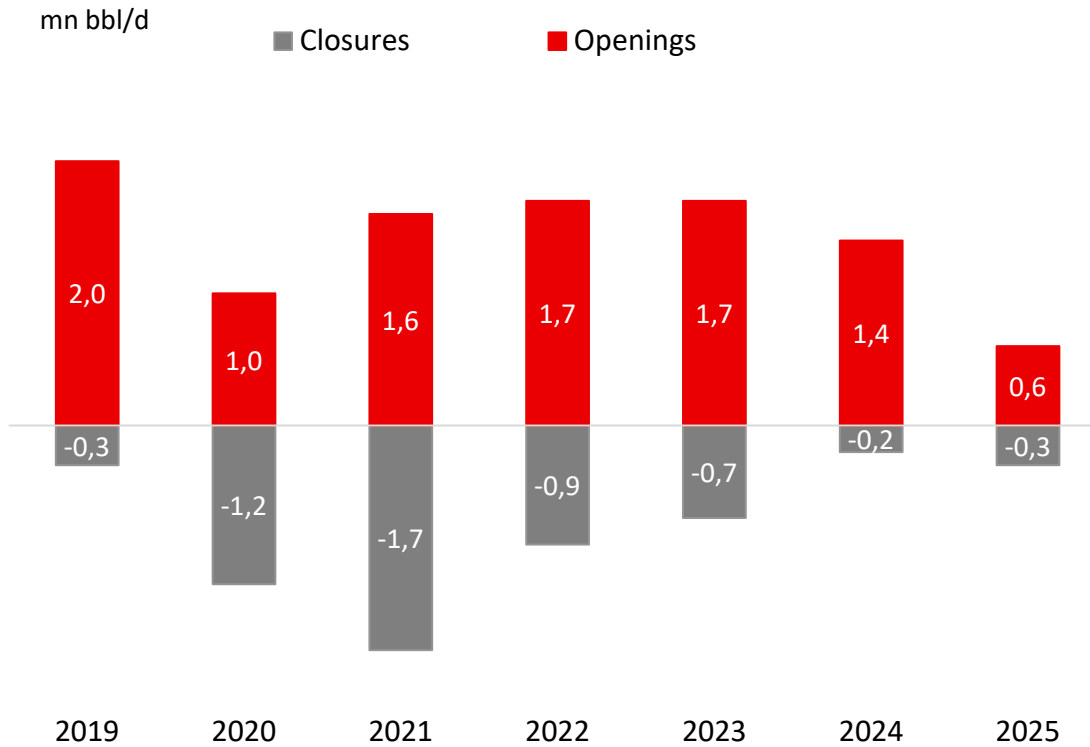
Data as of 31 October, 5 year range shows 2019-2023

Global Refinery Capacity Changes

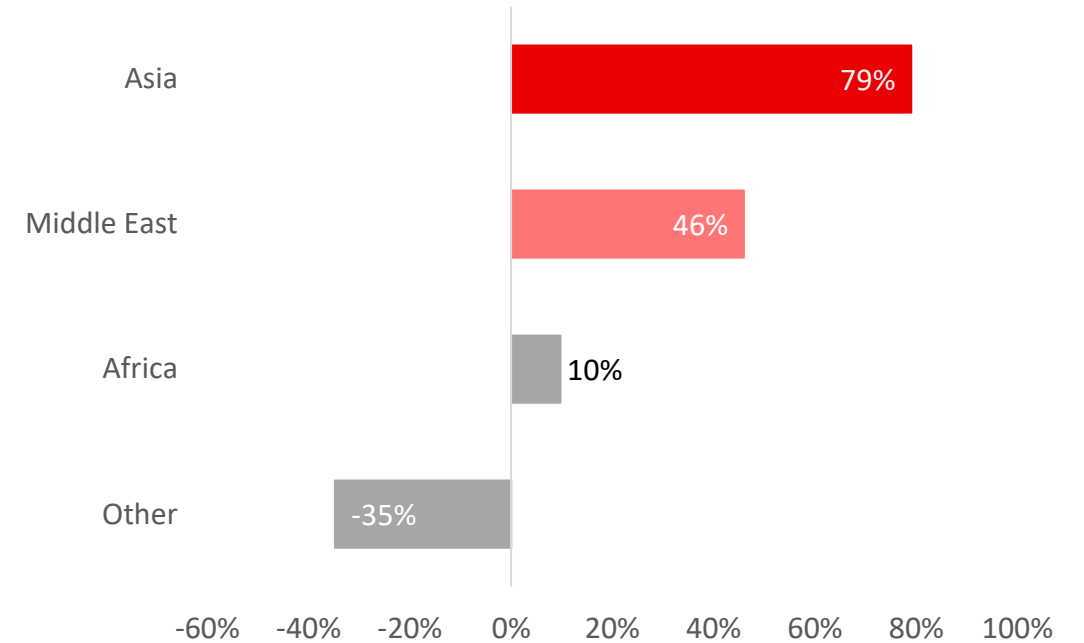
Expectations until 2025:

- 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.

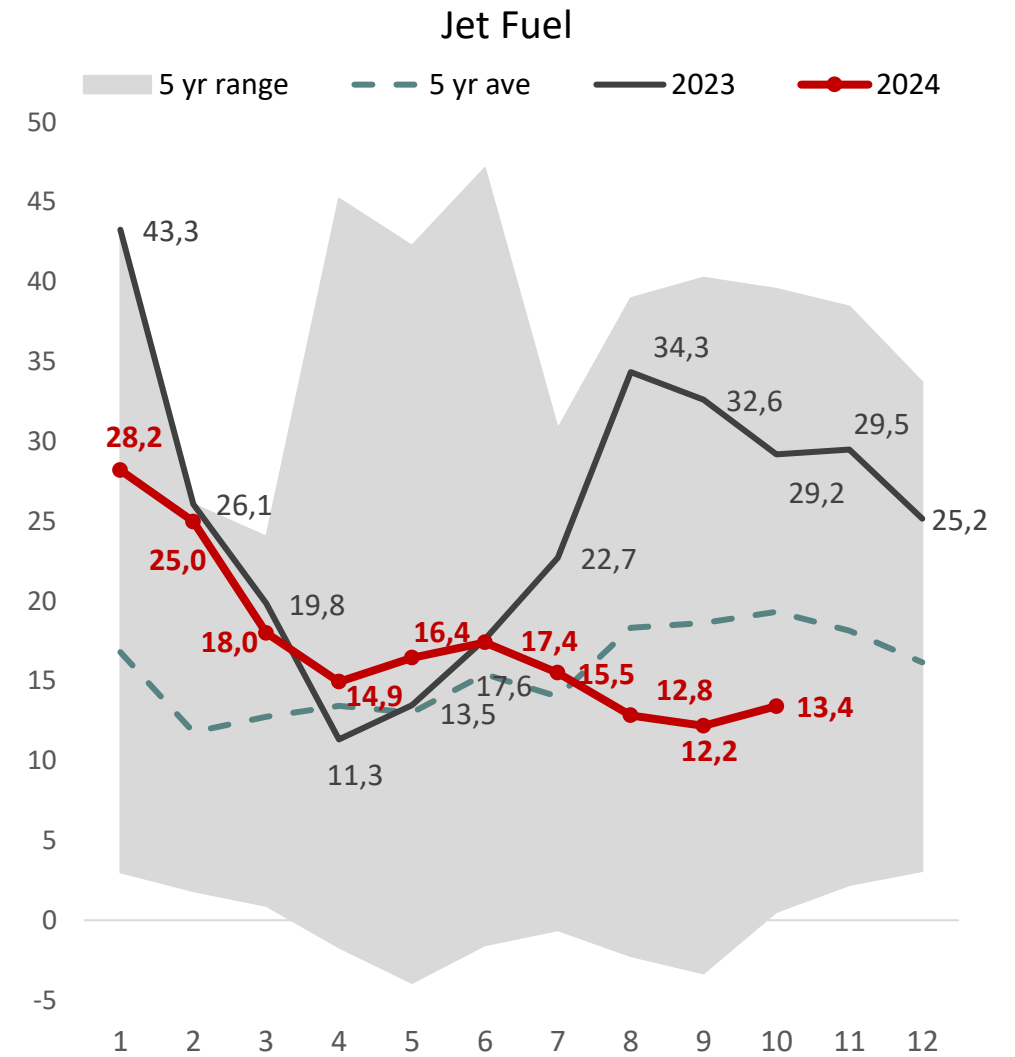
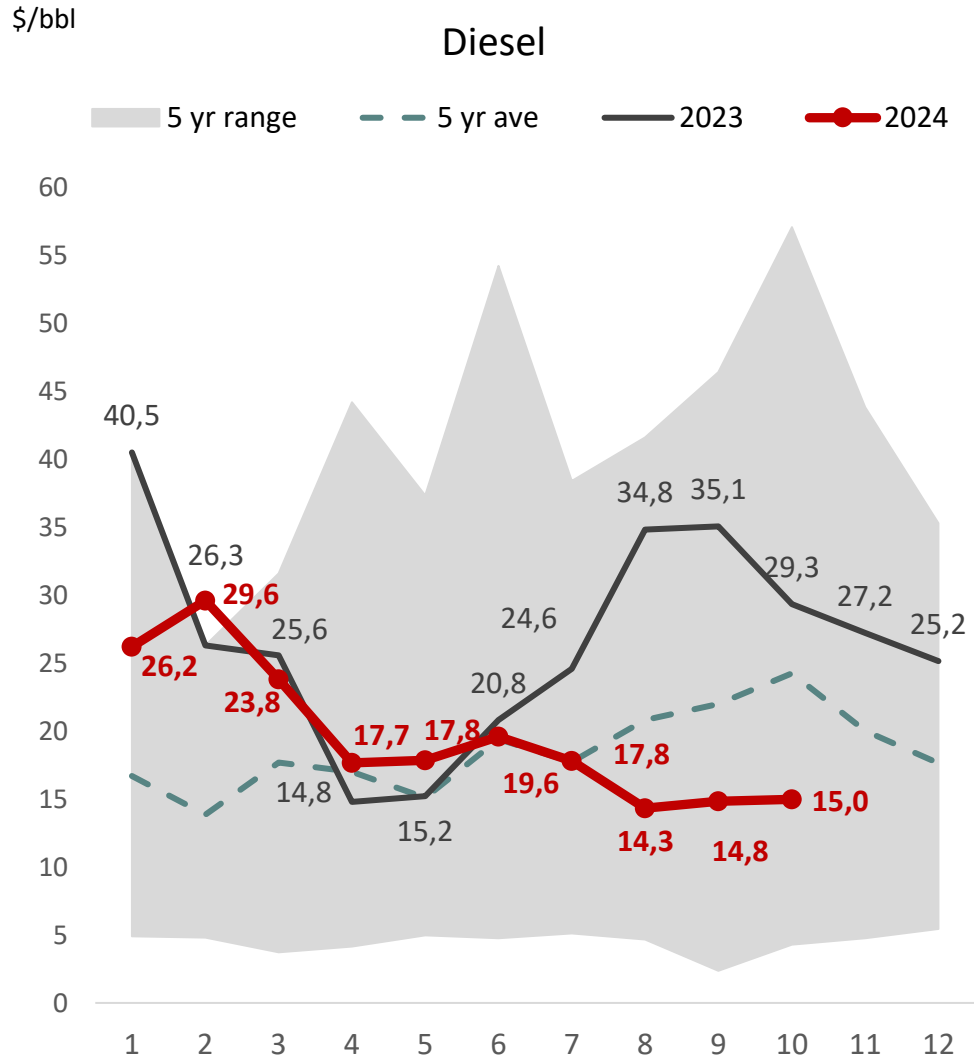
2019-2025 Net Capacity Additions



Capacity Additions by Region

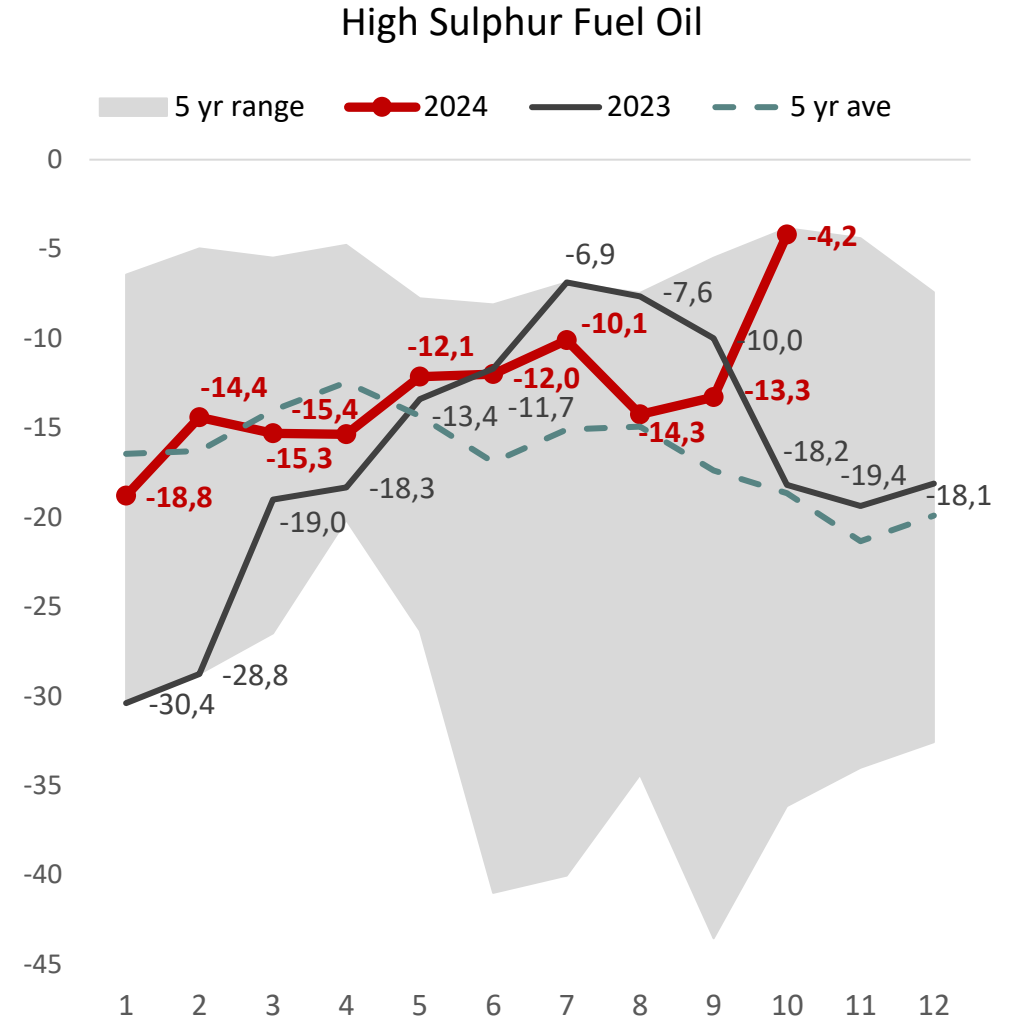
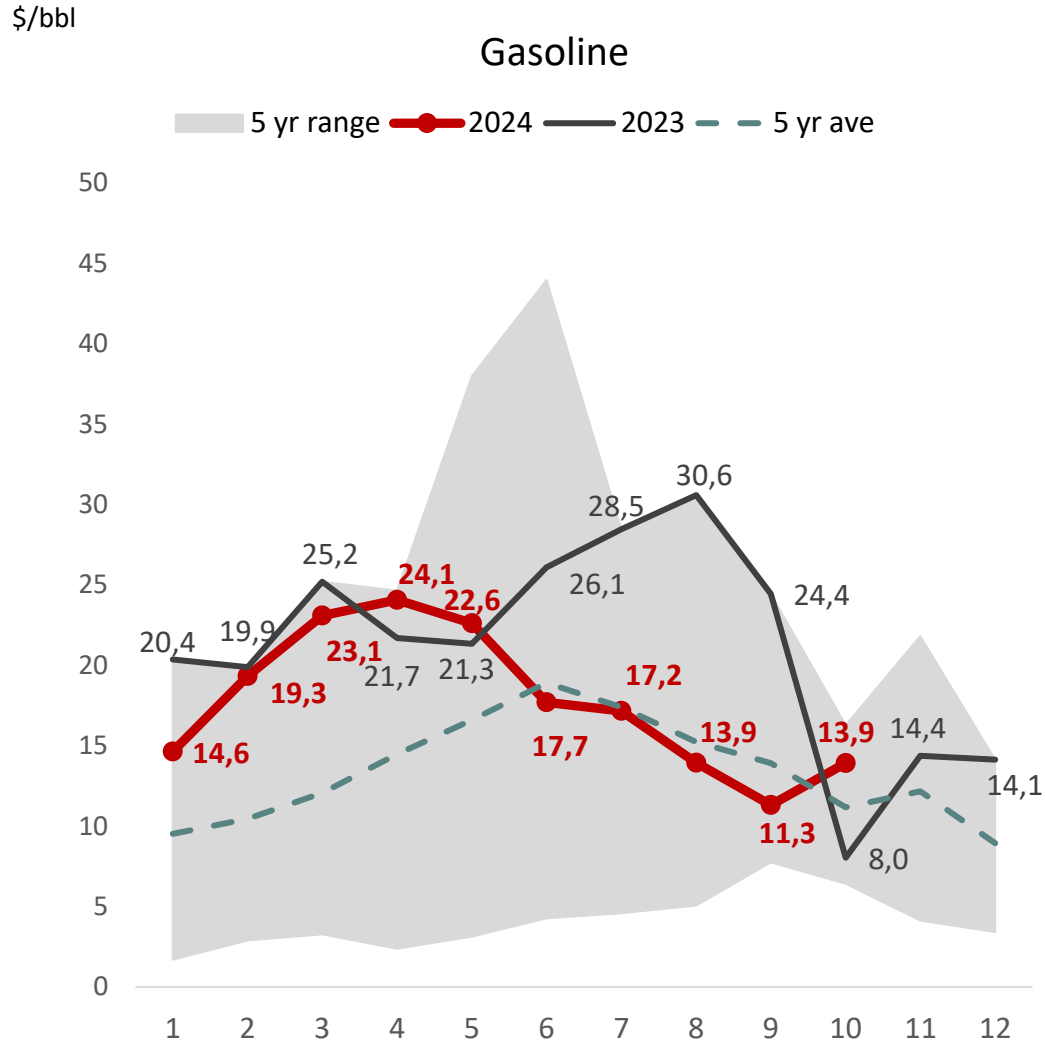


