

# TURCAS 9M16 IFRS EARNINGS RELEASE



- 9M16 net income @ TL 23 mln (vs TL 29 mln net loss in 9M15)
- 3Q16 net income @ TL 3 mln (vs TL 30 mln net loss in 3Q15)

mln TL	Net Income			Oil Segment (Shell & Turcas)		Energy Segment (RWE & Turcas)	
	Turcas	Shell & Turcas	RWE & Turcas	Revenues	EBITDA	Revenues	EBITDA
9M16	23	177	-112	11,932	731	567	2
3Q16	3	78	-29	4,589	263	184	5

## Key Highlights:

- Improvement in y/y profitability of Turcas driven by (i) **strong performance of fuel distribution subsidiary**, Shell & Turcas Petrol («STAŞ»), (ii) **better financial performance in power generation subsidiary**, RWE & Turcas Güney («RTG»);
- Income from subsidiaries (Turcas' share in the net profit of its subsidiaries) up to TL 19 mln in 9M16 (vs TL -28 mln loss in 9M15) driven by STAŞ's contribution of TL 53 mln (vs TL 13 mln in 9M15). Turcas' share in net loss of RTG down to TL 34 mln (vs TL -41 mln in 9M15);
- Net financial loss realized at TL 3 mln (vs TL 30.5 mln loss in 9M15) driven by (i) net interest income of TL 13 mln (o/w TL 22 mln interest income accrual from RTG regarding shareholder loan and TL 9 mln interest expense on project finance loans), and (ii) FX losses of TL 16 mln arising from short EUR position on balance sheet.

*Turcas achieved a resilient performance in 9M16 thanks to strong improvement in fuel distribution business supported by above sector volume growth.*

*Going forward, Turcas is committed to diversifying its power generation portfolio via enhanced focus on renewables*

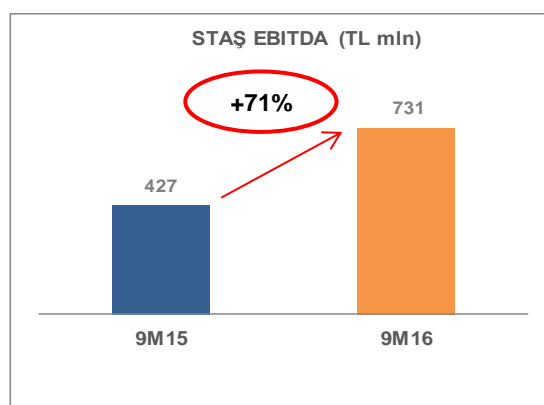
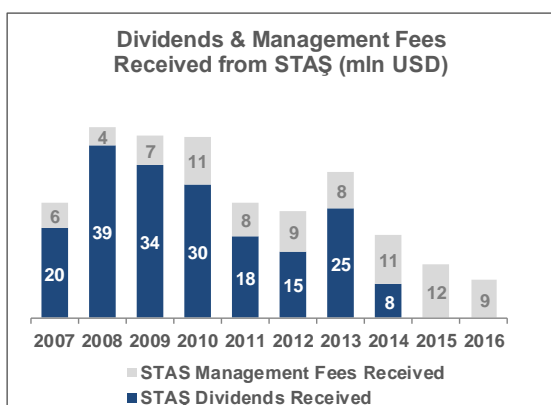
**Batu Aksoy,  
CEO & Board Member**

## STAŞ (Turcas Share: 30%)

- **Turkey's leading fuel distributor** with a network of 1,014 fuel stations;
- **Above sector volume growth** in Gasoline (9% y/y), Diesel (9% y/y) and Lubricants (5% y/y) in 9M16;
- **Maintained leadership in Gasoline and Lubricants with 25% market share;**
- **9M16 net income up to TL 177 mln (3x increase y/y) coupled with 71% y/y increase in EBITDA;**
- USD denominated Management Fees amounting to TL 24 mln received by Turcas in 1Q16.

