

19 August  
2020



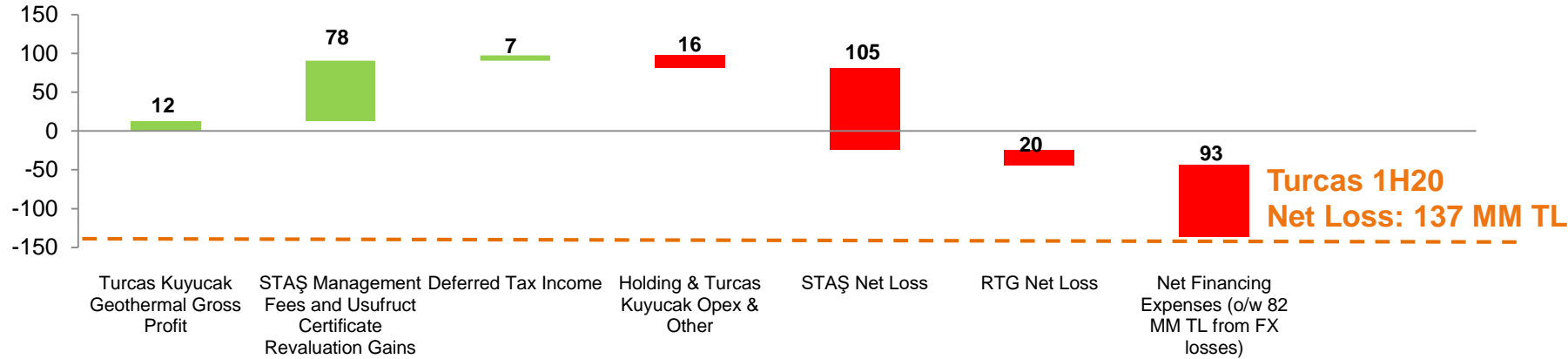
# 1H20 Earnings Presentation



**DISCLAIMER STATEMENT** Turcas Petrol A.Ş. ("Turcas") has prepared this presentation document (the "Document") consisting of documents thereto for the sole purposes of providing information and projections and statements relating to Turcas (the "Information"). Turcas cannot guarantee the accuracy, adequacy, or completeness of such information, and cannot be responsible for the results. The Information is subject to change without any notice. Neither the Document nor the Information can construe any investment advice, or an offer to buy or sell Turcas shares. This Document and/or the Information cannot be copied, disclosed or distributed to any person other than the person to whom the Document and/or Information delivered or sent by Turcas or who required a copy of the same from the Turcas. Any and all information contained in this document are strictly confidential.

# 1H20 General Overview

## Turcas Petrol IFRS Consolidated Net Income/Loss Bridging (1H20)



### Message from Turcas Petrol CEO, Mr. Batu Aksoy:



#### 1H20 results were marked by:

- (+) Sustained positive contribution from Geothermal business (Turcas Kuyucak)
- (+) Revaluation gains of 58 MM TL arising from usufruct certificates & management fees
- (+) Ongoing disciplined Opex management leading to 5% y/y decline in Op. Expenses
- (-) Weak performance of Shell & Turcas mainly due to sharp decline in volume sold in view of COVID-19 virus outbreak as well as inventory & trading losses resulting from sharp decline in oil prices and volatile exchange rate

# At a glance- 1H20



**3,452**  
**ths m3**  
volume  
sold<sup>(1)</sup>



**15,275**  
**MM TL**  
Net  
Sales



**148**  
**MM TL**  
EBITDA



**- 351**  
**MM TL**  
Net Loss



**1,696**  
**million**  
**kWh**  
Generation



**640**  
**MM TL**  
Net  
Sales



**- 30**  
**MM TL**  
EBITDA



**- 67**  
**MM TL**  
Net Loss<sup>(2)</sup>



**30**  
**million**  
**kWh**  
Generation



**23**  
**MM TL**  
Net  
Sales



**11**  
**MM TL**  
EBITDA



**-13**  
**MM TL**  
Net Loss<sup>(3)</sup>

(1) Includes Onsite B2C Fuels, Onsite B2B Fuels, Commercial Fuels , LPG, Lubricants and Supply Third Party Sales

(2) RTG Net Loss comprises of; (i) an Operating Loss of 58 MM TL (of which 28 MM TL is Non-Cash Amortisation Expense) and (ii) 9 MM TL Financing Expenses

(3) TKJ Net Loss comprises of; (i) an Operating Income of 8 MM TL (of which 3 MM TL is Non-Cash Amortisation Expense), (ii) 27 MM TL Financing Expenses (of which 18 MM TL is FX loss and 9 MM TL is Interest Expense) and (iii) a 6 MM TL Deferred Tax Income.



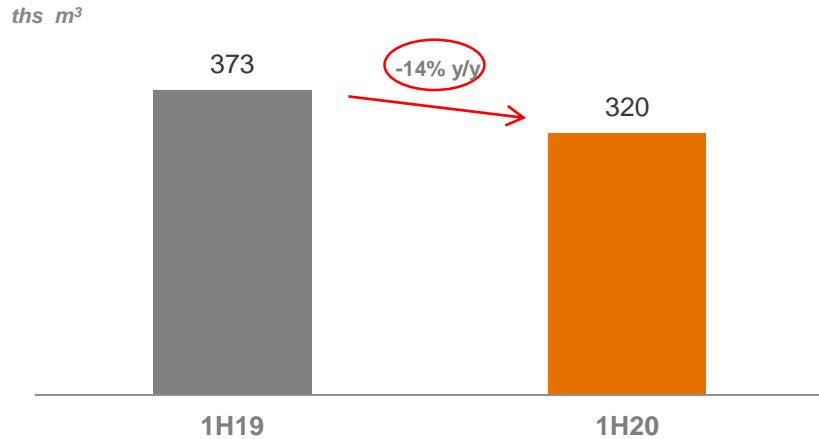
# Segmental Analysis

MM TL	Oil Segment			Energy Segment					
	Shell & Turcas (Turcas share: 30%)			RWE & Turcas (Turcas share: 30%)			TKG (Turcas share: 100%)		
	Revenues	EBITDA	Net Profit/ Loss	Revenues	EBITDA	Net Profit/ Loss	Revenues	EBITDA	Net Profit/ Loss
1H20	15,274	148	-351	640	-30	-67	23	11	-13
1H19	19,474	600	41	339	24	-20	26	17	-1
2Q20	6,807	135	-132	264	-25	-44	10	4	-8
2Q19	10,465	306	44	247	33	18	11	6	-2