Middle Distillate Cracks



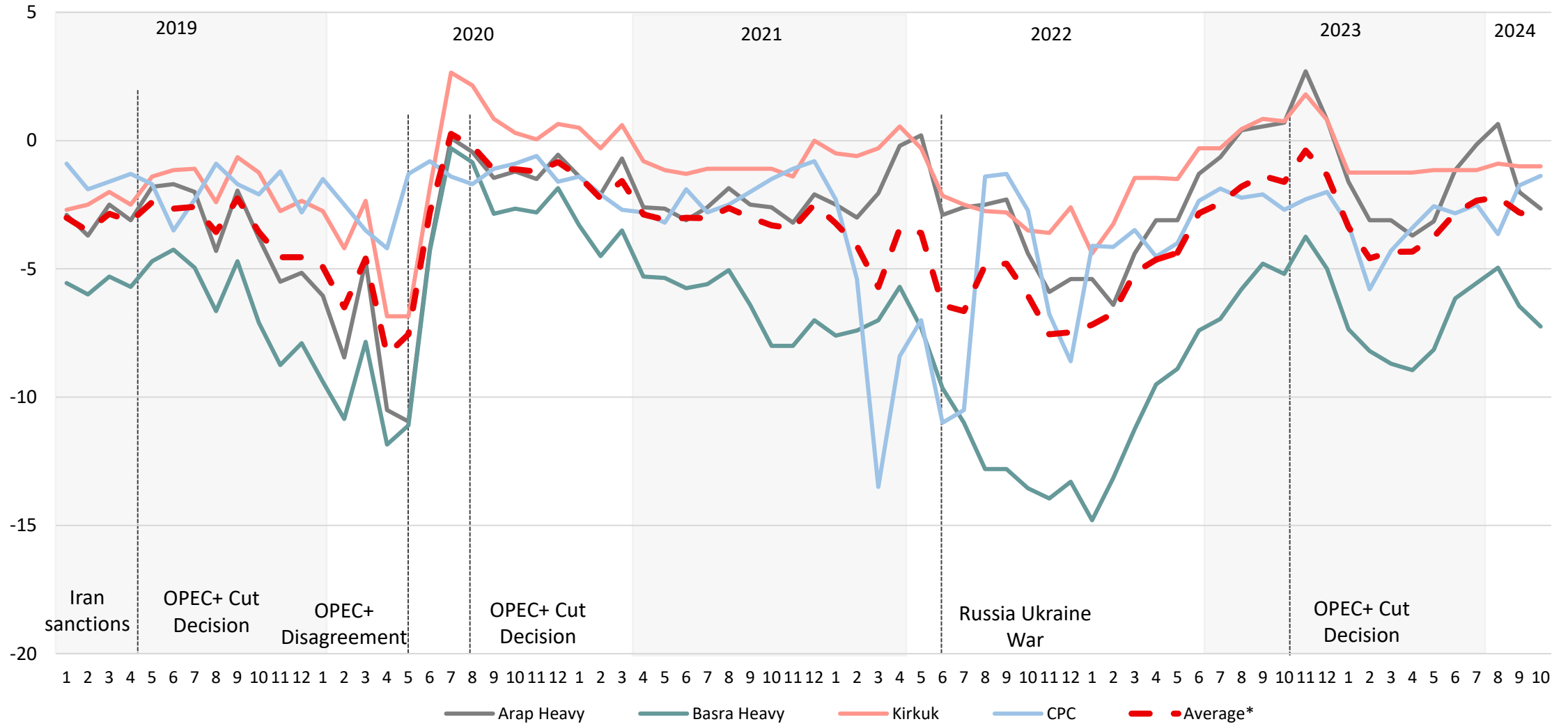
Data as of 31 October, 5 year range shows 2019-2023

Gasoline and High Sulphur Fuel Oil Cracks



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

Heavy Crude Differentials to Brent (\$/bbl)

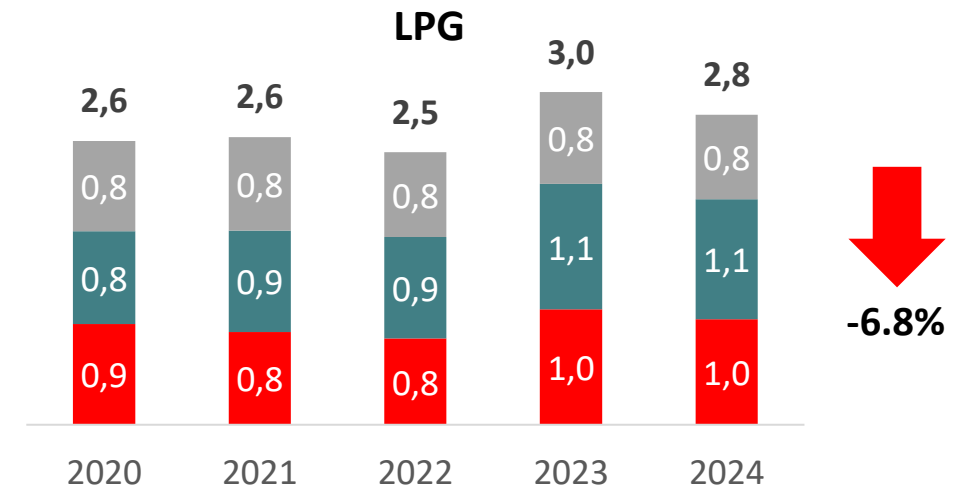
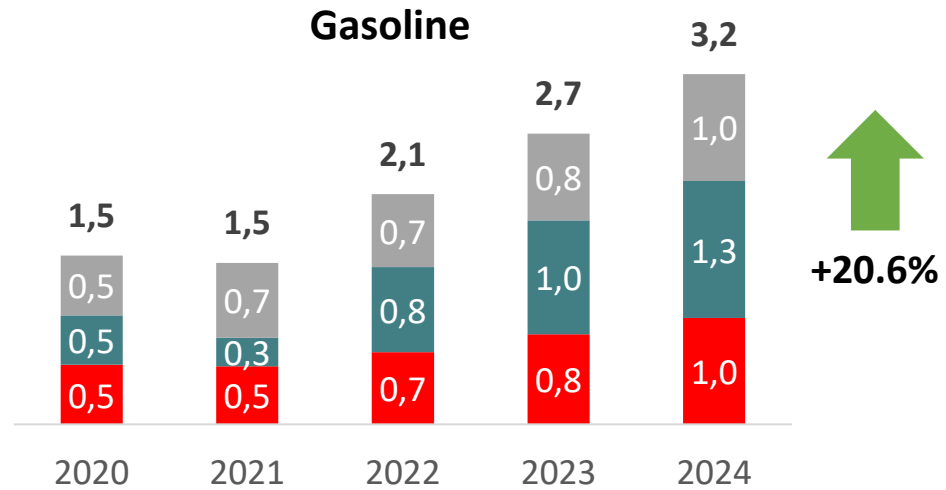
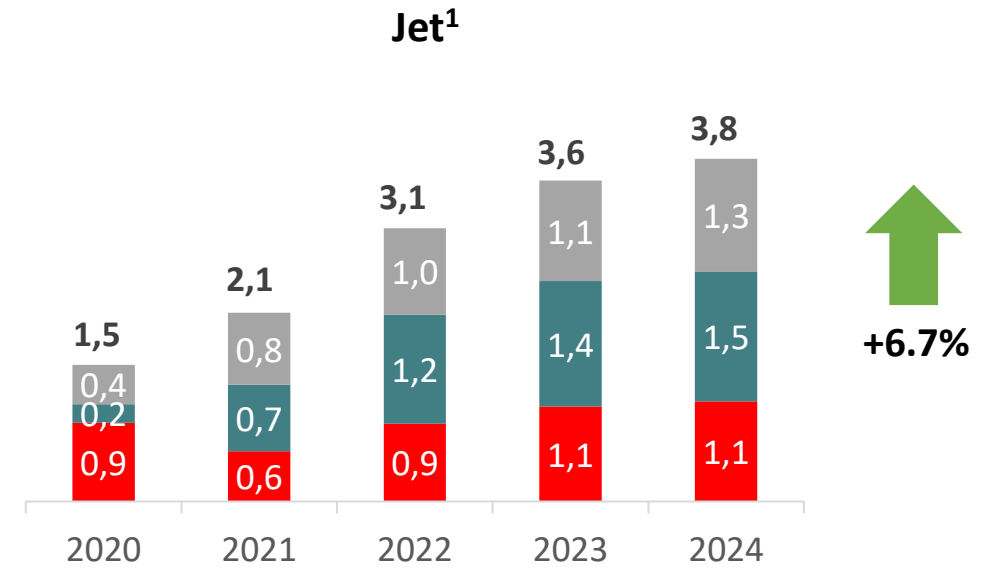
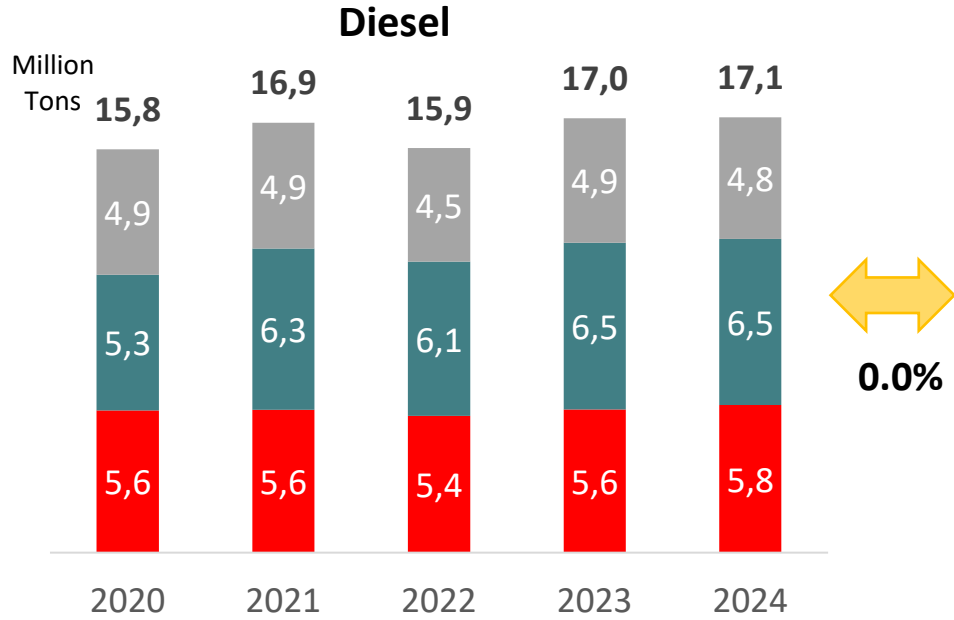