## RTG (Turcas Share: 30%)

- **Owner of 775 MW Combined Cycle Gas Fired Power Plant in Denizli;**
- Net sales up to TL 567 mln (+9% y/y) in 9M16;
- **Non-cash amortization expenses of TL 41 mln and interest expenses of TL 73 mln (related to Shareholder Loans owed to both shareholders, RWE and Turcas) leading to losses of TL 112 mln.**



## Project Pipeline (Investment Phase):

### Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş («TKJ») (Turcas Share: 92%):

- Geothermal power generation license awarded by EMRA in April 2016 for 18.16 MW GEPP in Aydın Province, Kuyucak-Pamukören region;
- **EBITDA of USD 9.5 Million per annum expected** thanks to the feed-in tariff mechanism (USc 10.5/kWh) for the first 10 years of operation and local manufacturing support mechanism for the first 5 years of operation;
- **Financing secured through Project Finance loan agreement signed with Türkiye Sınai Kalkınma Bankası A.Ş. («TSKB») amounting to ~USD 57 mln** with a maximum grace period of 30 months and a total maturity of 14 years;
- **Total project cost @ USD 71.2 million (including financing costs)** implying Debt/Equity ratio of 80%-20%;
- **Commercial operations planned to start in 4Q17;**
- 4 production wells and 1 re-injection well drilled successfully (13.57 MW power generation confirmed till date);
- 2 more production wells and 1+1 re-injection wells to be drilled in 2H16 & 2017 in order to secure the targeted 18.16 MW installed capacity;
- «Investment Incentive Certificate», covering TL 144,463,075 of the investment, valid until 08.04.2019. Incentives granted include VAT (Value Added Tax) and Customs Tax exemptions.



## Project Pipeline (Development Phase):



### **Denizli Karakova & Manisa Gölarmarmara Geothermal PP Projects:**

- 1) First production well drilling in Karakova planned for 2Q17;
- 2) First production well drilling in Gölarmarmara considered for 2017.

### **4 x Wind Power Application**

- 3) EMRA evaluation still pending for a total portfolio of 116 MW at four different project sites. Licensing tenders may be initiated in early 2017.



### **Solar and Wind PP**

- 4) Turcas is at an early development stage for Solar and Wind PP investments in neighboring countries where feed-in tariff mechanisms are in force.

**Table.1 - Turcas Petrol A.Ş. – IFRS Financials 30.09.2016**

<b>P&amp;L (Thousand TL)</b>	<b>9M16</b>	<b>9M15</b>	<b>Y/Y (%)</b>
<b>Net Sales</b>	<b>0</b>	<b>756</b>	<b>n.m.</b>
<b>Gross Profit</b>	<b>0</b>	<b>134</b>	<b>n.m.</b>
Operating Expenses	16,443	16,774	-2%
Other Operational Income (Net)	24,580	44,273	-44%
<b>Operating Profit</b>	<b>8,137</b>	<b>27,633</b>	<b>-71%</b>
<b>Income / Loss from Subsidiaries</b>	<b>19,098</b>	<b>-27,871</b>	<b>n.m.</b>
<i>STAS</i>	53,120	13,175	303%
<i>RWE &amp; Turcas</i>	-33,605	-40,974	n.m.
<i>Turcas Kuyucak</i>	-417	-72	n.m.
<b>Adjusted EBITDA</b>	<b>27,235</b>	<b>-238</b>	<b>n.m.</b>
<b>Sale Proceeds from Investments</b>	<b>4,279</b>	<b>434</b>	<b>886%</b>
Net Financial Income	-3,314	-30,513	n.m.
Profit Before Tax	28,201	-30,317	n.m.
Tax	-4,904	940	n.m.
<b>Net Income / Loss</b>	<b>23,297</b>	<b>-29,377</b>	<b>n.m.</b>
<b>Earnings Per Share (TL)</b>	<b>0.09</b>	<b>-0.11</b>	<b>n.m.</b>

	<b>9M16</b>	<b>9M15</b>
ROA	2.8%	n.m.
ROE	4.8%	n.m.