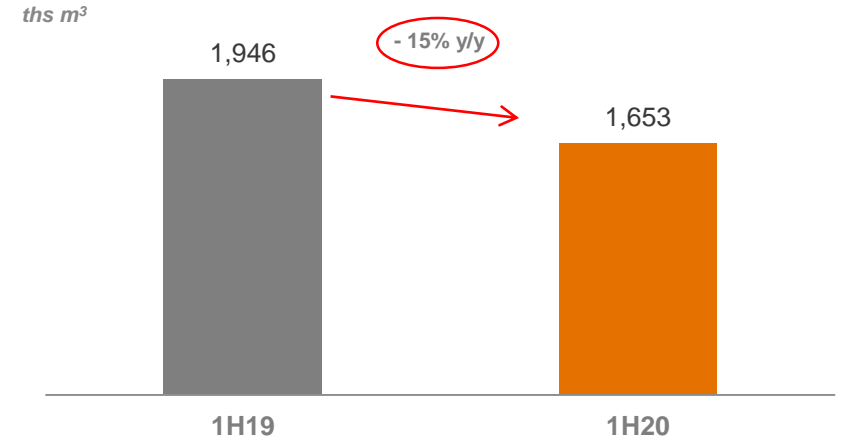
# Shell & Turcas JV – 1H20 Key Highlights

Volume decline across the board due to COVID-19 virus outbreak

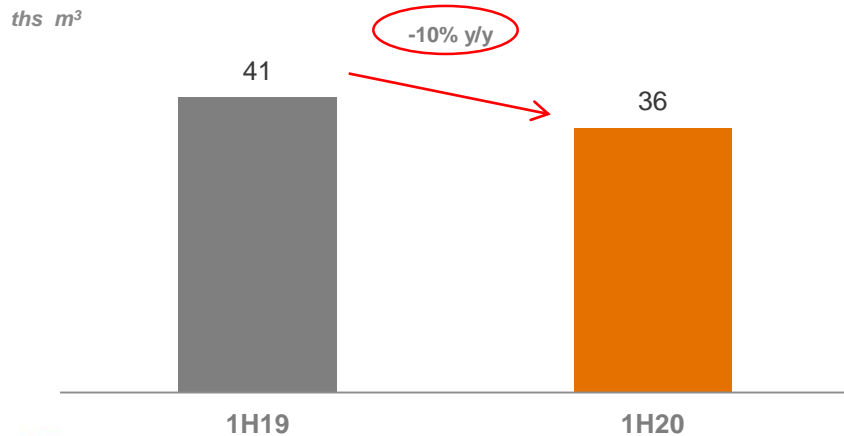
### Gasoline Sales (STAŞ)



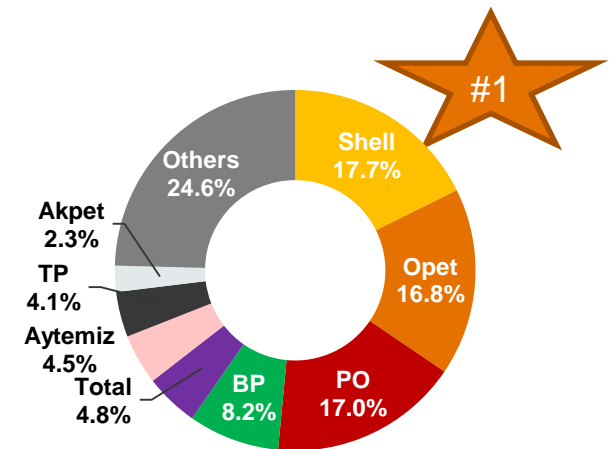
### Diesel Sales (STAŞ)