Data as of 31 October

*Simple average of listed differentials

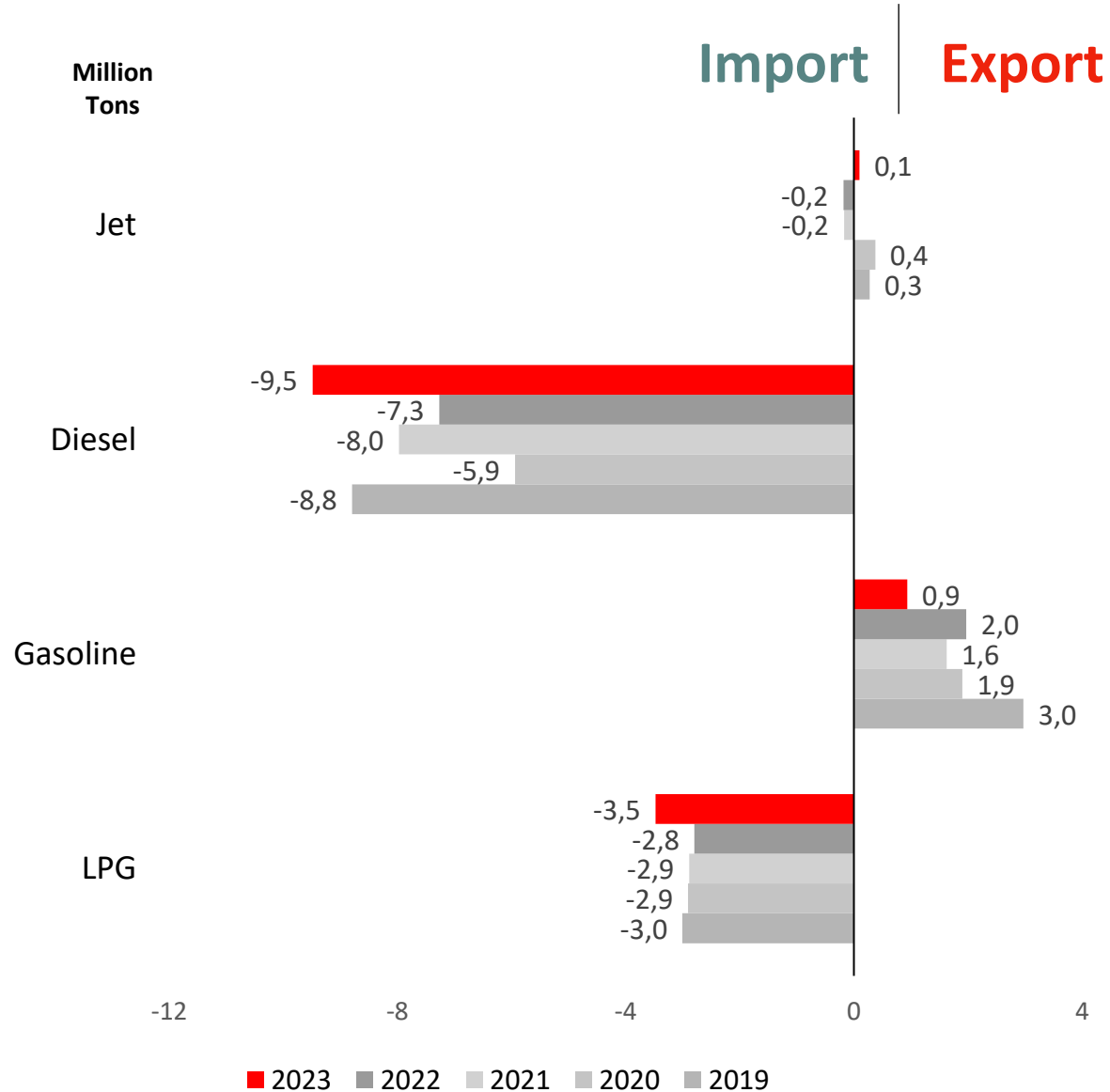
Turkish Market, 8M 2024

■ Q1 ■ Q2 ■ Jul+Aug



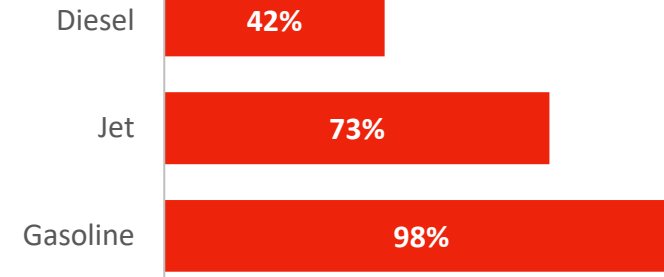
¹Transit flight consumption included

Turkey's Net Import / Export Balance

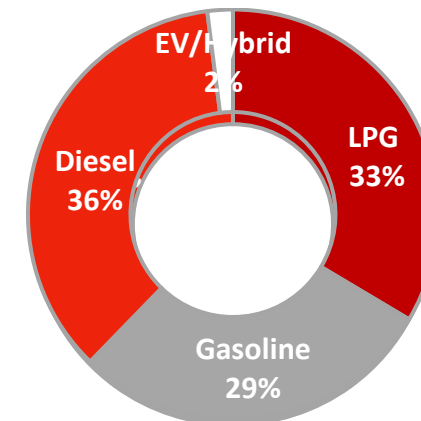


Market Share of Tüpraş

2023 12M



Fuel Choice of Passenger Cars 2023

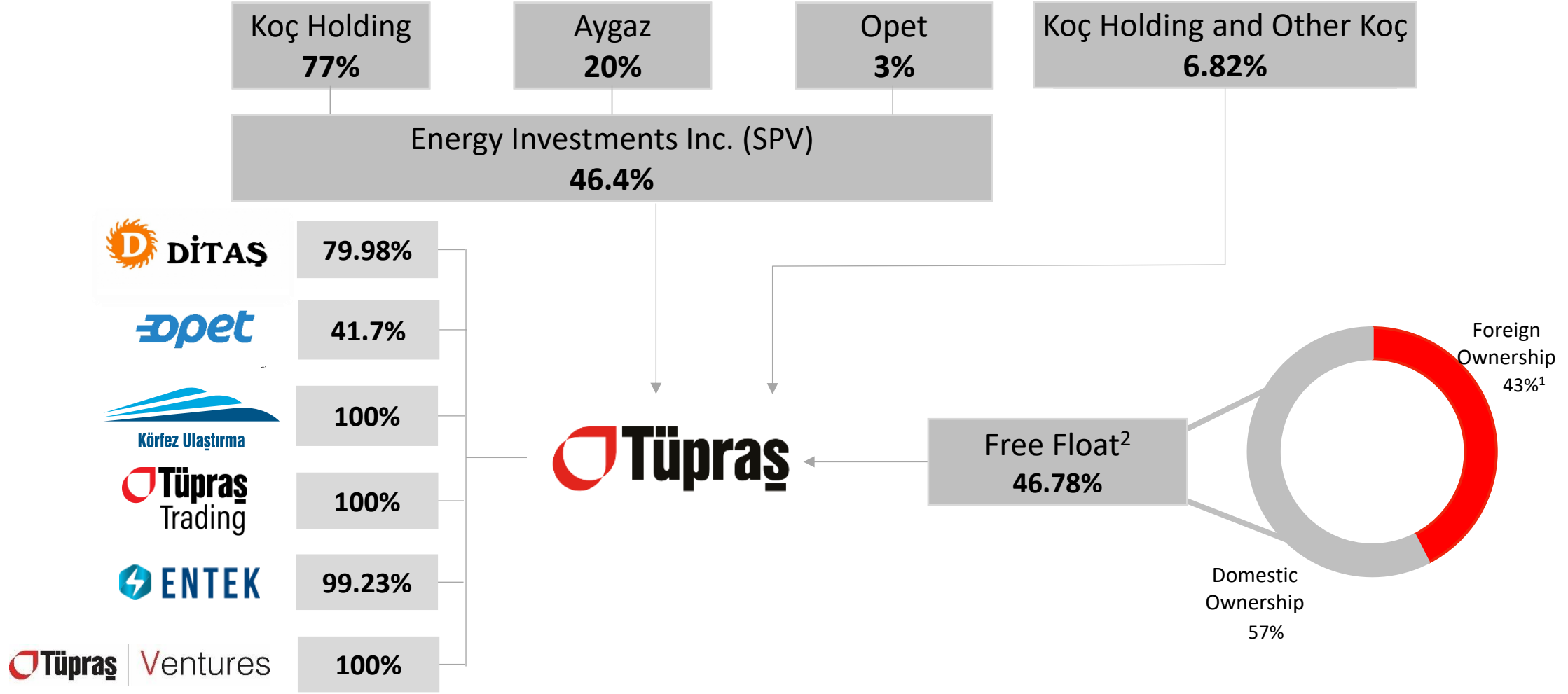




Company Overview

Tüpraş Shareholder Structure

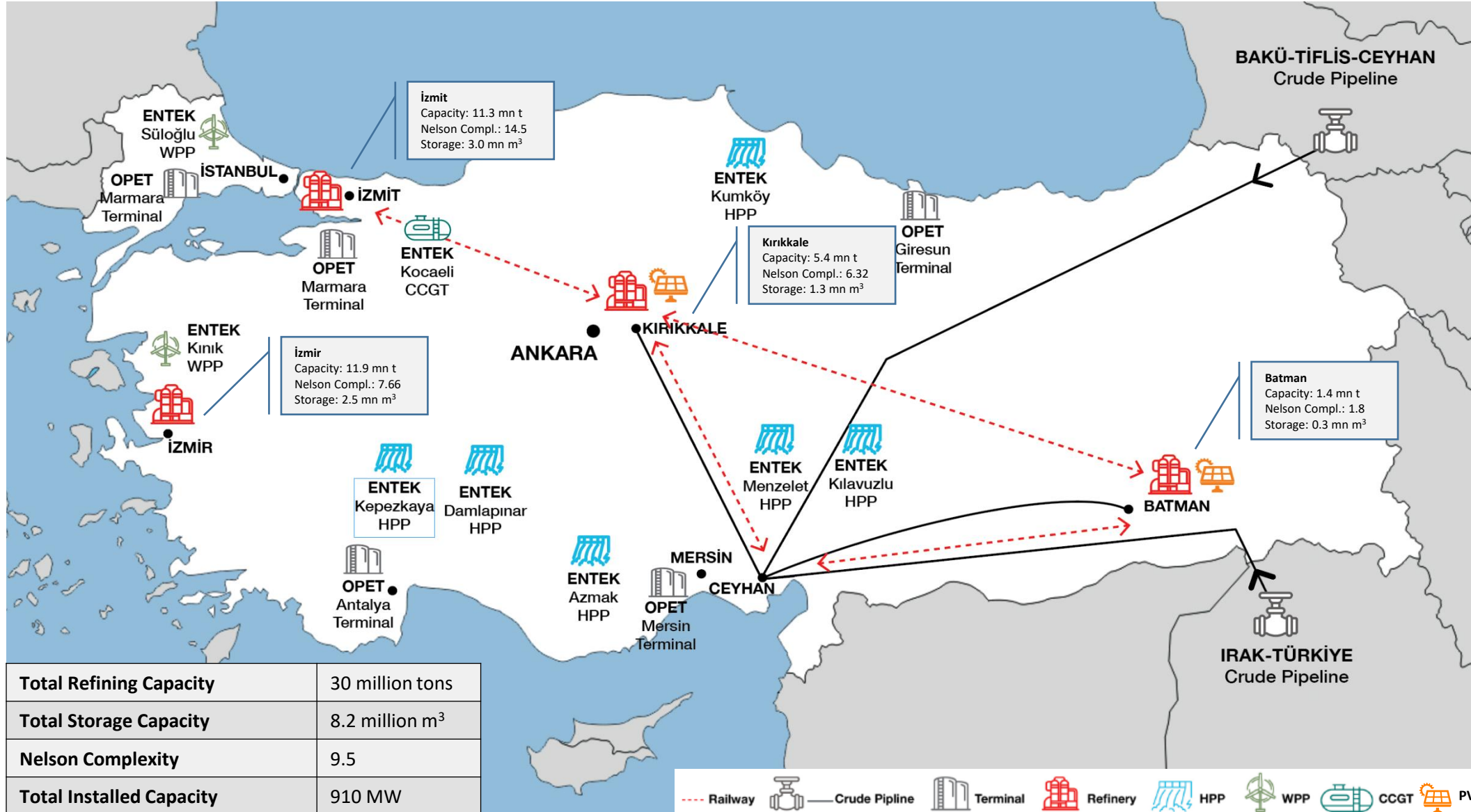
Tüpraş is Turkey's biggest industrial company and leading refiner.



¹ As of December 31, 2023

² Includes %1.11 shares of Liquid Petroleum Co.

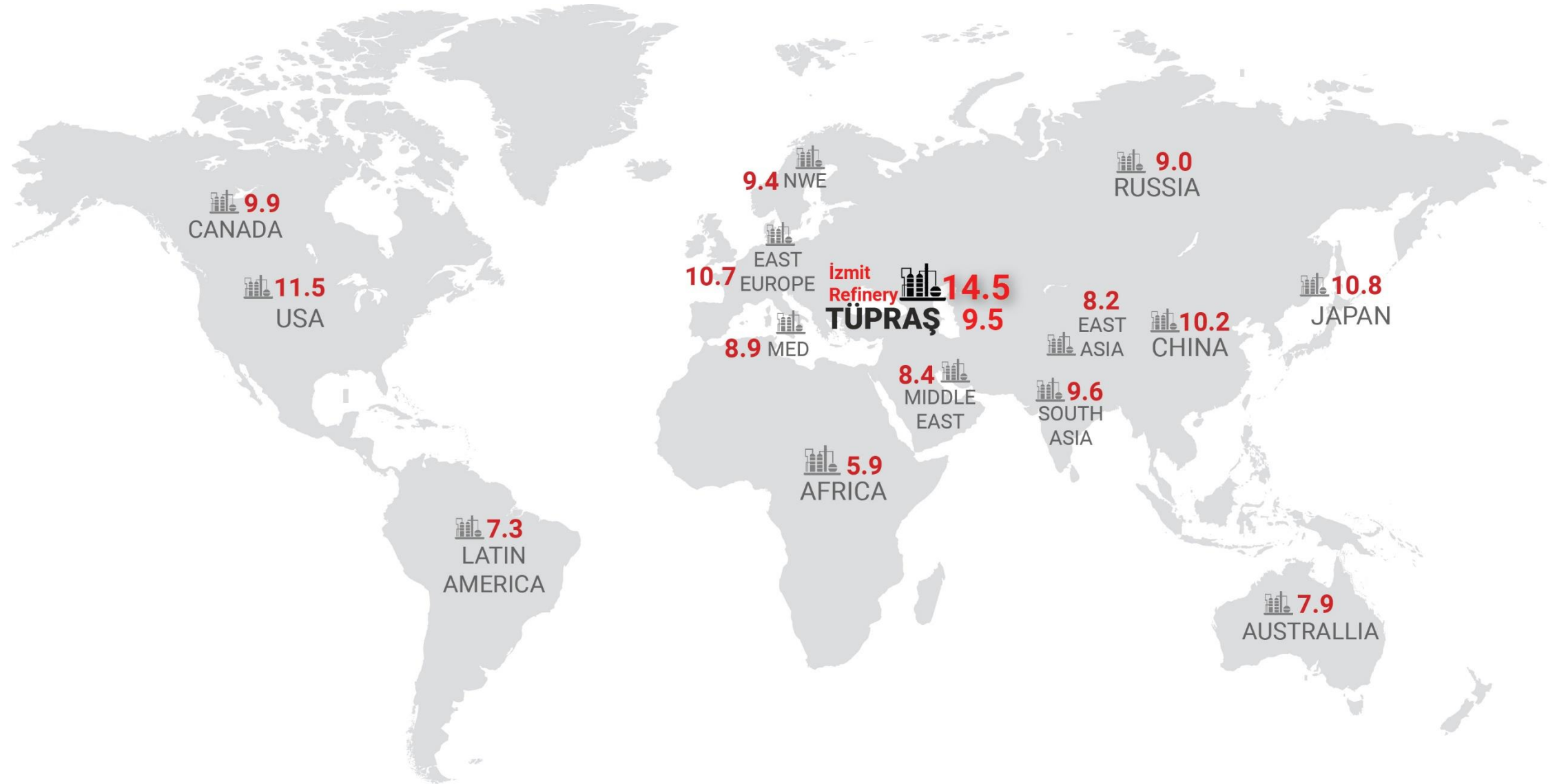
Tüpraş' Refining Assets & Distribution Network



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: **18.8%** **24.7%**
White Products **Black Products**

1,881 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

DITAŞ 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

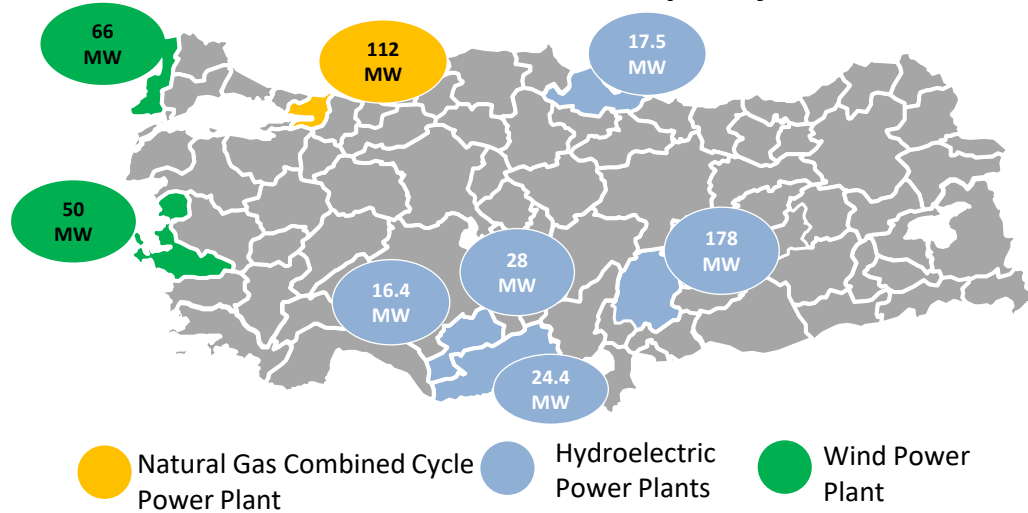
Energy Transformation Sustainability Operational Excellence

- 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.

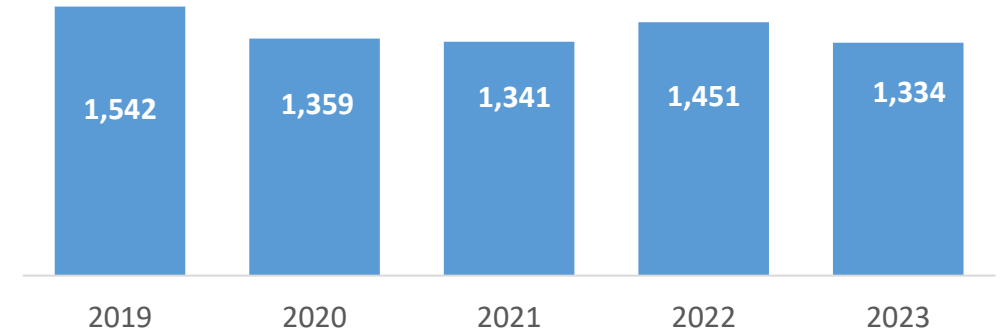
Tüpraş Subsidiaries

Entek - Electricity (Tüpraş Share: 99.23%)

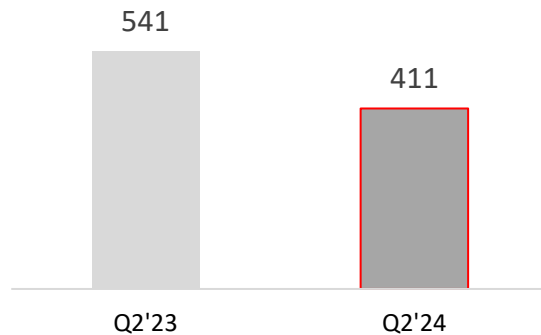
Entek's Installed Capacity



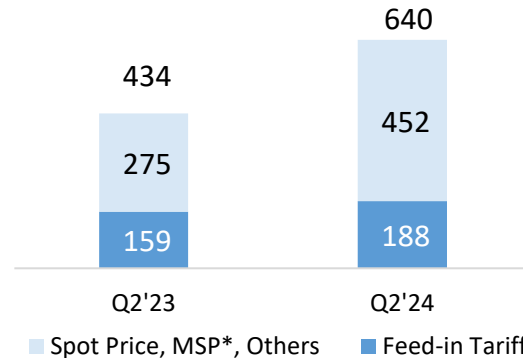
Production (000 MWh)



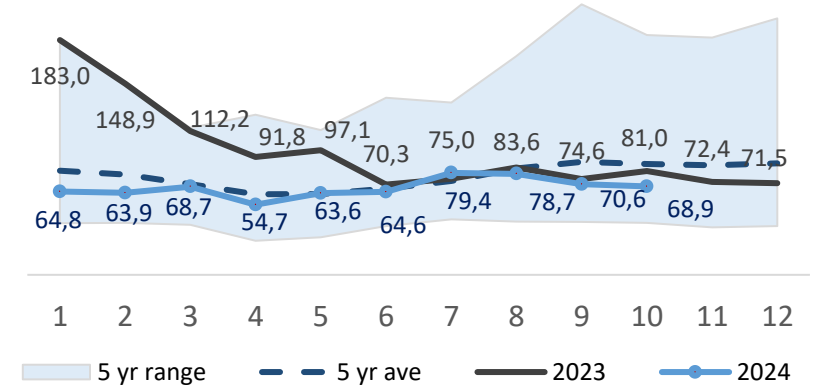
EBITDA (Mn TL)



Total ZCE Sales from Production (GWh)



Spot Price (\$/Mwh)