<b>BALANCE SHEET (Thousand TL)</b>	<b>9M16</b>	<b>2015</b>	<b>YTD (%)</b>
<b>Cash &amp; Cash Equivalents</b>	<b>160,875</b>	<b>178,931</b>	<b>-10%</b>
Trade Receivables	612	512	19%
Receivables from Related Parties (ST)	35,711	46,555	-23%
Receivables from Related Parties (LT)	184,746	183,305	1%
Investments / Associates	628,212	617,944	2%
<b>Total Assets</b>	<b>1,123,956</b>	<b>1,071,736</b>	<b>5%</b>
Short Term Financial Liabilities	57,852	78,299	-26%
Long Term Financial Liabilities	414,352	346,508	20%
<b>Total Financial Liabilities</b>	<b>472,204</b>	<b>424,807</b>	<b>11%</b>
<b>Total Equity</b>	<b>645,097</b>	<b>633,422</b>	<b>2%</b>
<b>Total Equity and Liabilities</b>	<b>1,123,956</b>	<b>1,071,736</b>	<b>5%</b>

	<b>9M16</b>	<b>2015</b>
Equity / Assets	57%	59%
Net Debt / Assets	28%	23%
Net Debt / Equity	48%	39%
Net Debt / Adjusted EBITDA (x)	8.6	n.m.

**Table.2 - Shell & Turcas Petrol A.Ş. – IFRS Financials 30.09.2016**

<b>OPERATIONAL DATA</b>	<b>9M16</b>	<b>9M15</b>	<b>Y/Y (%)</b>
Gasoline Sales (m3)	563,400	515,728	9%
Diesel Sales (m3)	3,054,710	2,794,879	9%
Lubricants Sales (ton)	58,006	55,488	5%

Source: PETDER

<b>P&amp;L (Million TL)</b>	<b>9M16</b>	<b>9M15</b>	<b>Y/Y (%)</b>
Net Sales	11,932	11,486	4%
Gross Profit	1,076	735	46%
<b>Gross Margin</b>	<b>9.02%</b>	<b>6.40%</b>	
Operating Expenses	774	604	28%
Other Operational Income (Net)	37	36	2%
<b>EBIT</b>	<b>339</b>	<b>167</b>	<b>103%</b>
Financial Gain / Loss	-112	-109	n.m.
<b>Net Income</b>	<b>177</b>	<b>44</b>	<b>303%</b>
<b>EBITDA</b>	<b>731</b>	<b>427</b>	<b>71%</b>
<b>EBITDA Margin</b>	<b>6.13%</b>	<b>3.72%</b>	

<b>BALANCE SHEET (Million TL)</b>	<b>9M16</b>	<b>2015</b>	<b>YTD (%)</b>
<b>Current Assets</b>	<b>2,671</b>	<b>2,322</b>	<b>15%</b>
Financial Liabilities	1,181	1,366	-14%
<b>Total Equity</b>	<b>1,474</b>	<b>1,297</b>	<b>14%</b>
<b>Total Assets</b>	<b>4,231</b>	<b>3,959</b>	<b>7%</b>

**Table.3 -RWE & Turcas Güney Elektrik Üretim A.Ş. – IFRS Summary Financial Data 30.09.2016**

<b>OPERATIONAL DATA</b>	<b>9M16</b>	<b>9M15</b>	<b>Y/Y (%)</b>
Sales (Gw hours)	2,282	2,312	-1%

<b>P&amp;L (Million TL)</b>	<b>9M16</b>	<b>9M15</b>	<b>Y/Y (%)</b>
Sales	567	519	9%
EBITDA	2	6	-61%
Net Income / (Loss)	-112	-137	n.m.

<b>BALANCE SHEET (Million TL)</b>	<b>9M16</b>	<b>2015</b>	<b>YTD (%)</b>
Total Assets	1,541	1,560	-1%
Total Liabilities <sup>(1)</sup>	921	797	16%
Total Equity	620	763	-19%

(1) TL 739 mln (as of 9M16) of which is shareholder loans owed to RWE (70%) and Turcas Elektrik Üretim A.Ş. (30%)