### Lubricants Sales (STAŞ)



### Onsite Market Share (5M20)



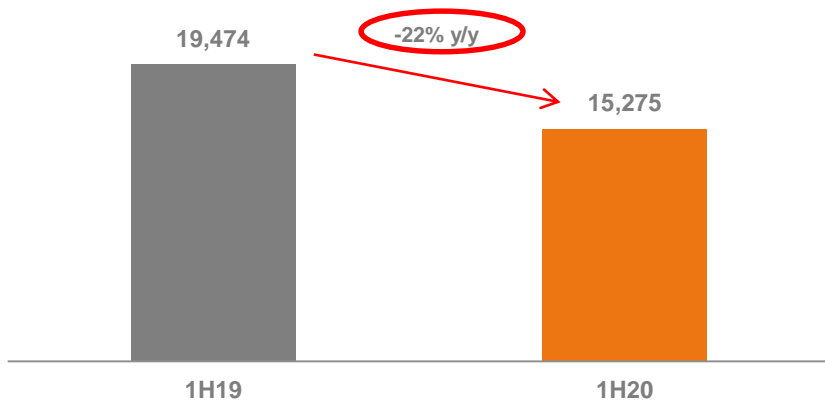
Source: PETDER. Market share info EMRA



# Shell & Turcas JV – 1H20 Key Highlights

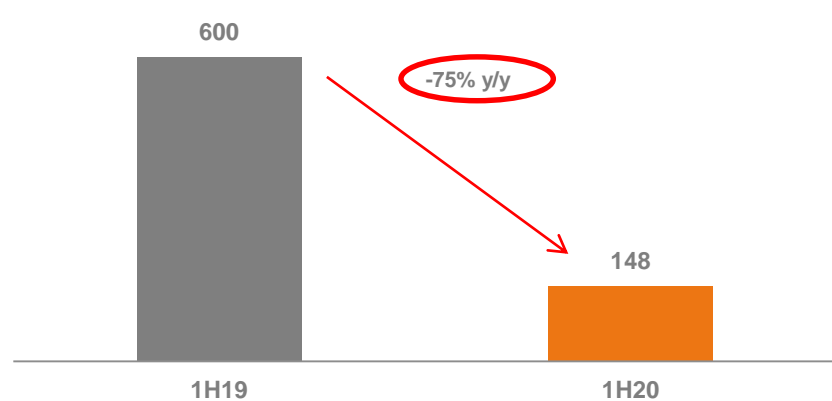
## Net Sales

MM TL



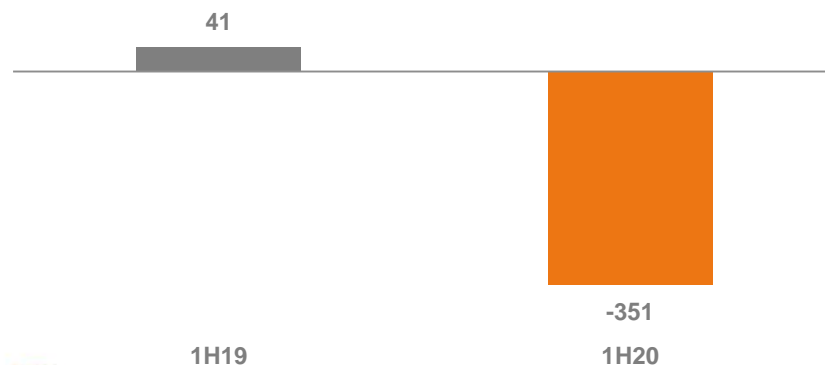
## EBITDA

MM TL



## Net Loss

MM TL



## Shell & Turcas 1H20 Highlights

- **Decline (- 22% y/y) in net sales** due to contraction in sales volume in view of COVID-19 virus outbreak
- **EBITDA negatively impacted by inventory losses (-257 MM TL in 1H20) resulting from sharp decline in oil prices and FX losses from product sourcing**
- Net loss impacted by sharp decline in volume, inventory losses and FX losses from product sourcing



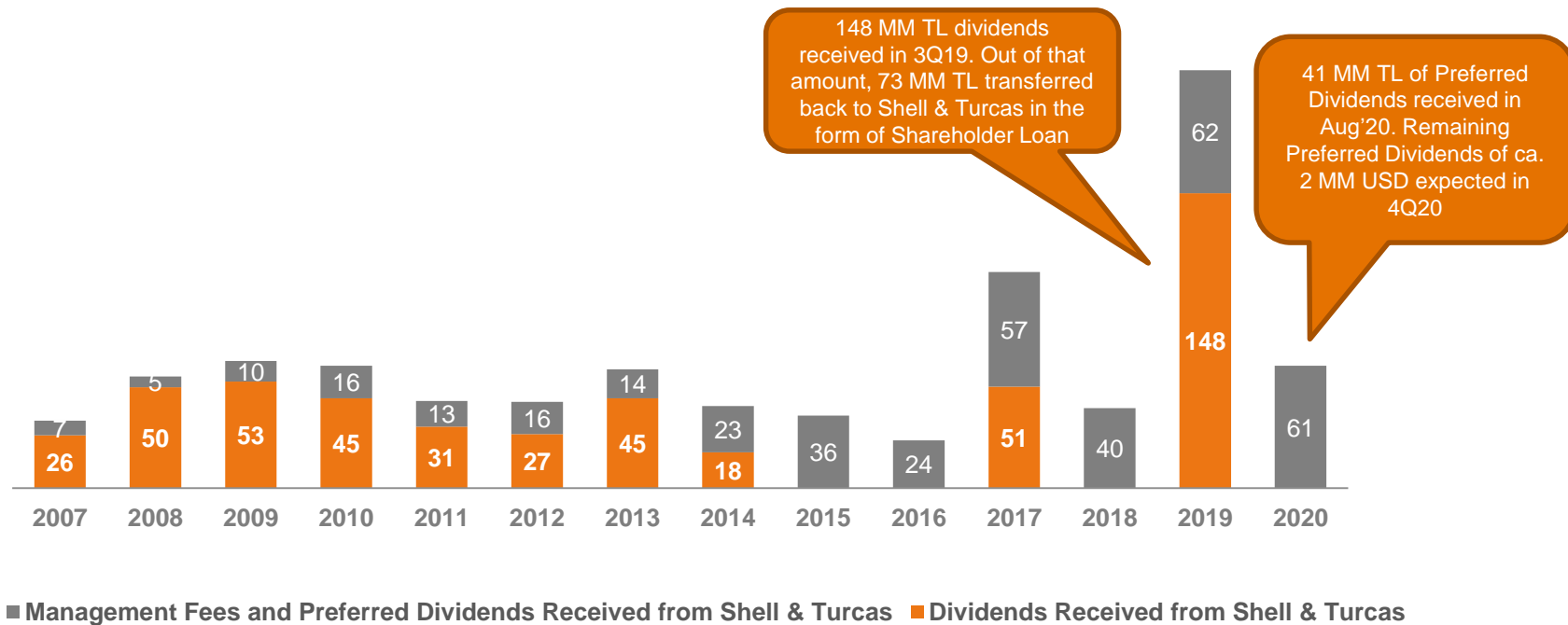
Source: STAŞ IFRS consolidated financials