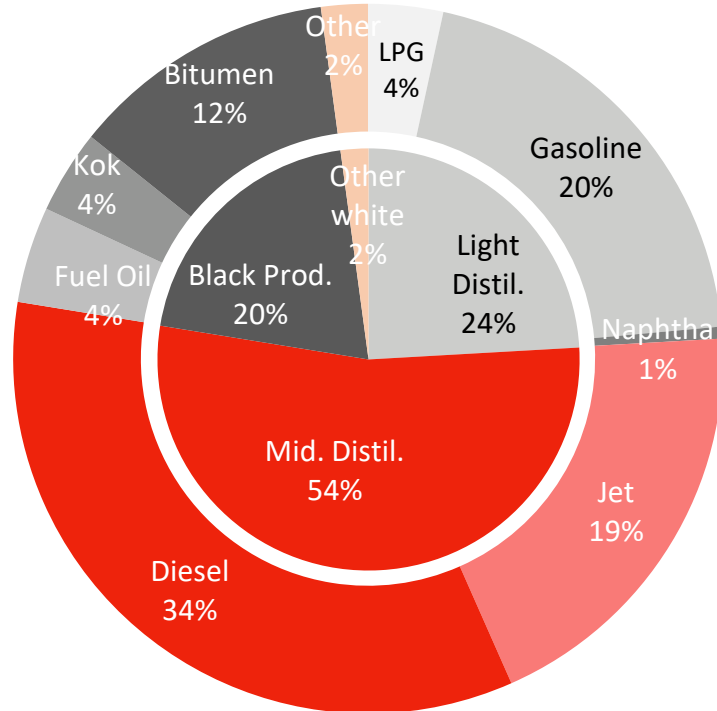




Operations

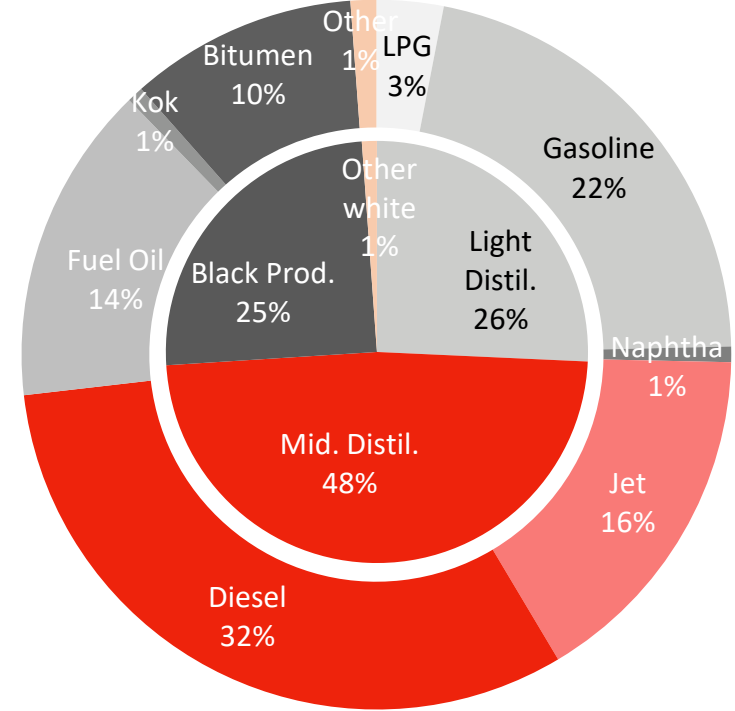
Q2 Product Yields

Q2 2023



White Product Yield (%)	78.4%
Production	5.9 mn tons
API	31.2

Q2 2024

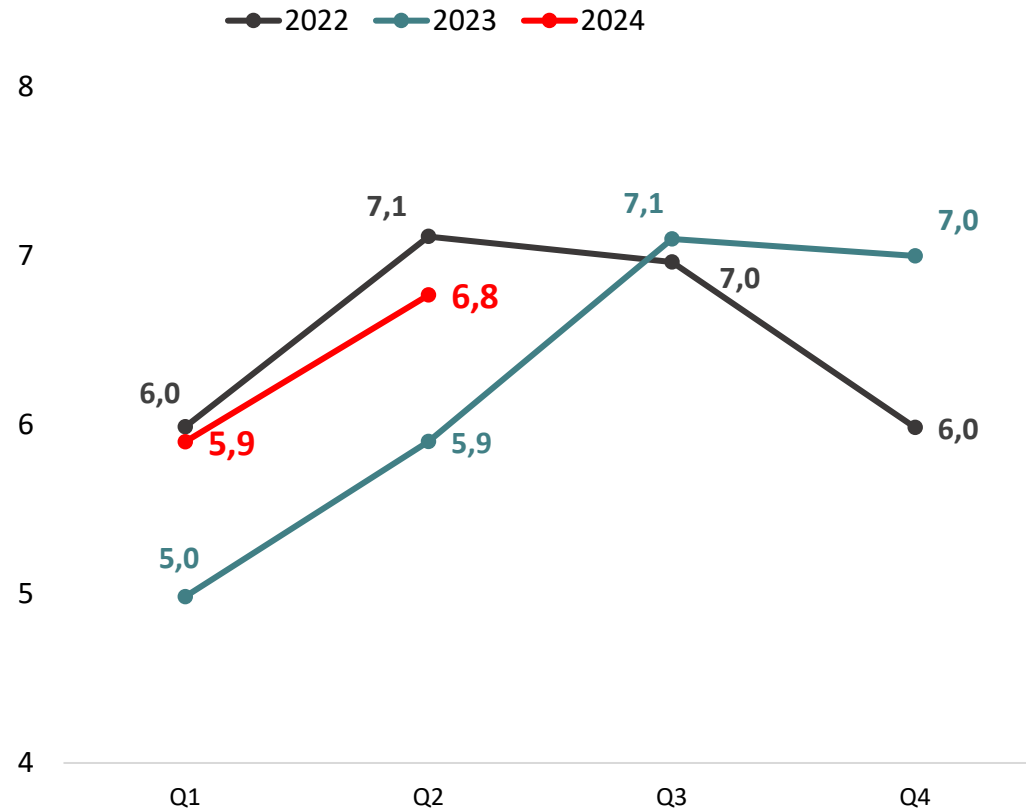


White Product Yield (%)	73.5%
Production	6.8 mn tons
API	32.2

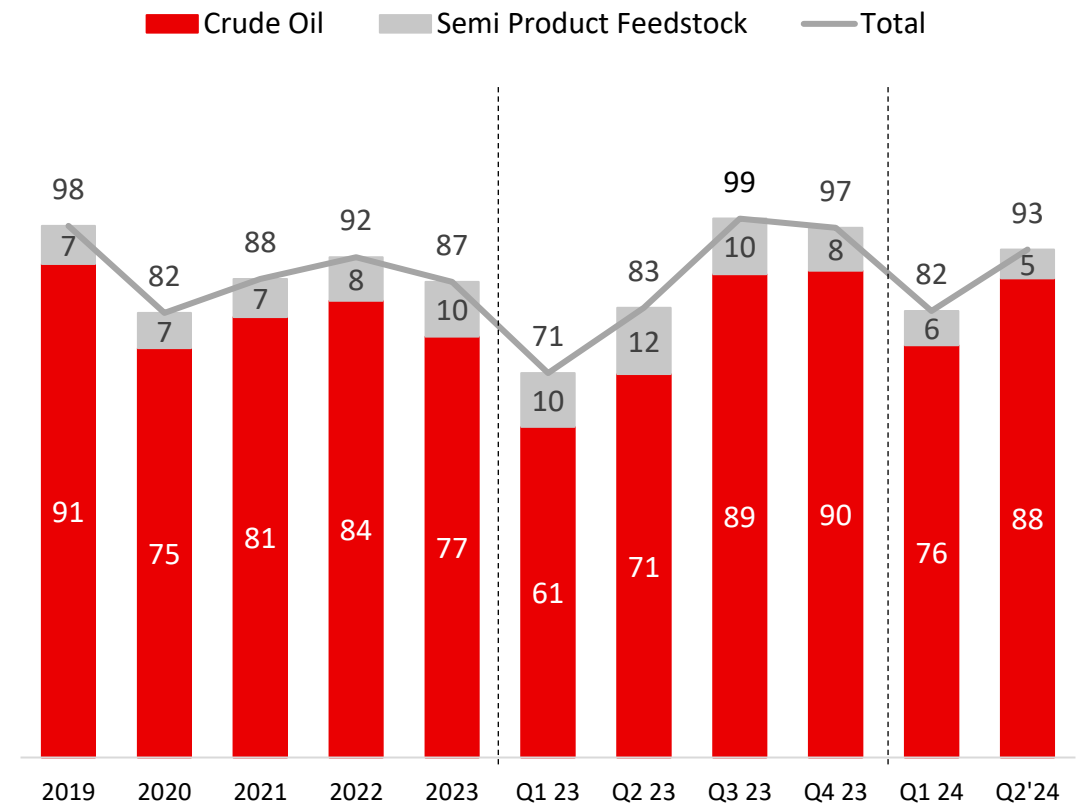
Capacity Utilization and Quarterly Production Volume

- Tüpraş produced 6.8 million tons in Q2 2024.
- Capacity utilization for Q2 2024 was 93%, higher y/y despite RUP maintenance.

Quarterly Production (Million Tons)



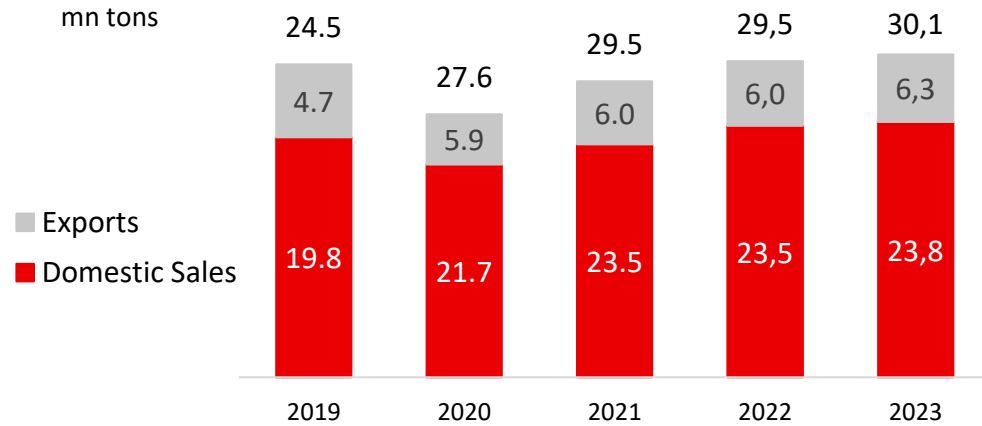
Capacity Utilization (%)



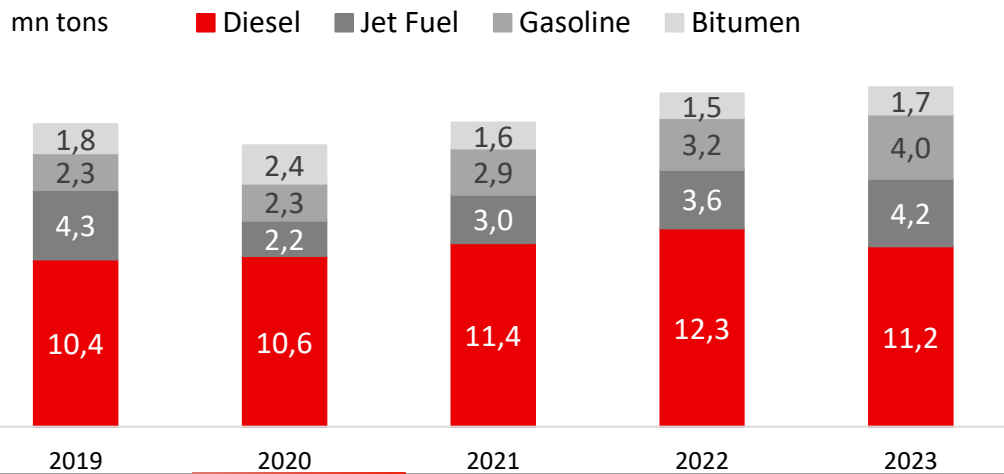
Sales

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

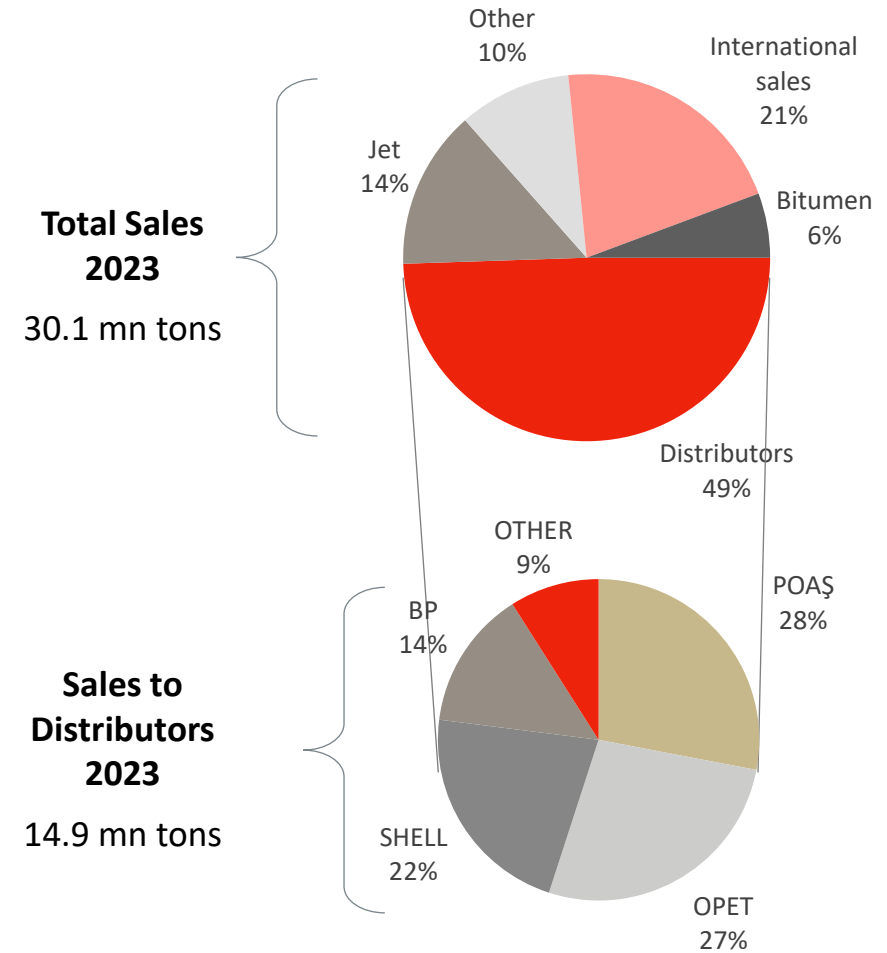
Total Sales



Domestic Sales of Key Products



Customer Groups 2023

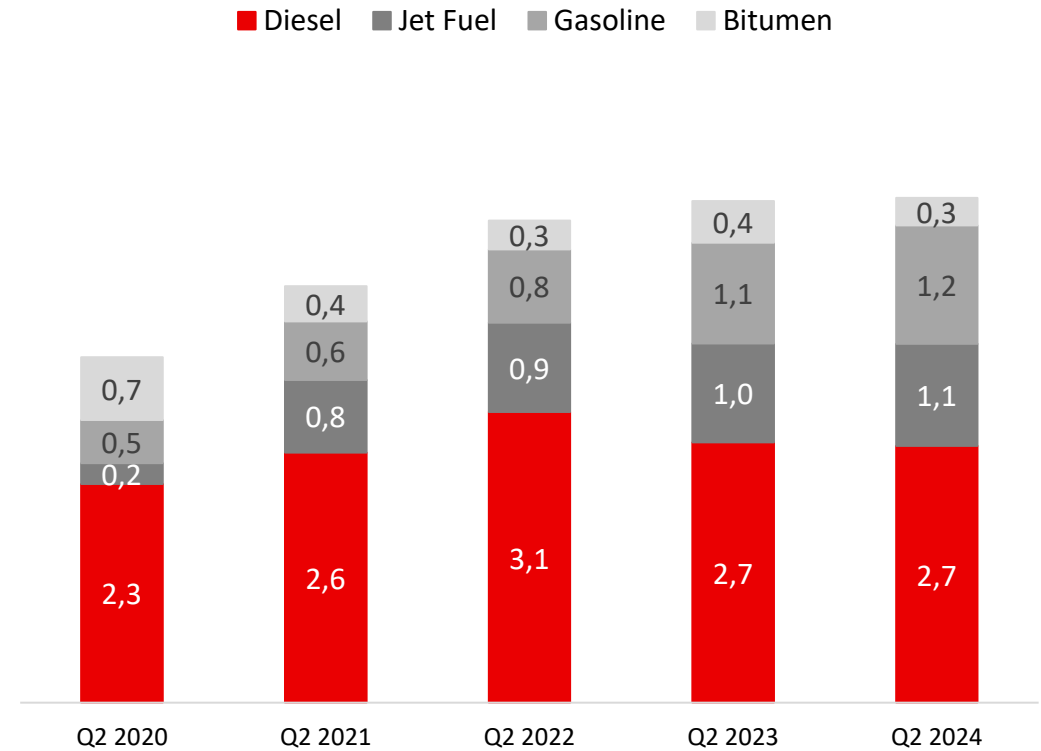
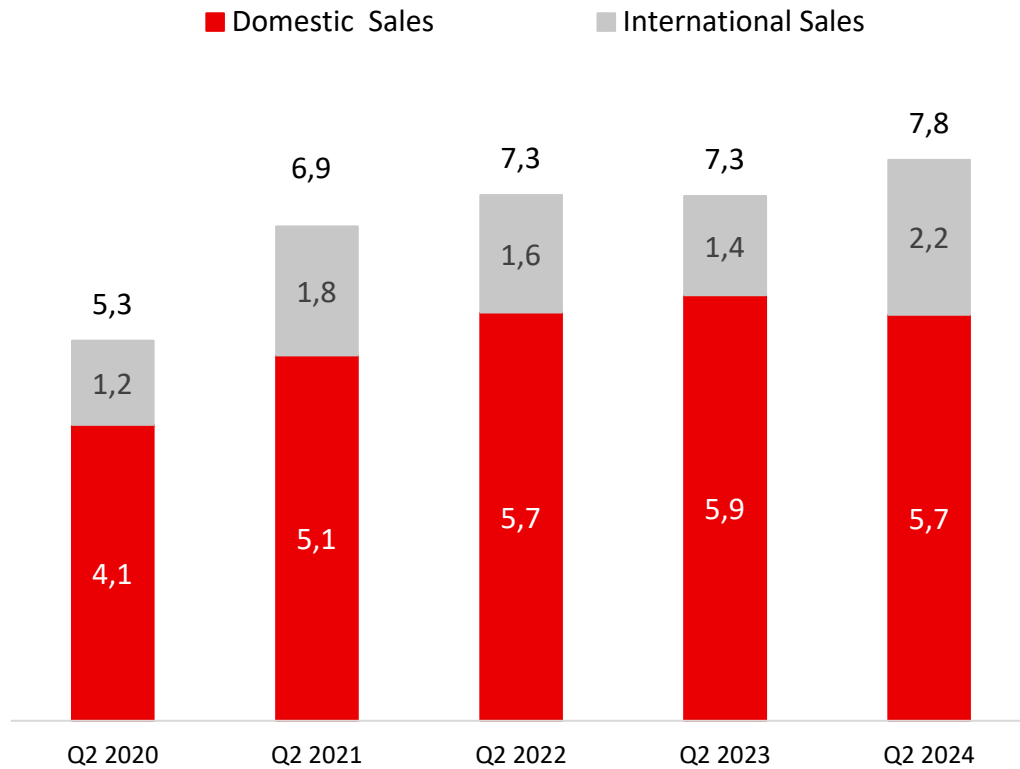


Product Sales in Q2 2024 (Million Tons)

- Tüpraş' sales are up by 7% compared to Q2 2023 reaching to 7.8 million tons.
- International sales grew by 56% y/y driven by gasoline and HSFO.