# Continuous Cash inflows from Shell & Turcas

Dividends & Management Fees & Preferred Dividends Received from Shell & Turcas

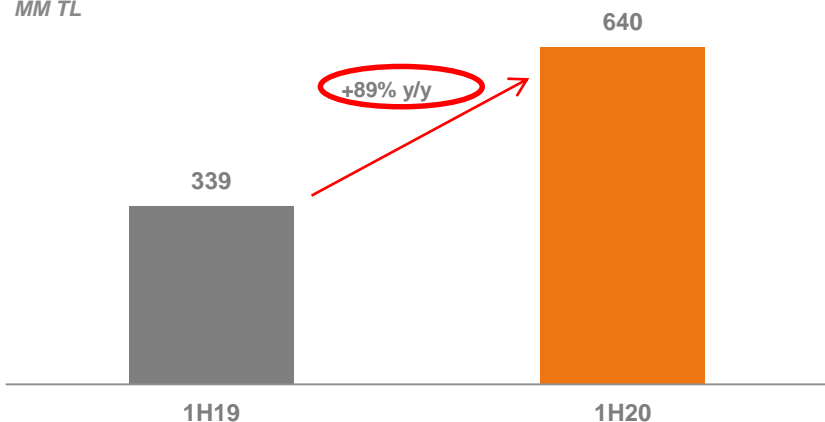
MM TL



# RWE & Turcas JV – 1H20 Key Highlights

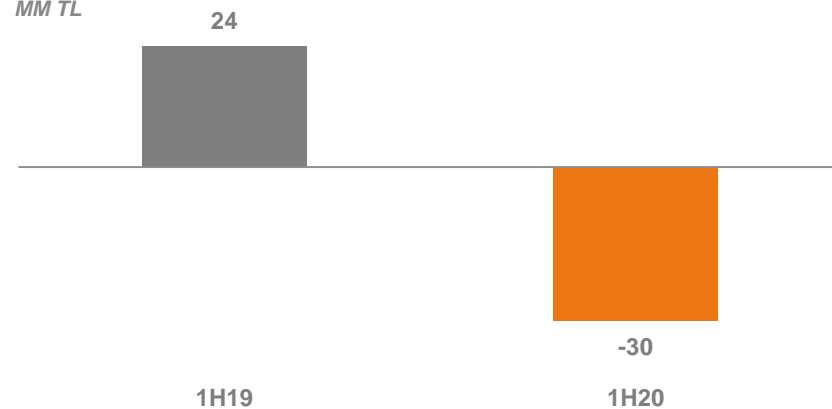
## Net Sales

MM TL



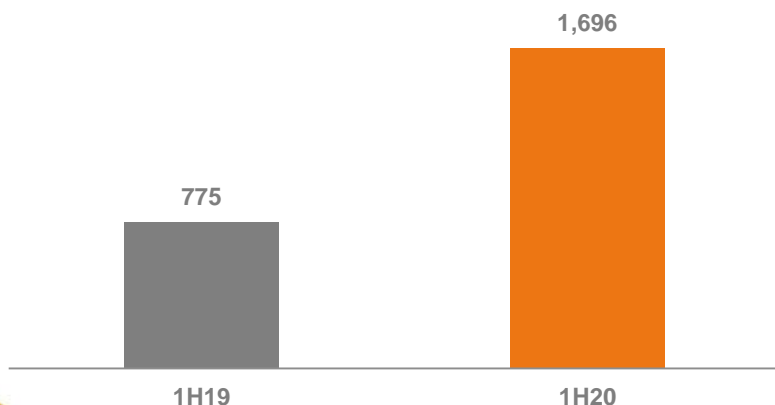
## EBITDA

MM TL



## Electricity Generation

gWh



## RWE & Turcas 1H20 Highlights

- Thanks to the flexibility created with the private & BOTAS gas supply mix, Capacity Utilization Rate realized at 64% in 1H20 (vs 26% in 1H19), hence electricity generation is up to 1,696 Gwh in 1H20
- 39 MM TL Capacity Payments received in 1H20 (1H19: 31 MM TL)
- EBITDA turned into negative territory due to seasonally high renewable energy production in 1H20 creating pressure on electricity prices . Please also note that 1H19 was marked by exceptionally favourable supply dynamics



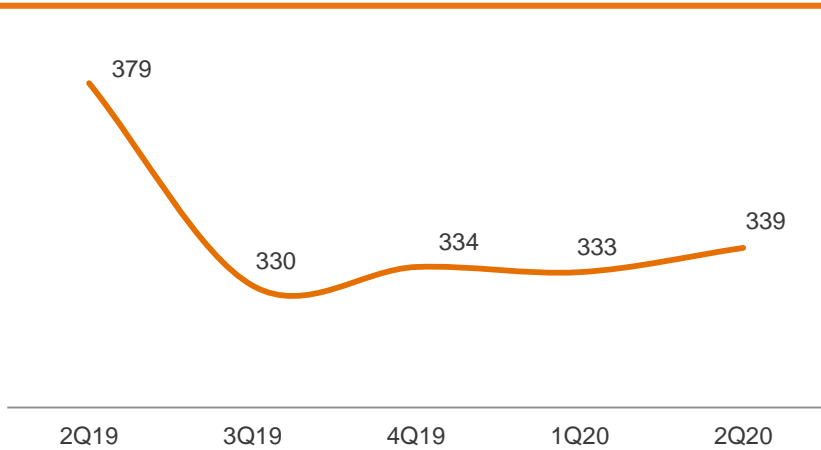
Source: RWE & Turcas IFRS consolidated financials.



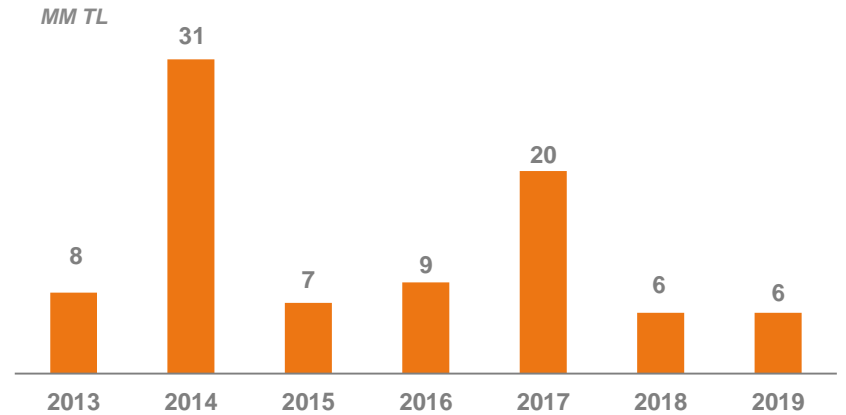


# RWE & Turcas JV – 1H20 Key Highlights

RTG Average Electricity Sales Price (TL/MWh)

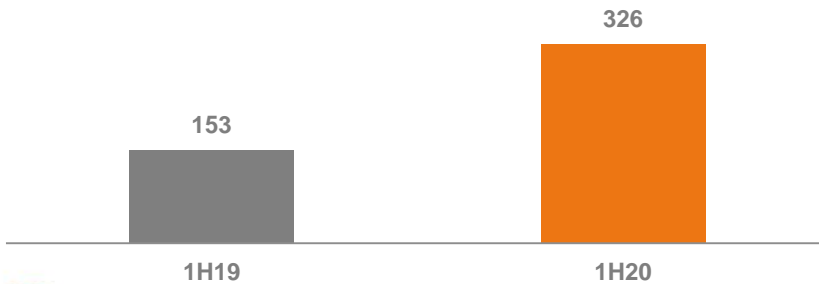


Cash inflows to Turcas from RWE & Turcas JV (under SHL repayment)



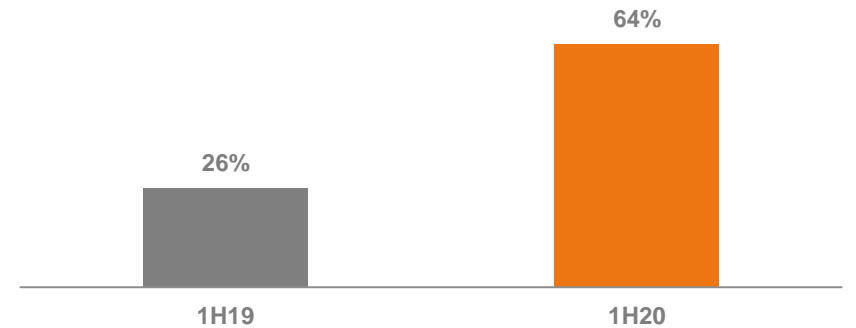
Gas Consumption

mcm



Capacity Utilization Rate

%



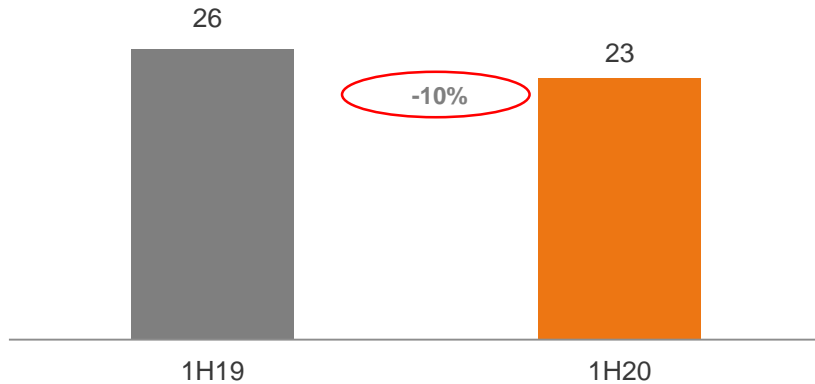
Source: RWE & Turcas IFRS consolidated financials. Cash inflows indicate shareholder loan repayments from RWE & Turcas to Turcas