Total Product Sales

Domestic Sales of Selected Products





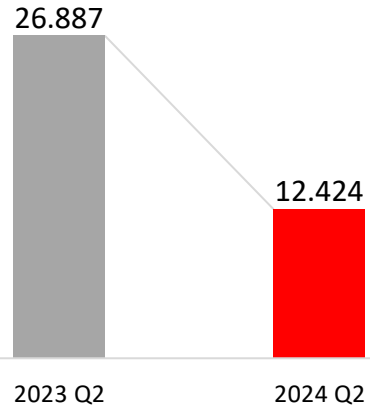
Financials

Income Statement (Million TL)

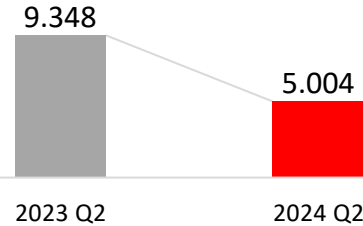
Million TL	Q2 2024	Q2 2023	%	H1 2024	H1 2023	%
Net Sales	190,716	183,630	4%	370,097	357,349	4%
COGS	-173,284	-154,319	12%	-338,383	-302,275	12%
Gross Profit	17,432	29,310	-41%	31,714	55,074	-42%
Operating Expenses	-6,861	-5,265	30%	-13,206	-10,957	21%
Income/Loss from other operations	9	-11,349	-100%	-3,614	-12,337	-71%
Operating Profit	10,579	12,696	-17%	14,893	31,779	-53%
Inc./Loss from Equity pick ups	-2	1,372	-100%	303	925	-67%
Operating Profit Before Fin. Income/Loss	10,577	14,068	-25%	15,196	32,704	-54%
Financial Income/Expense	1,101	-3,791	-129%	4,614	-5,231	-188%
Monetary Gain/Loss	-2,687	-945	184%	-8,768	-4,617	90%
Profit Before Tax	8,991	9,332	-4%	11,042	22,857	-52%
Net Profit (excluding minority interest)	5,004	9,348	-46%	5,351	12,395	-57%
EBITDA*	12,424	26,887	-54%	22,815	48,643	-53%
Inventory Gain/Loss	68	8,049	-99%	3,659	8,021	-54%
EBITDA CCS*	12,356	18,838	-34%	19,156	40,622	-53%

Financial Highlights

EBITDA (mn TL)

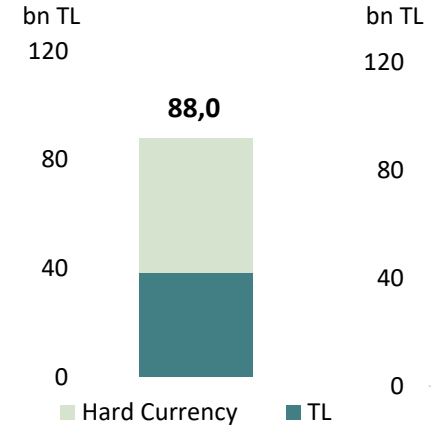


Net Income* (mn TL)

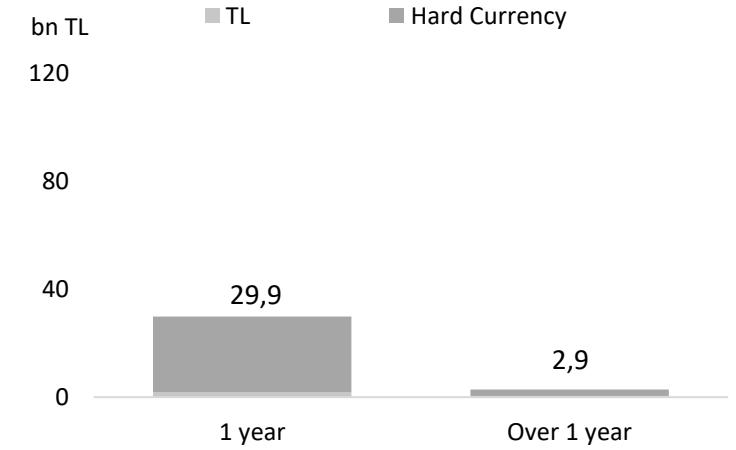


* Excluding minority interest

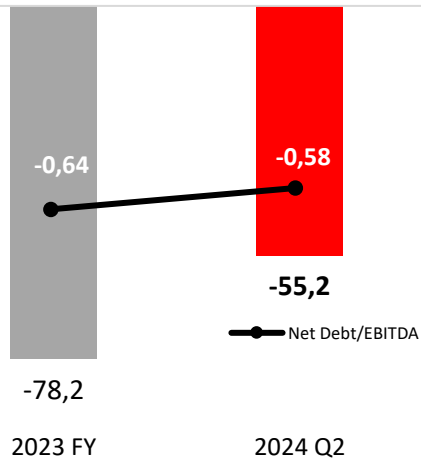
Cash Currency Breakdown



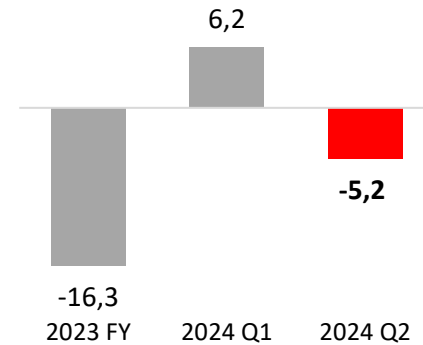
Redemption Schedule



Net Debt & Net Debt / EBITDA



Working Capital (bn TL)



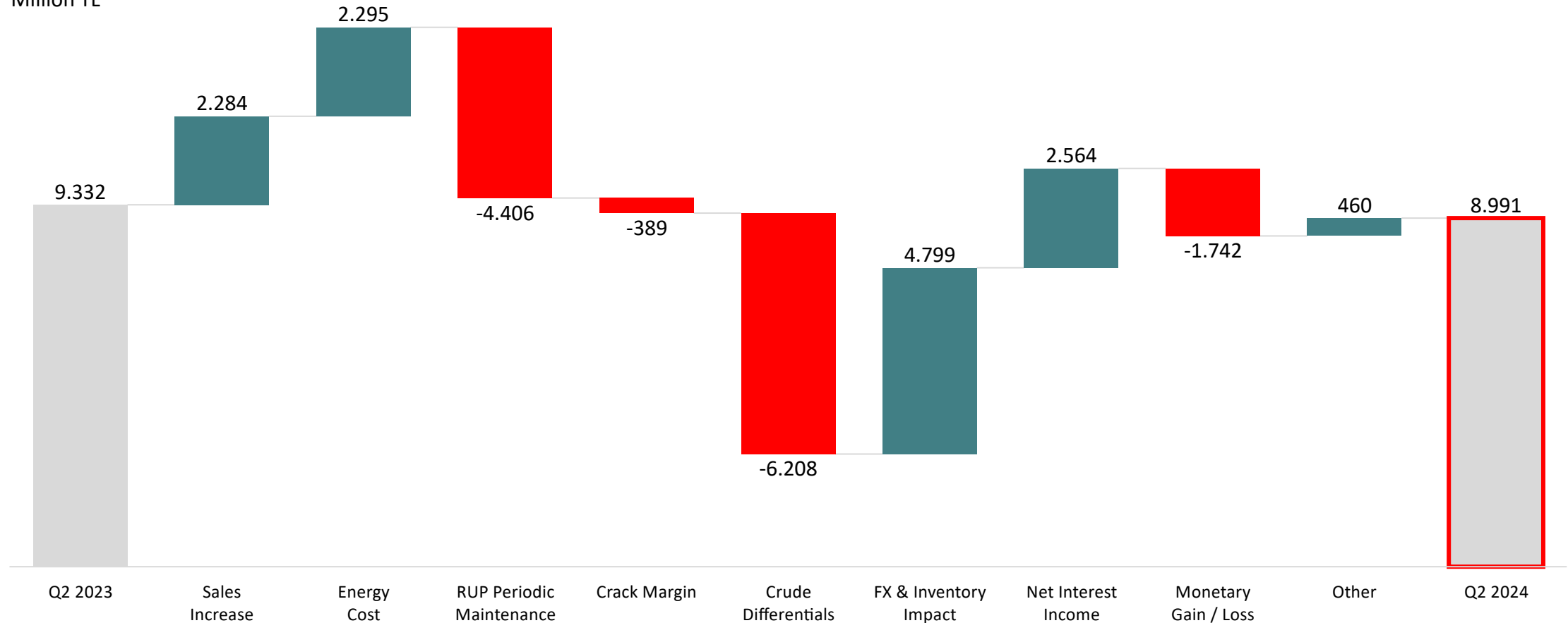
Financial Management

- Working capital requirement turned negative as the effects of Red Sea tensions are reduced and inventory turnover improved.
- Net cash position continued with strong operating cashflow.

Profit Before Tax Bridge (2023 Q2 – 2024 Q2)

Higher sales, lower energy expenses and strong net interest income supported the PBT despite narrower differentials and scheduled RUP maintenances negative impact.

Million TL

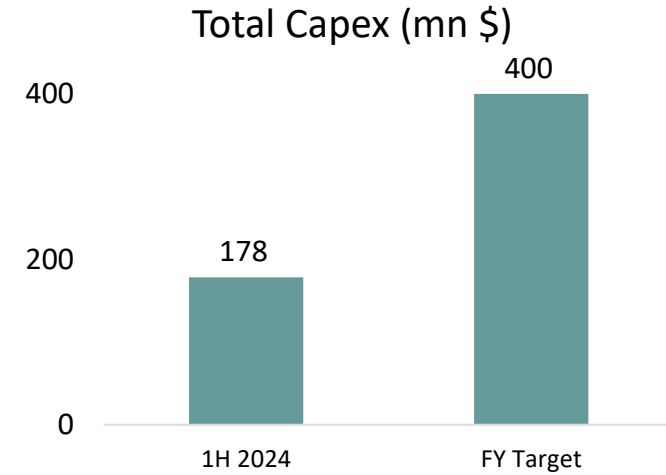
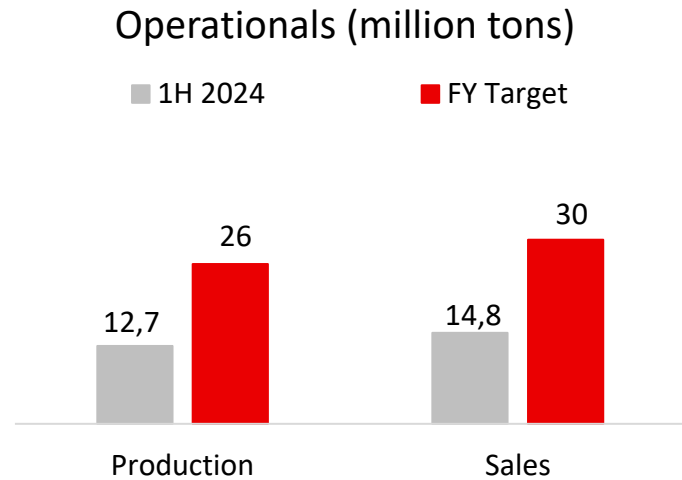
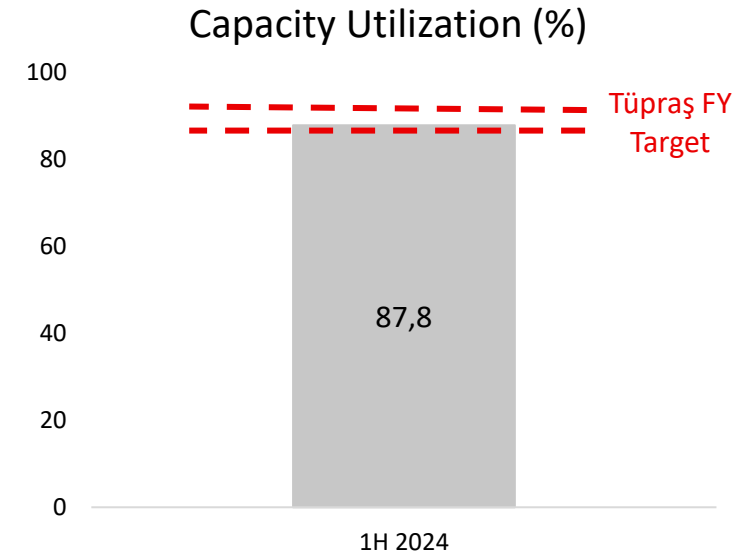
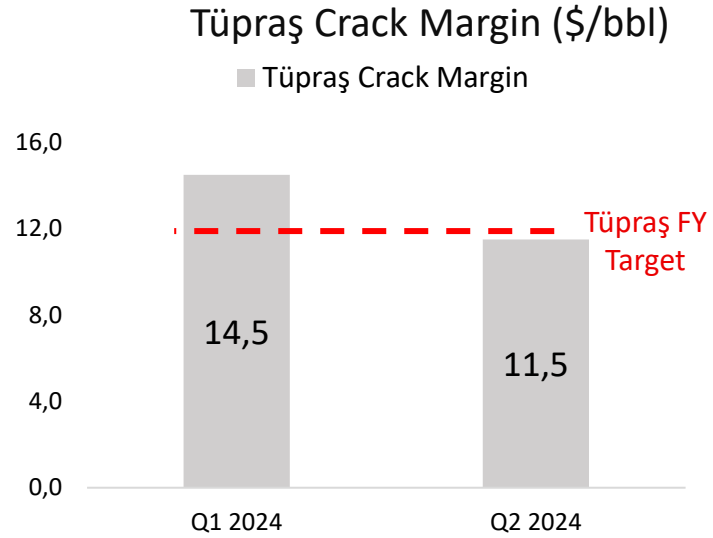


Tüpraş Crack Margin expectation ~12 \$/bbl

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

Consolidated Capex ~400 million \$

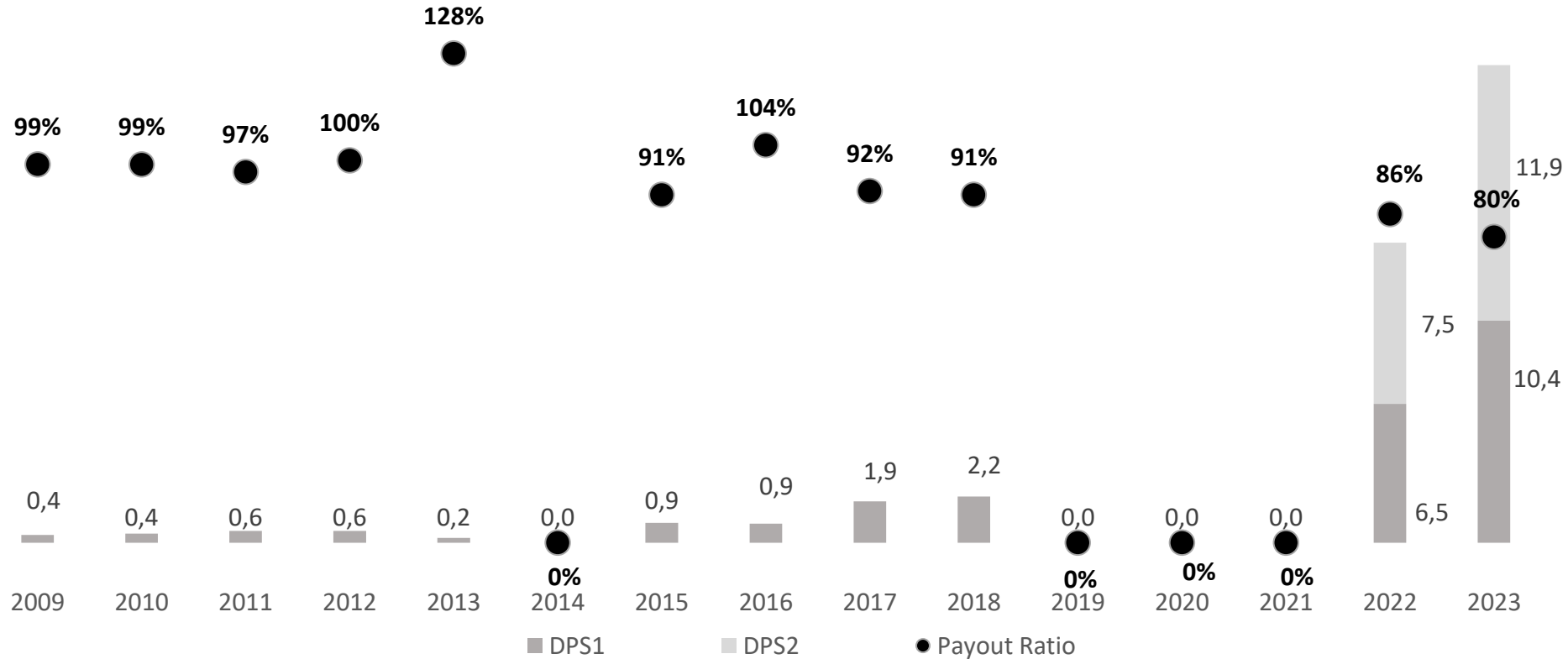
Q2 2024 Results



Tüpraş Balance Sheet (Million TL)

	31.06.2024	31.12.2023	Diff.	Diff. (%)
Current Assets	211,849	250,904	-39,055	-16
Cash & C. Equivalents	88,003	122,270	-34,267	-28
Trade Receivables	44,952	50,442	-5,490	-11
Derivatives	1,053	2,575	-1,522	-59
Inventories	65,206	55,462	9,743	18
Pre-paid expenses	1,678	1,594	83	5
Other Current Assets	10,958	18,560	-7,602	-41
Long Term Assets	206,288	206,616	-329	0
Financial Assets & Subsidiaries	10,284	10,781	-497	-5
Tangible & Intangible Fixed Assets	172,505	173,116	-611	0
Derivatives	67	46	21	45
Pre-paid expenses	3,675	2,264	1,412	62
Deferred Tax	5,764	8,065	-2,301	-29
Other Long-term Assets	13,993	12,344	1,649	13
Total Assets	418,137	457,520	-39,383	-9
Short Term Liabilities	176,401	193,677	-17,276	-9
Financial Loans	29,930	37,381	-7,450	-20
Trade Payables	115,326	122,186	-6,860	-6
Derivatives	3,295	664	2,630	396
Provisions	3,371	1,530	1,841	120
Other ST Liabilities	24,479	31,917	-7,437	-23
Long Term Liabilities	6,443	10,705	-4,261	-40
Financial Loans	2,872	6,683	-3,812	-57
Payables & Provisions	1,832	2,587	-755	-29
Derivatives	469	585	-116	-20
Other LT Liabilities	1,270	849	421	50
Total equity attributable to equity holders of the parent	232,310	250,422	-18,112	-7
Minority Interests	2,982	2,716	266	10
Total Liabilities & Equity	418,137	457,520	-39,383	-9

Dividend (TL)



Strategic Transition Dividend Plan

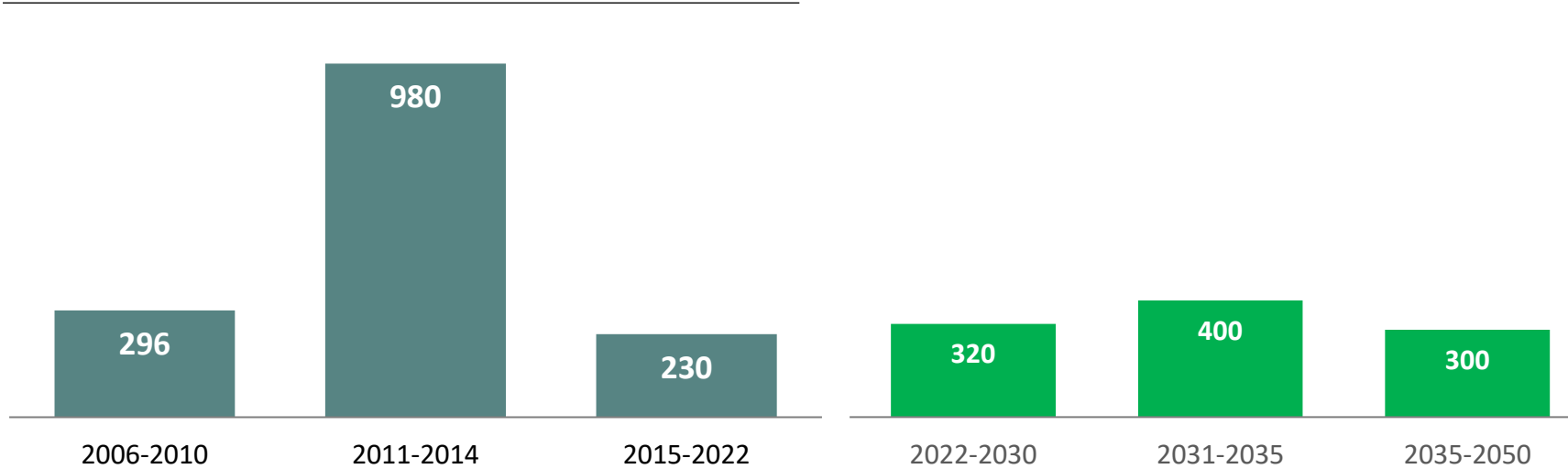
Our new business model enables us to pay ~80% average dividends and we will remain as a high dividend payer

*2009-2023 dividend payout ratio, which is calculated according to distributable net income based on statutory accounts

Investments (Million \$)


Avg. 460 Mn\$

Avg. 350 Mn\$

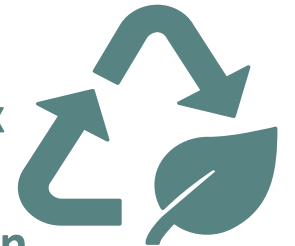


CURRENT PROJECTS

- 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.

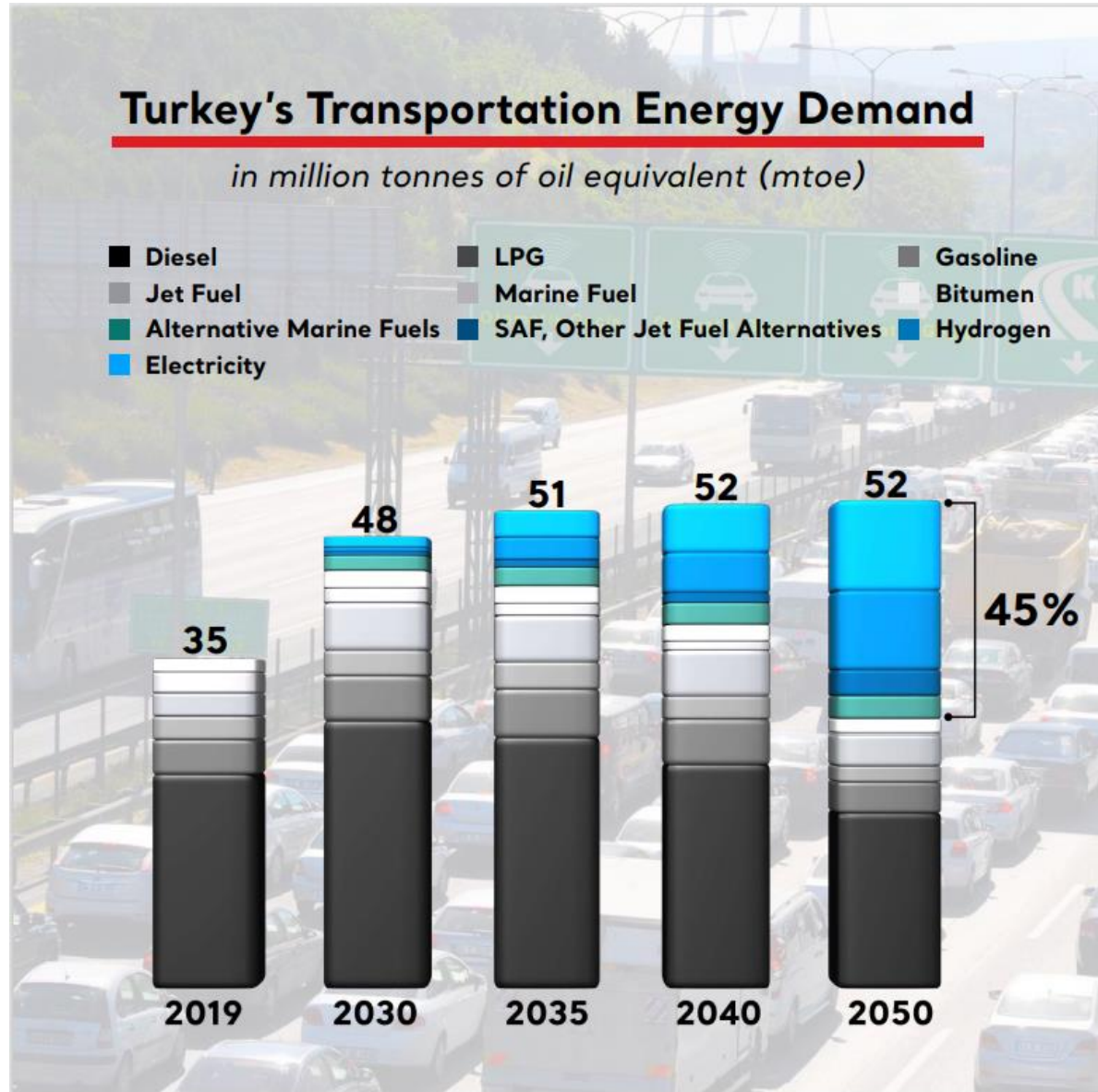
Crack Margin Hedging Policy:

- 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

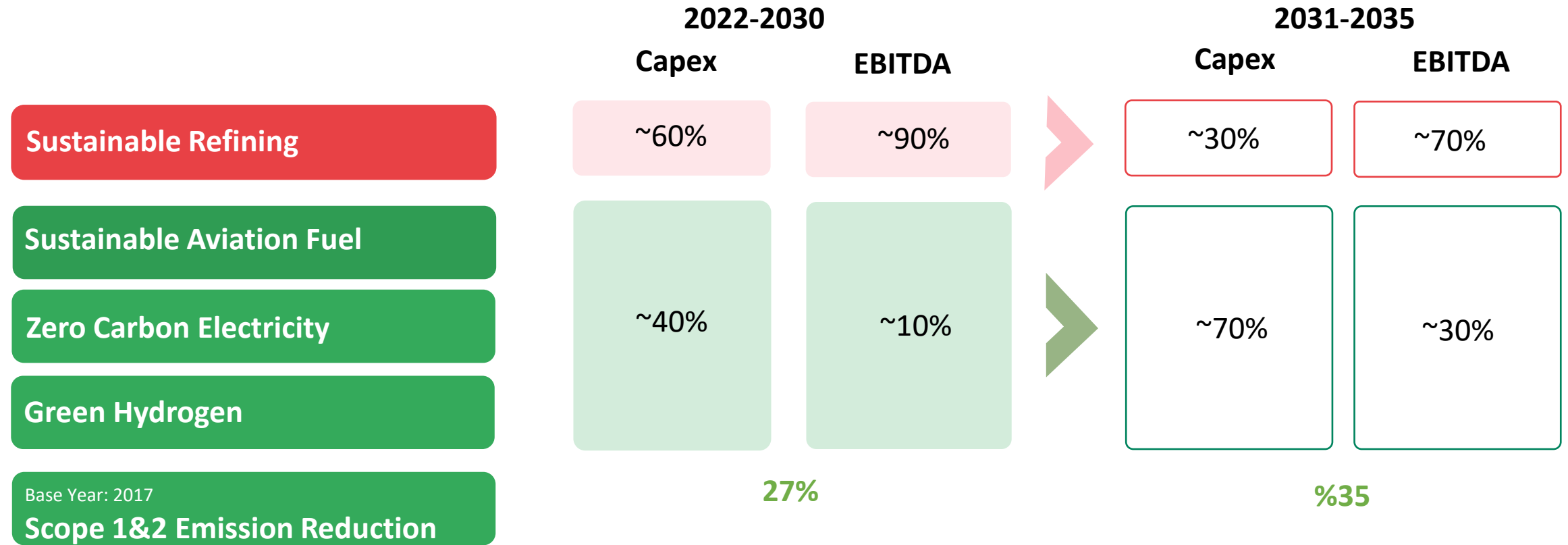


H₂ to enter a **rapid growth phase** from 2030



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

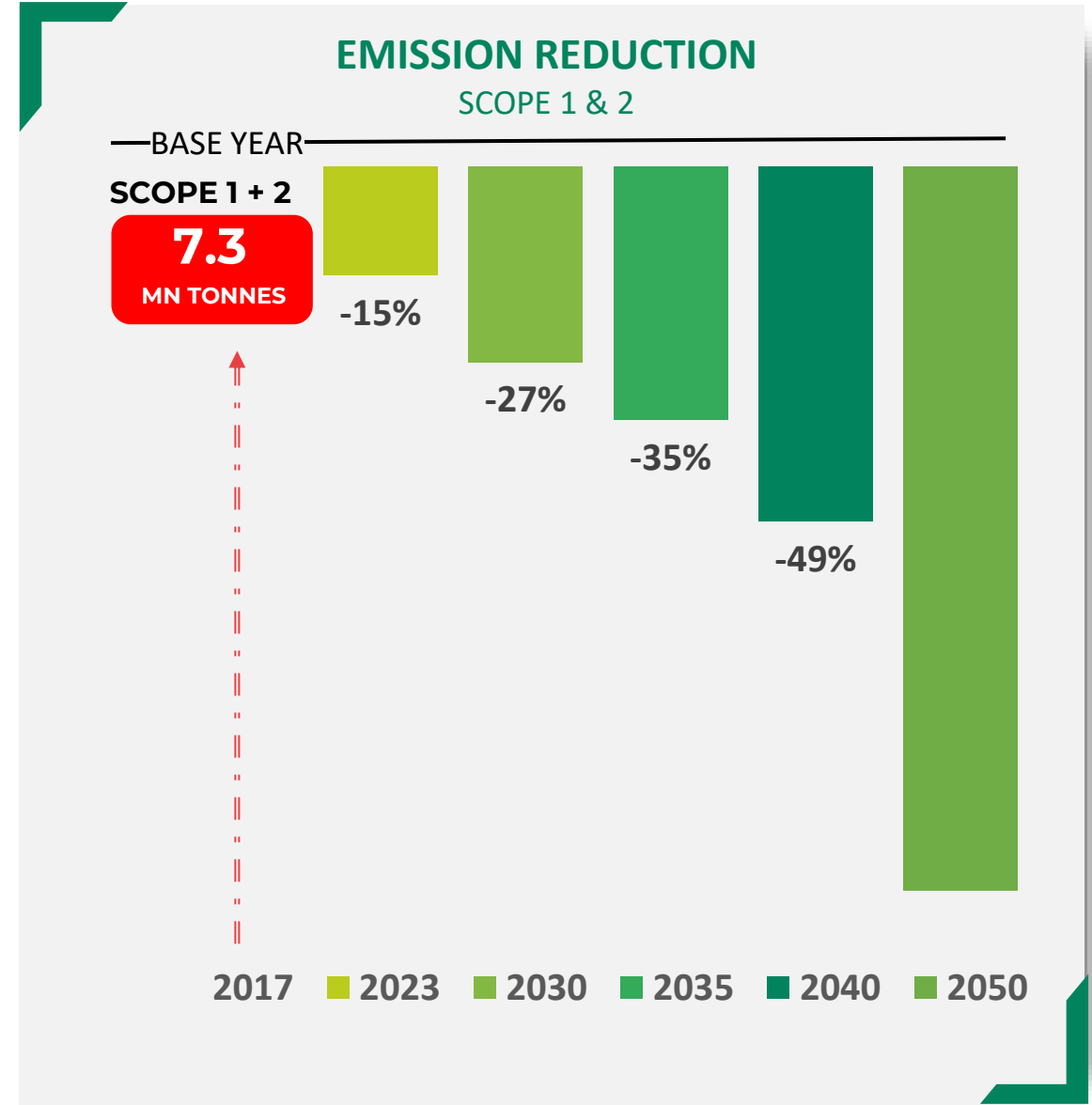
Reducing Refining Emissions

- 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.

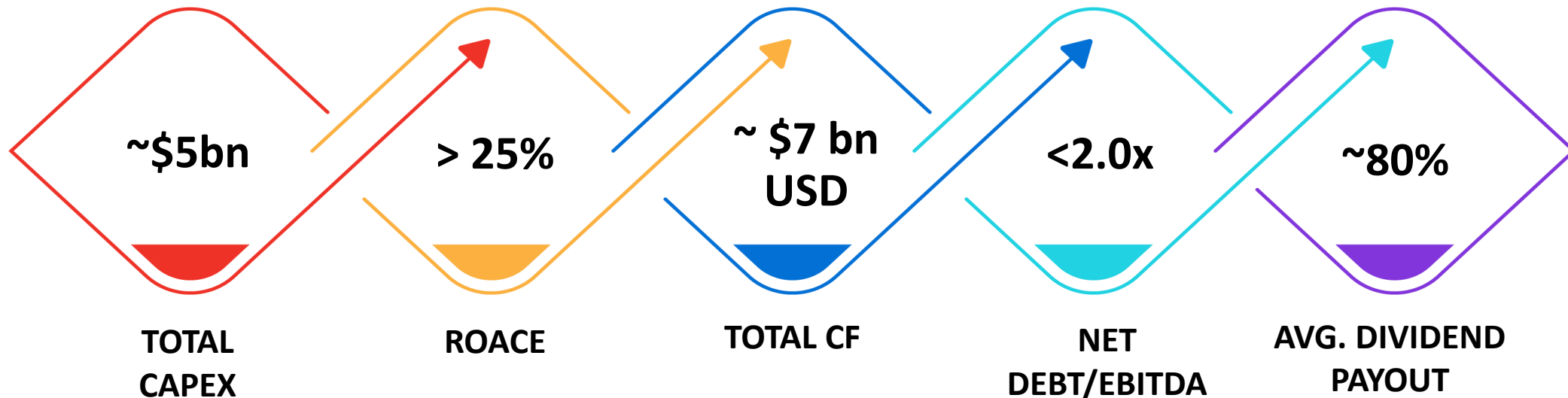
Will **eliminate our scope 1 & 2 emissions by 2050** while executing our plan and achieving these results.

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

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

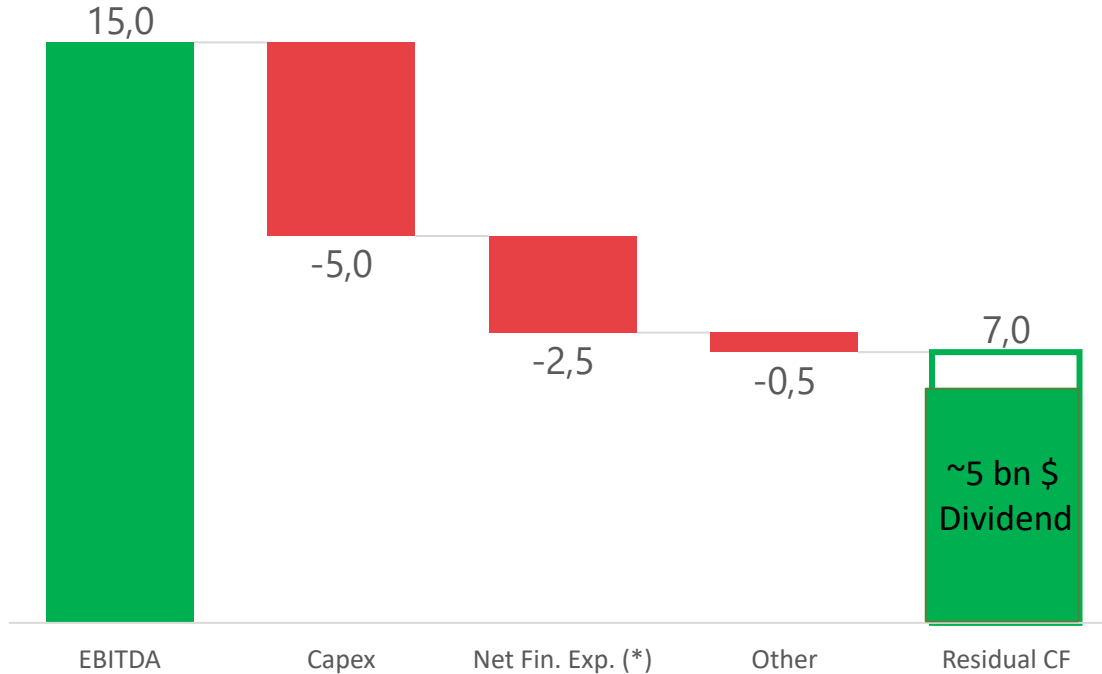
With ample CF, **Net Debt / EBITDA** will be below **<2.0x**