# Turcas Kuyucak Geothermal (TKG) PP-1H20 Key Highlights

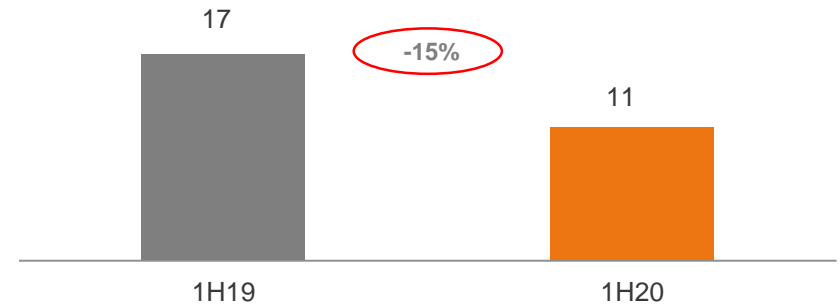
## Net Sales

MM TL



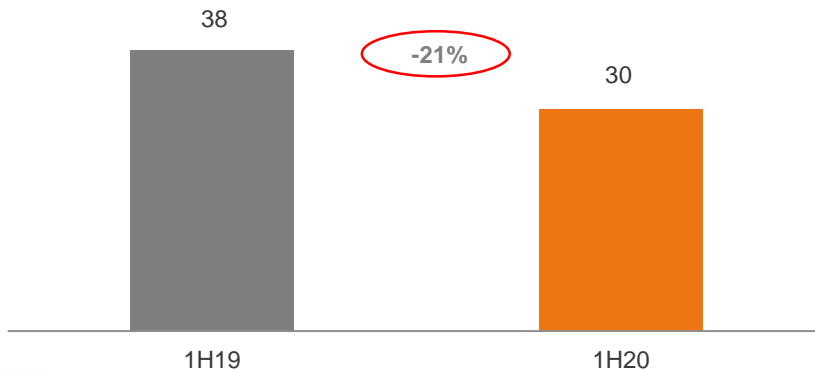
## EBITDA

MM TL



## Electricity Generation

million kWh



## Turcas Kuyucak Geothermal PP 1H20 Highlights

- Turcas Kuyucak contributing positively to Turcas consolidated EBITDA driven by USD based Feed-In Tariff (11.8 USc/kwh),
- Long term Project Finance debt services continues successfully thanks to TKG's cash generation,
- Additional production well connected to the main grid in the beginning of July 2020 with the goal of increasing generation and maximizing EBITDA



Source: Turcas Kuyucak financials



# Potential Project Pipeline

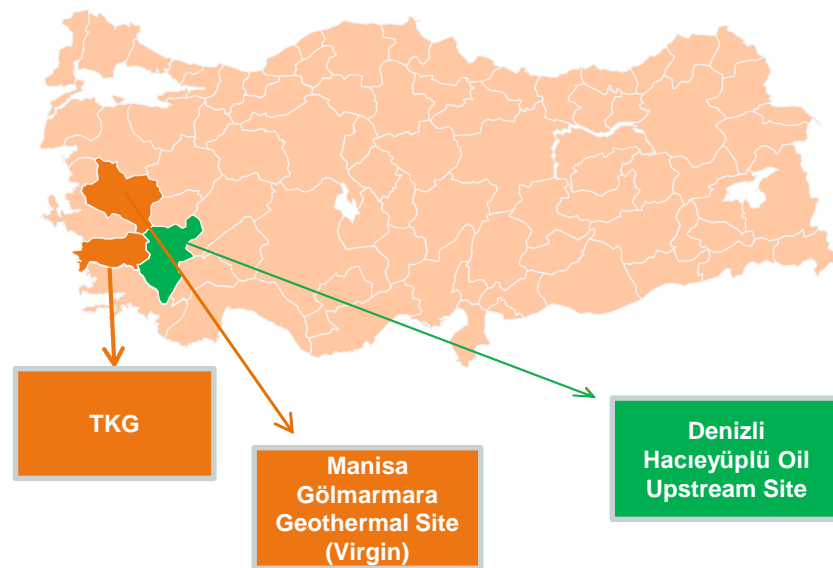
## Geothermal Energy

Turcas plans to grow in geothermal energy with the following projects:

- 1. Existing TKG Plant :** An additional production well (8th production well) has been connected to the main grid at the beginning of Jul'20. Also, electrical submersible pumps have been installed into 2 existing wells with the goal of maximizing the generation capacity and thus EBITDA at the existing plant.
- 2. Manisa Concession Zone:** Turcas is developing another geothermal energy project on a 4,958.68 hectares concession zone in Manisa Gölü in Western Turkey. Turcas drilled an exploratory well in Q2 2018 and obtained operation license for 30 years, however, before proceeding with new drillings and further investment, Turcas will wait for the official announcement of the Ministry of Energy and Natural Resources related to the details of the Feed-In Tariff Mechanism to be applied to Geothermal investments for the period after 2020.