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

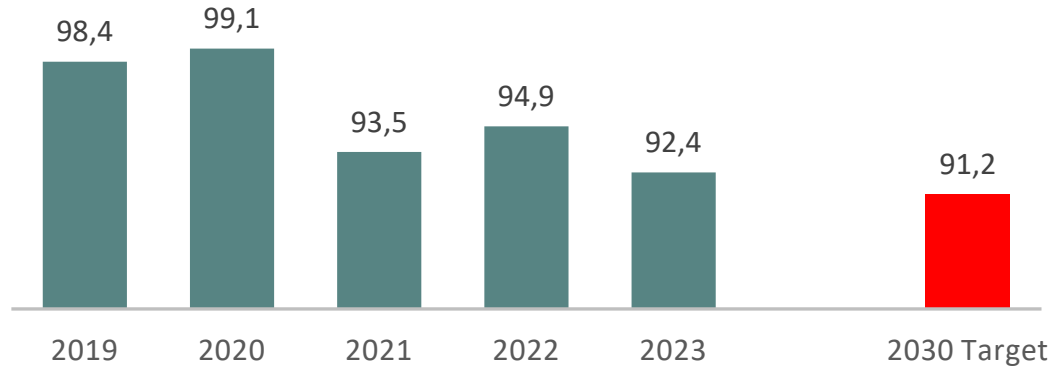
(*) Consists of net additional funding and related financial expenses



ESG

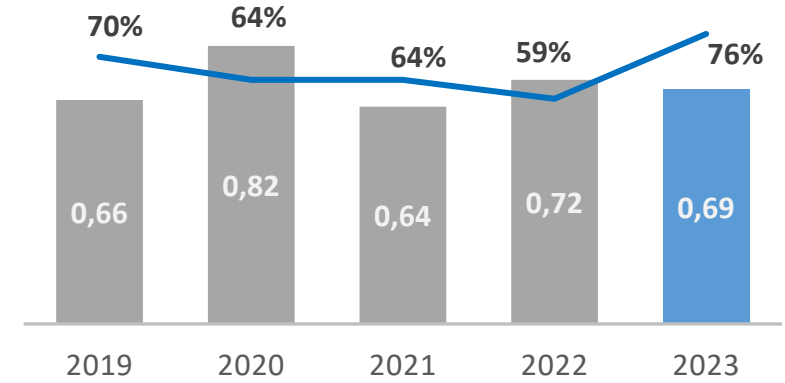
Tüpraş's Environmental Highlights

Energy Intensity Achievements

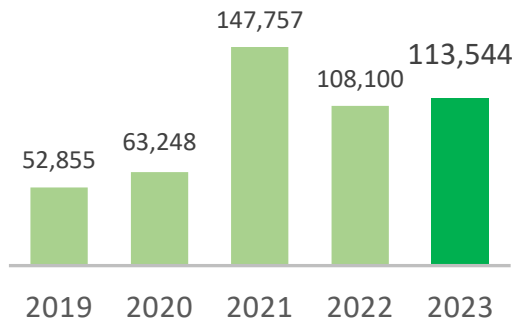


Water Consumption per processed crude oil (m3/ton)

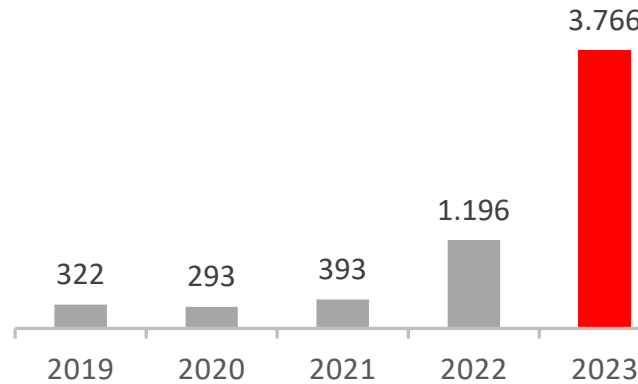
Ratio of recovered water to total water consumption (%)



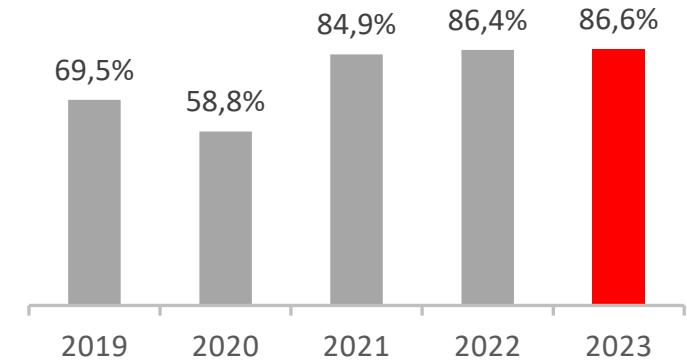
Levelized Greenhouse Gas Emissions Reductions through Energy Efficiency Projects (tons CO2e)



Environmental Investment and Operational Expenditures (MTL)



Waste recycling rate



A photograph of an industrial worker in a dark uniform, white hard hat, and green safety glasses. The worker is wearing yellow gloves and is operating a large, complex piece of machinery with a prominent handwheel. The machinery is metallic and has some handwritten markings, including "40w" and "33-15". In the background, another worker in a dark uniform with reflective yellow stripes is visible, though out of focus. The scene is set in an industrial environment with various pipes and components.

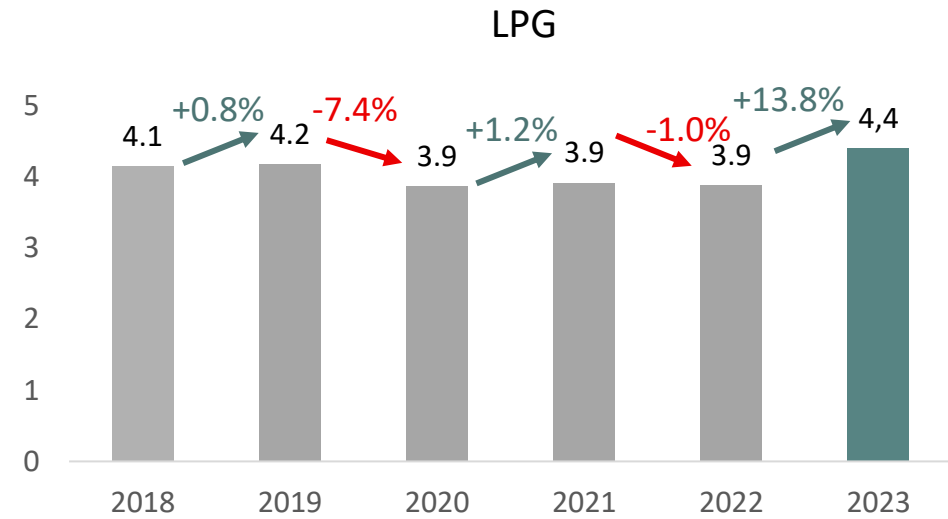
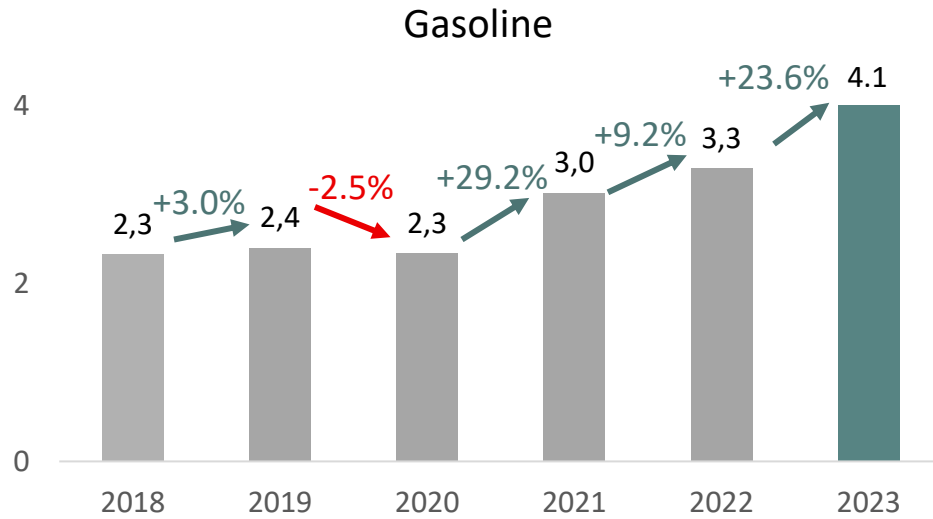
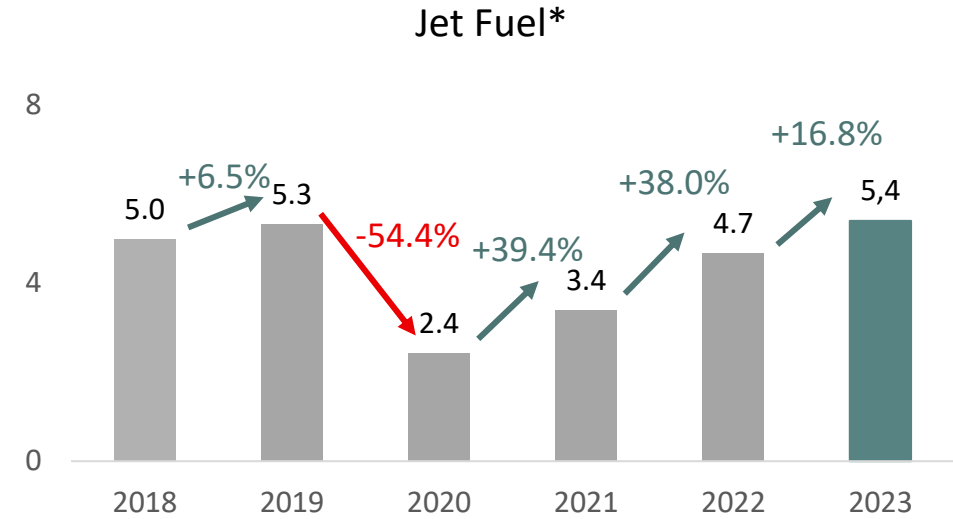
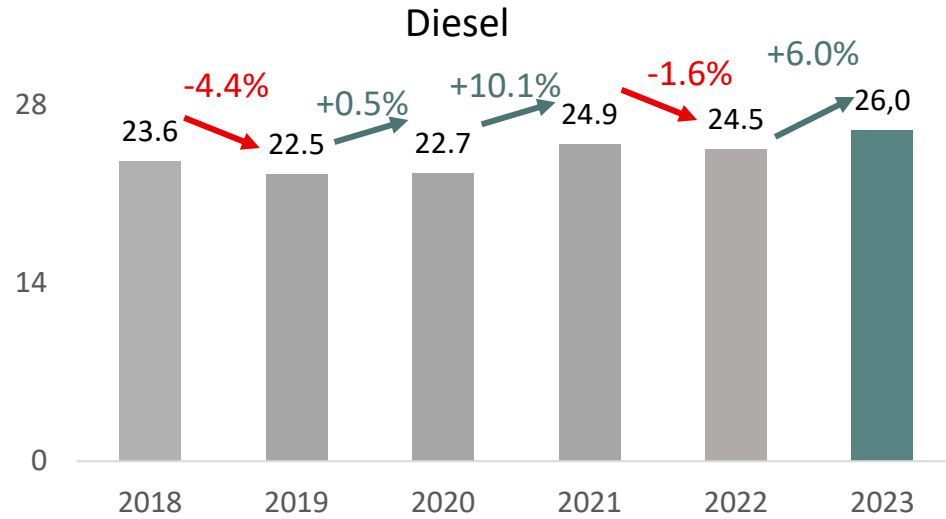
Appendix

2024 Refinery Maintenance Schedule

Refinery	Unit	Starting Quarter	Duration (weeks)	Purpose	Planned
izmit	Crude Oil & Vacuum	Q4	5	Periodic Maintenance	Postponed
	Desulphurizer	Q4	5		Postponed
	RUP	Q1	13		Completed
	FCC	Q2	6	Periodic Maintenance	Completed
izmir	FCC	Q3&Q4	21	Revamp	Planned
	Crude Oil , Vacuum, HYC	Q1	7	Periodic Maintenance	Completed
Batman	Crude Oil & Vacuum	Q2&Q4	10	Seasonal	Ongoing

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

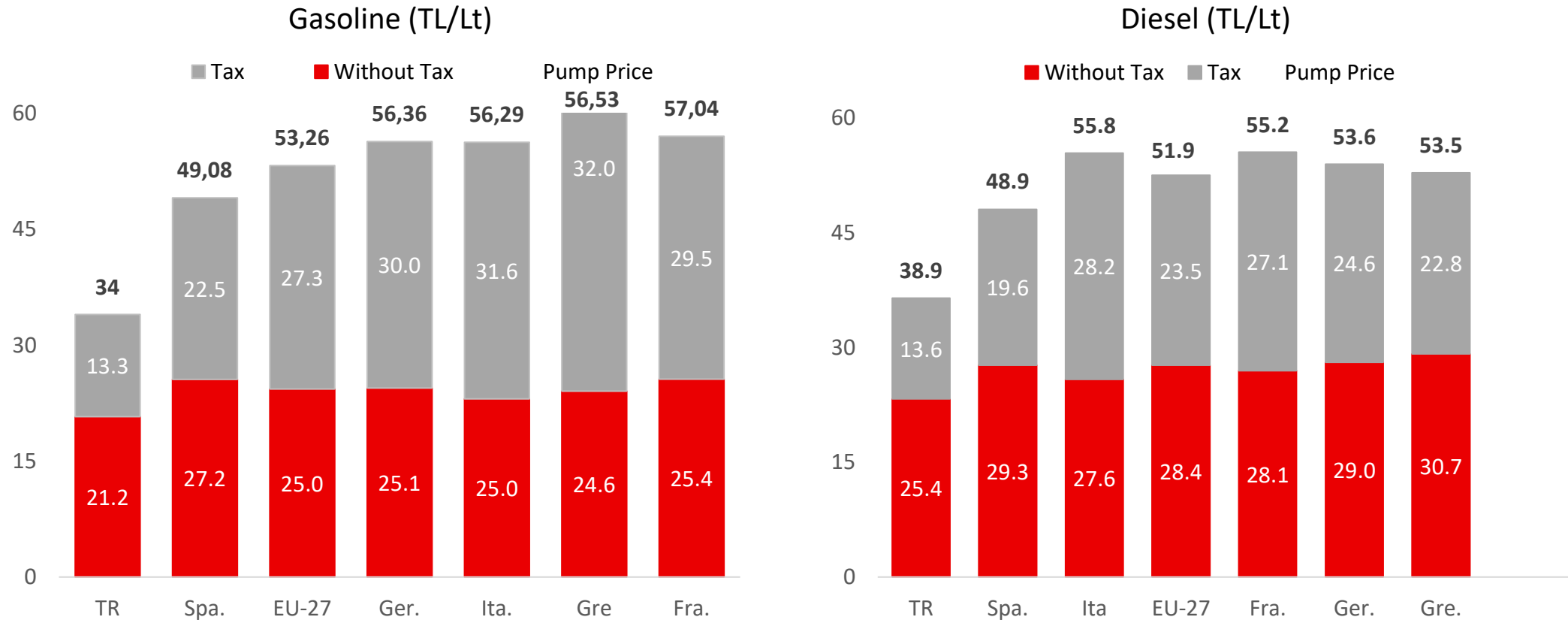
Black Sea



15 Refineries ~1.5 mbd

European Pump Price Comparison

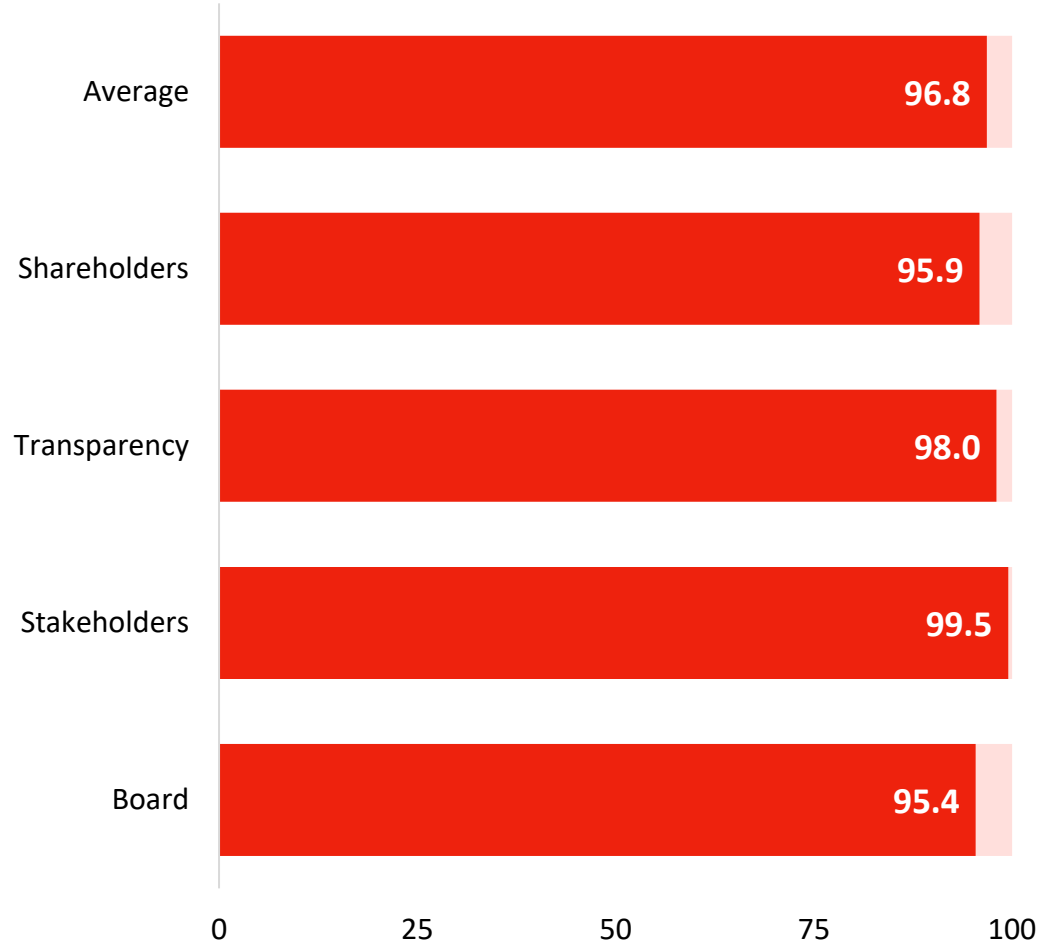
Turkish fuel prices are highly competitive with other European countries.