## Oil Upstream (Denizli)

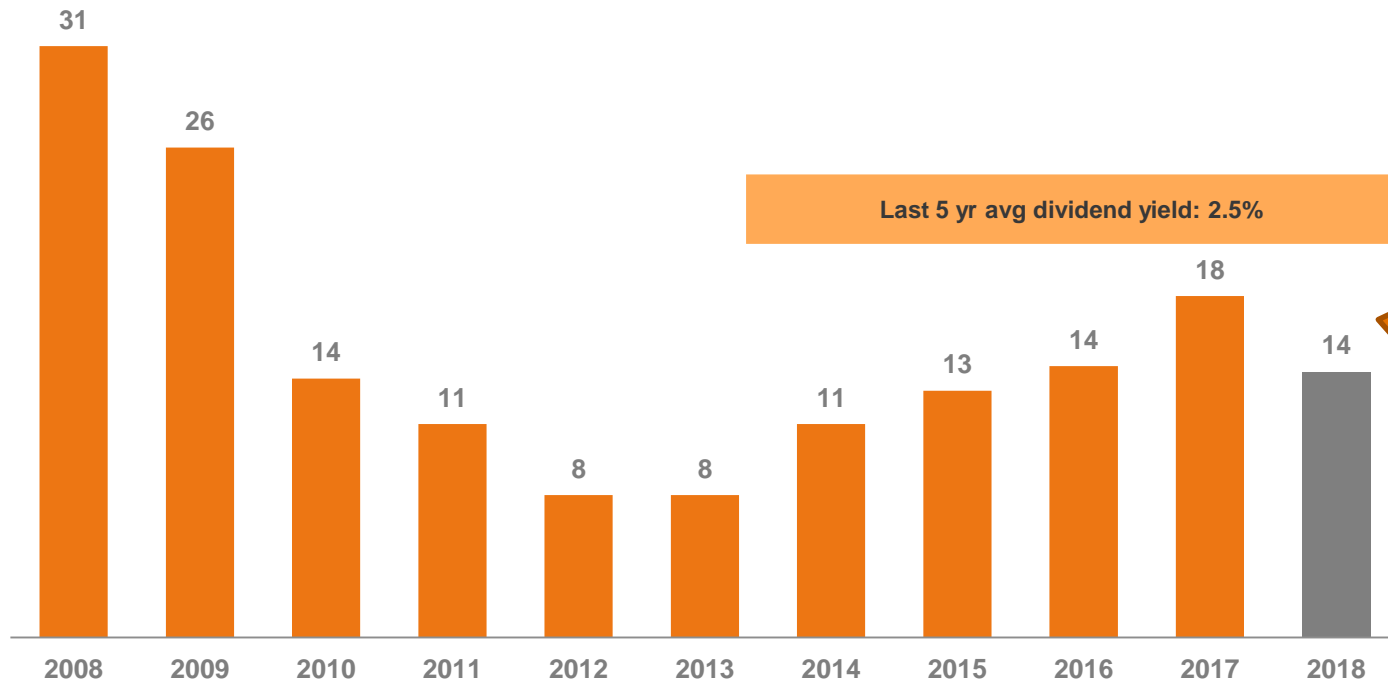
- Our 2,600 m deep geothermal well (drilled 1Q-2017) in Denizli Hacıyüplü did not yield enough thermal heat for power generation but encountered oil findings around 700 to 900 meters depth. Turcas completed the geological and geophysical studies in 2018 and plans to move forward with seismic studies and to drill a new (shallow) well here for oil exploration in 2020. Turcas obtained the required Oil Exploration License from the Government Authorities on 02.05.2018.
- On 28 February 2020, Turcas has signed a Farm-Out Agreement (full and indivisible takeover right of shares regarding the license) with Amsterdam based N.V. Turkse Perenco ("Perenco") in order to perform an exploration whether there is an oil production potential in the Oil Exploration License area or not and carry out necessary tests. Pursuant to the Agreement, it is envisaged to transfer 50% of oil exploration utilization rights in the mentioned license area to Perenco. The tests will be operated by Turkey's highest daily oil producing private company Perenco. In case these test results are successful and mentioned license area is viable for oil production according to rentability conditions identified by both shareholders, Perenco shall bear the capital expenditures up to USD 3 million. Capital expenditures beyond USD 3 million will be spent by both shareholders on a pro-rata basis. In this respect, an application is submitted to GDMPA in order to establish license utilization rights accordingly (Turcas: 50%, Perenco: 50%). The Parties have started the negotiations on the Joint Operating Agreement.



# Dividend Distribution Track Record

Dividends Paid by Turcas

MM TL



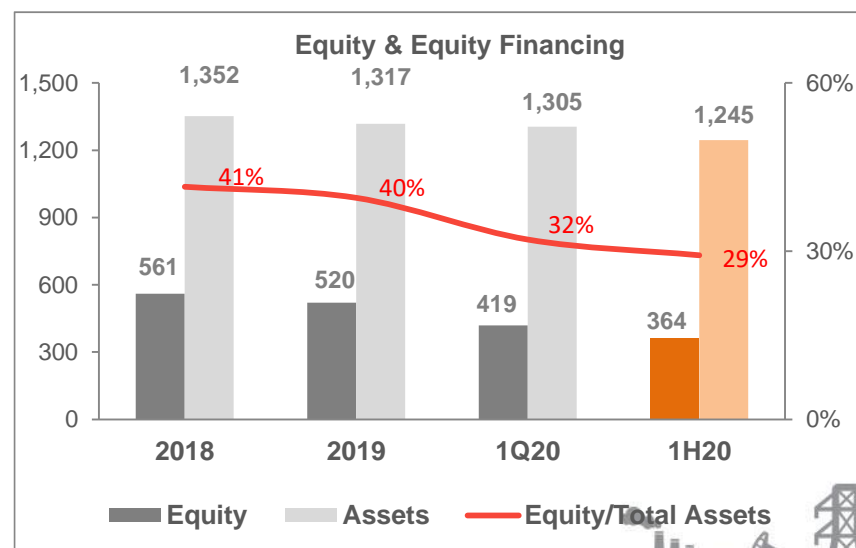
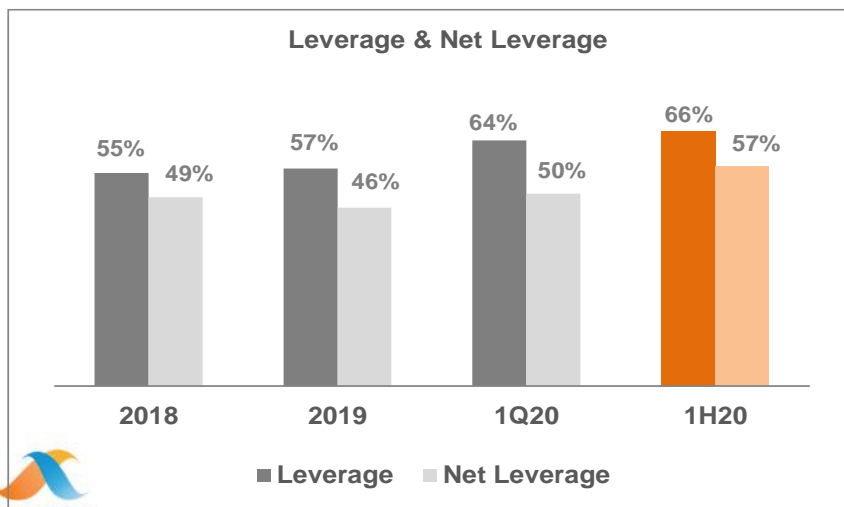
# Turcas Consolidated IFRS Summary BS & PL