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

Tüpraş - Ratings

Tüpraş BIST Corporate Governance Rating Score

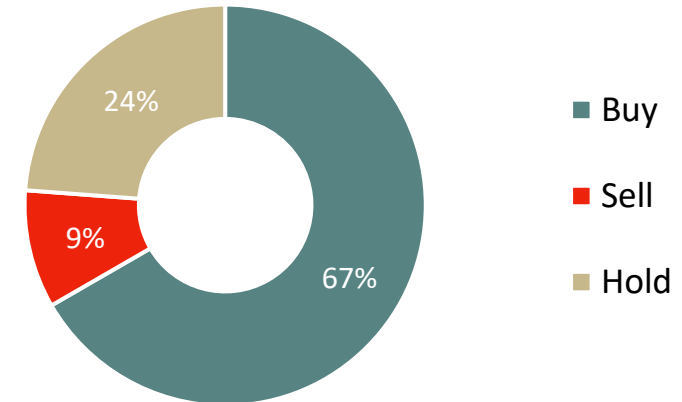


Source: SAHA Corporate Governance and Rating Services Inc. (November 2023)

Credit Rating Scores

Foreign Currency Long Term	FitchRatings	MOODY'S	S&P Global Ratings
Tüpraş	BB- (Stable)	Ba3 (Positive)	
Turkey	BB- (Stable)	B1 (Positive)	B (Positive)
Koç Holding		Ba3 (Positive)	BB(Positive)

Analyst Recommendations

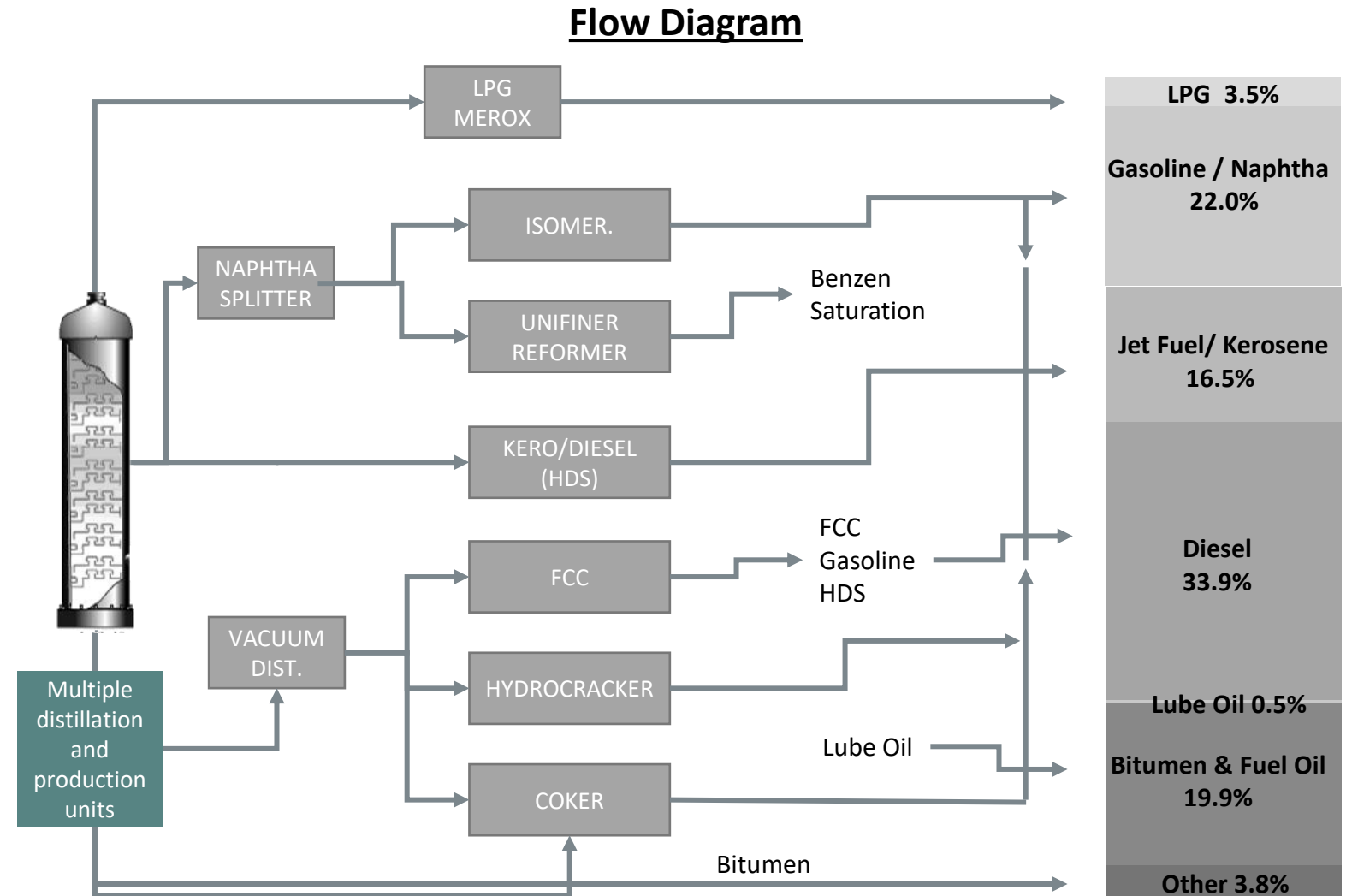


Source: Bloomberg*
*data as of Agu'24

Tüpraş Production Flow and Yield Breakdown

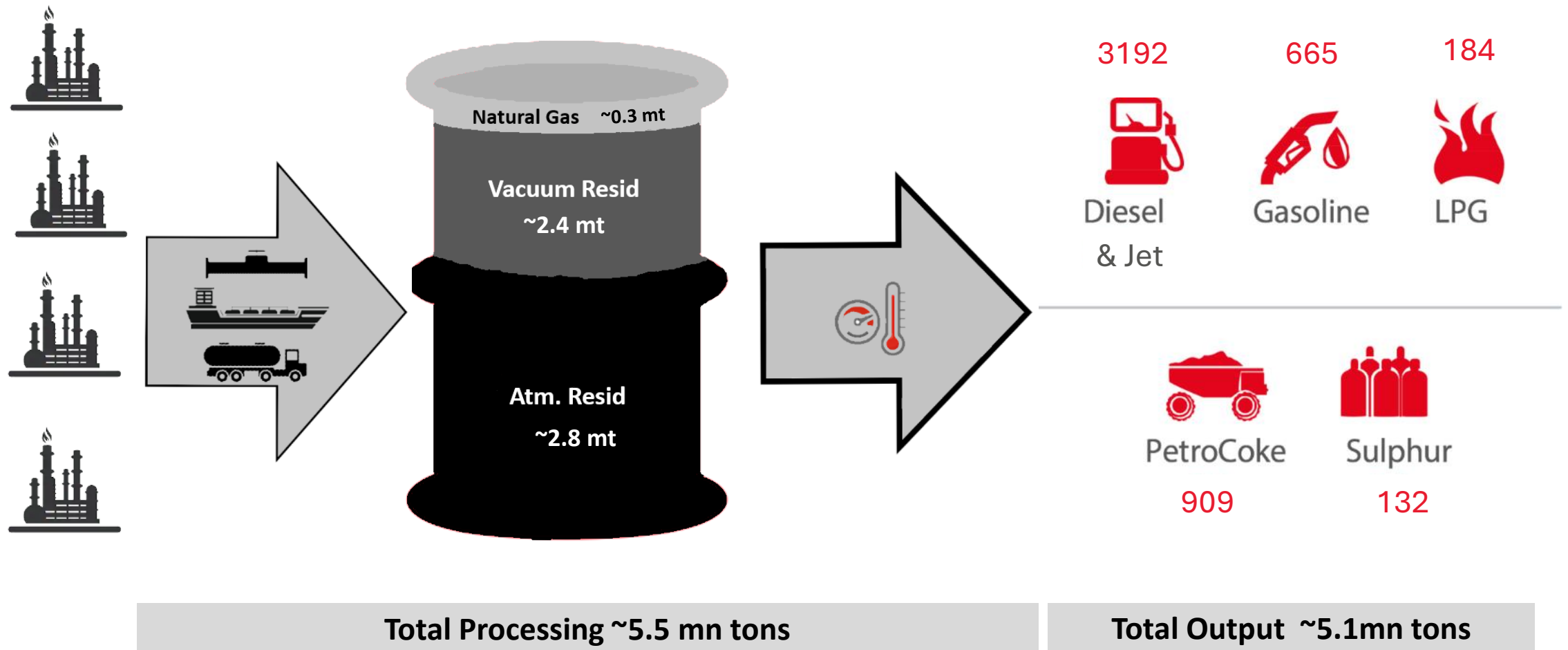
- Tüpraş has 30 million tons of production capacity
- Tüpraş operates 4 refineries with an integrated system optimization program

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	

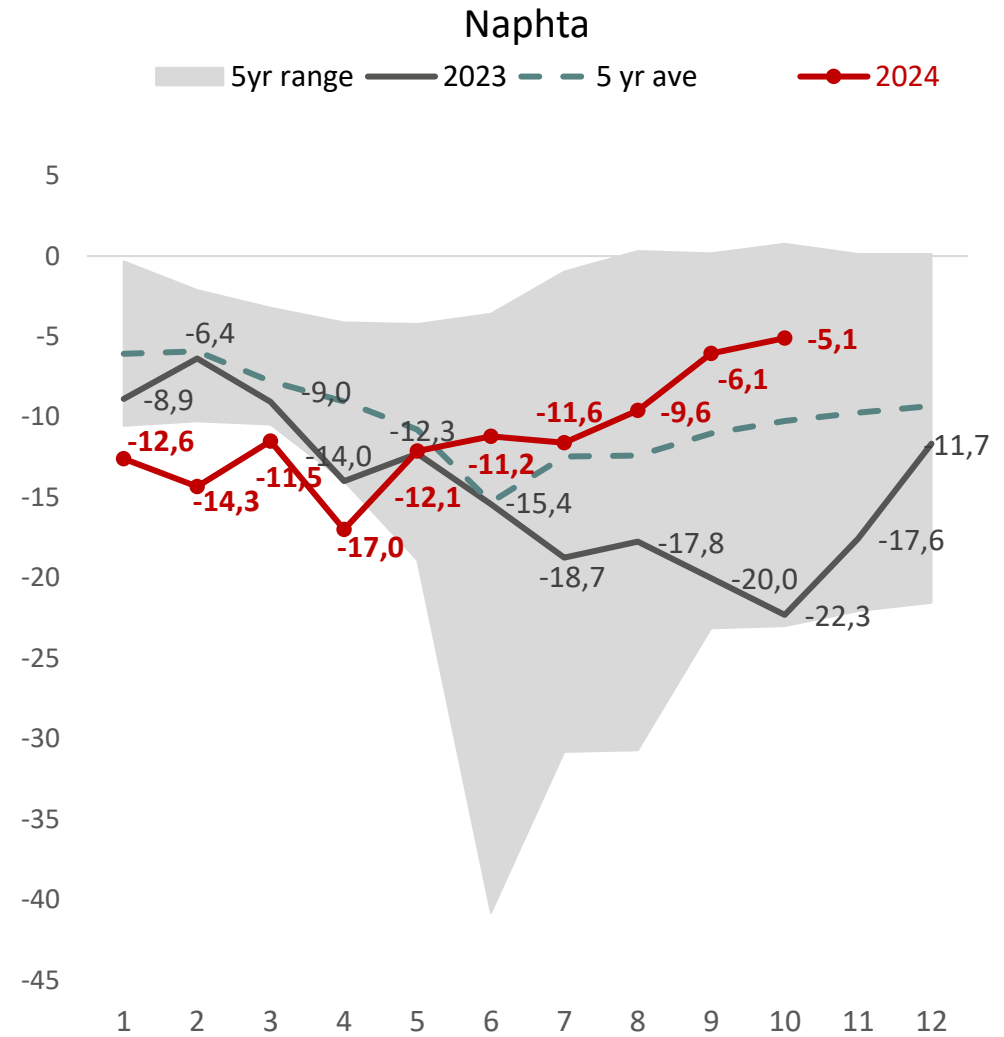
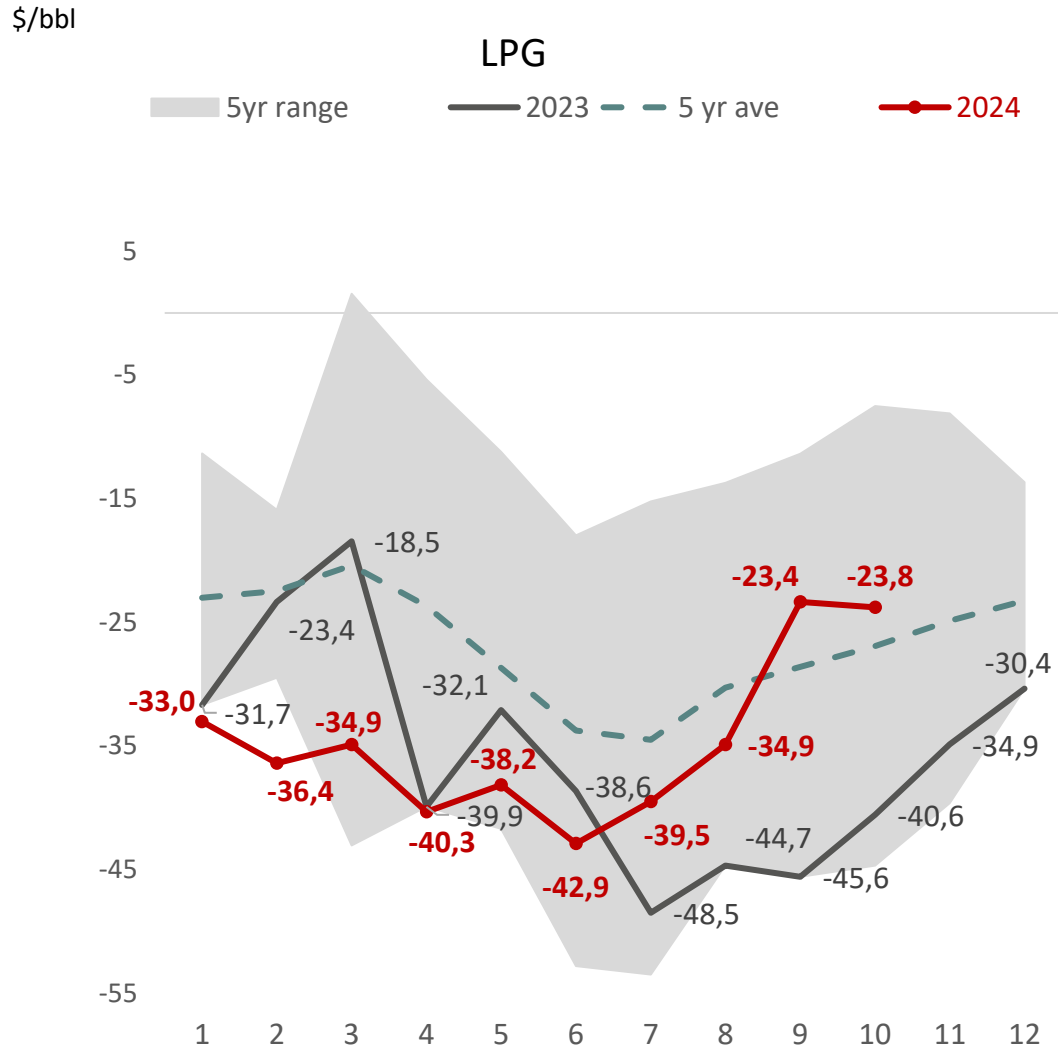


RUP Feedstock and Production

- 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



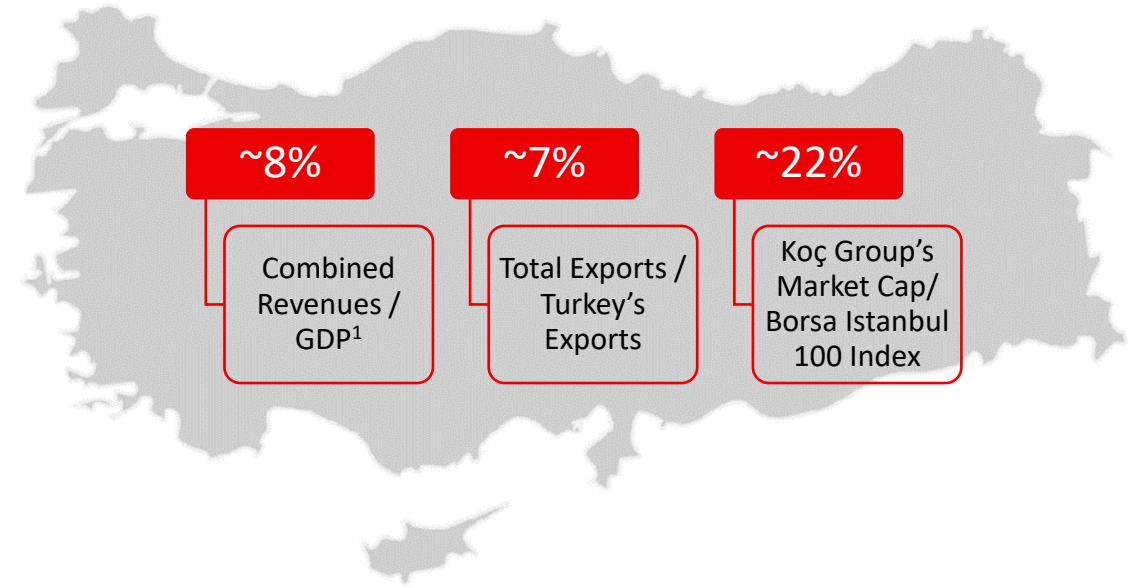
Data as of 31 October, 5 year range shows 2019-2023

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 YE23

(1) 2023 Report (based on consolidated revenues)

(2) 2023 report (based on consolidated revenues)

 **Tüpraş**

 **Koç**



Investor
Presentation

Latest Webcast



2023 Integrated
Annual Report

Strategic
Transition Plan



tim@tupras.com.tr