## IFRS Consolidated Financial Statements & Financing Ratios

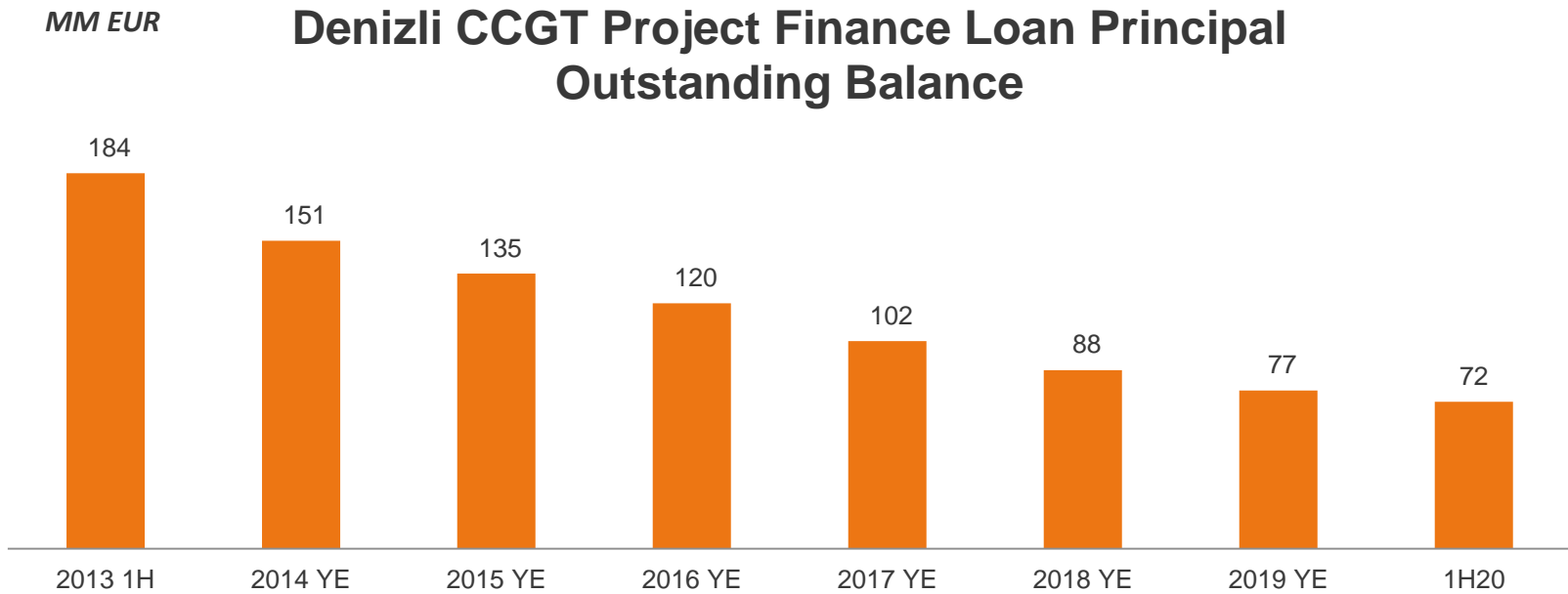
Balance Sheet , million TL	2019	1H20	Ytd
Cash & Cash Equivalents	133	116	-13%
L -T Rec. From Rel.Parties <small>(from STAS)</small>	74	73	-3%
Associates <small>(STAS &amp; RTG)</small>	763	638	-16%
Fixed Assets <small>(TKJ Capex Investments)</small>	265	273	3%
Financial Assets <small>(FMV of Usufruct Certificates)</small>	42	100	138%
<b>Total Assets</b>	<b>1,317</b>	<b>1,245</b>	<b>-5%</b>
S - T Financial Liabilities <small>(PF Loans for RTG &amp; TKG)</small>	116	142	22%
L - T Financial Liabilities <small>(PF Loans for RTG &amp; TKG)</small>	629	685	9%
Equity	520	364	-30%
<b>Total Liabilities &amp; Equity</b>	<b>1,317</b>	<b>1,245</b>	<b>-5%</b>
<b>Net Debt</b>	<b>612</b>	<b>710</b>	<b>16%</b>

Income Statement, million TL	1H19	1H20	Y/Y
Revenues (Electricity Sales)	26	23	-10%
Gross Profit	16	12	-21%
Other Operational Income (Net)	14	16	18%
Operating Expenses	-13	-12	-5%
<b>Operating Profit</b>	<b>17</b>	<b>16</b>	<b>-1%</b>
<b>Income from Investments</b>	<b>15</b>	<b>58</b>	<b>294%</b>
<b>Income from Subsidiaries</b>	<b>6</b>	<b>-125</b>	<b>n.m.</b>
<i>Shell &amp; Turcas</i>	12	-105	n.m.
<i>RWE &amp; Turcas</i>	-6	-20	n.m.
<b>Earnings Before Financing &amp; Tax</b>	<b>37</b>	<b>-51</b>	<b>n.m.</b>
Net Financial Losses	-55	-93	69%
<i>FX Losses</i>	-47	-82	74%
<b>Net Income Before Tax</b>	<b>-18</b>	<b>-144</b>	<b>n.m.</b>
Tax	1	7	385%
<b>Net Income/Loss</b>	<b>-16</b>	<b>-137</b>	<b>n.m.</b>

Note: LT rec.from Rel.Parties are shareholder loan receivables from STAS



# Financial Deleveraging Ongoing



- In addition to Denizli CCGT Project Finance Loan, outstanding loan balance obtained for our Kuyucak Geothermal Power Plant is 29 MM USD and 11 MM Euro as of 1H20. Remaining maturity is 9 years.



# Thank you!

## Contact Information

**Pinar SAATCIOĞLU**

*Head of Investor Relations*

*E-mail: [pinar.ceritoglu@turcas.com.tr](mailto:pinar.ceritoglu@turcas.com.tr)*

*Phone: +90 212 259 00 00 / Ext: 1287*

