

TURCAS YE16 IFRS EARNINGS RELEASE



- YE16 net income @ TL 18 mln (vs TL 36 mln net loss in YE15)
- 4Q16 net loss @ TL 6 mln (vs TL 7 mln net loss in 4Q15)

mln TL	Net Income			Oil Segment (Shell & Turcas)		Energy Segment (RWE & Turcas)	
	Turcas	Shell & Turcas	RWE & Turcas	Revenues	EBITDA	Revenues	EBITDA
YE16	18	242	-118	16,795	987	801	15
YE15	-36	-58	-139	15,355	449	793	34
4Q16	-6	65	-6	4,863	256	235	12
4Q15	-7	-102	-2	3,869	21	273	27

Key Highlights:

- Turcas turned back to profitability in YE16 mainly driven by (i) **stellar performance of fuel distribution subsidiary**, Shell & Turcas Petrol («STAŞ»), (ii) **valuation gains of TL 12 mln** from the acquisition of 46% stake in Turcas Kuyucak Geothermal PP («TKJ») in May'16;
- **Income from subsidiaries** (Turcas' share in the net profit of its subsidiaries) increased to TL 37 mln in YE16 (vs TL -57 mln loss in YE15) driven by STAŞ's contribution of TL 73 mln (vs TL -17 mln in YE15). Turcas' share in net loss of RWE&Turcas JV («RTG») down to TL 36 mln (vs TL - 40 mln in YE15);
- **Net financial expenses** realized at **TL 34 mln** (vs TL 8 mln gain in YE15); consisting of **net FX losses of TL 50 mln** mainly arising from short **EUR position on balance sheet** and **net interest income of TL 16 mln** (o/w TL 28 mln interest income accrual from RTG regarding shareholder loan, TL 18 mln interest expense on project finance loans and TL 6 mln interest income on bank deposits)

Shell & Turcas JV - STAŞ (Turcas Share: 30%)

- Turkey's leading fuel distributor with a network of 1,017 fuel stations;
- **Above sector volume growth** in Gasoline (10% y/y) and Diesel (9% y/y). Lubricants growth at 4% y/y in YE16;
- **Maintained leadership in Gasoline and Lubricants with 25% market share;**
- **YE16 net income up to TL 242 mln** (vs TL – 58 mln in YE15) **coupled with more than doubling to an EBITDA of TL 987 mln**
- USD denominated Management Fees amounting to TL 24 mln received by Turcas in 1Q16 related to fiscal year 2015

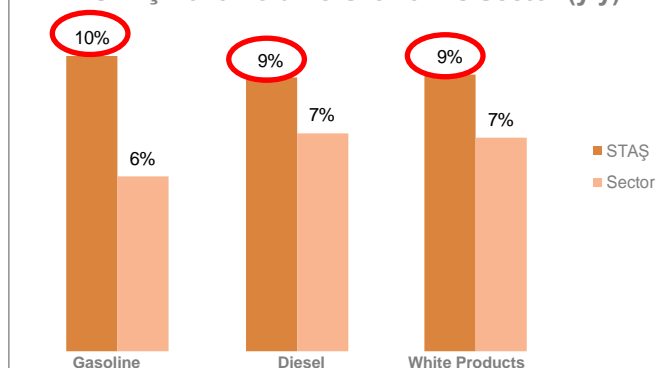
RWE & Turcas JV - RTG (Turcas Share: 30%)

- **Owner of c.a. 800 MW Combined Cycle Gas Fired Power Plant in Denizli;**
- Net sales up to TL 801 mln (+1% y/y) in YE16;
- **Non-cash amortization expenses of TL 55 mln and interest expenses of TL 90 mln** (related to Shareholder Loans owed to both shareholders, RWE and Turcas) leading to losses of TL 118 mln. Mentioned interest expenses are interest income to respective shareholders; and hence to Turcas

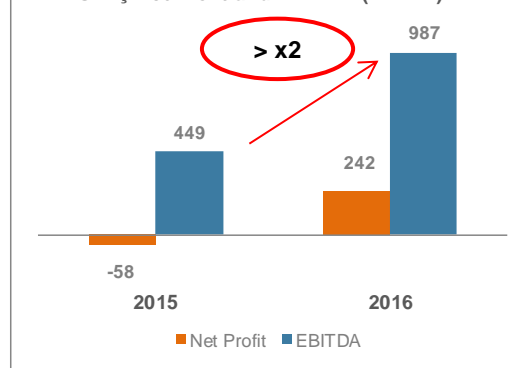
*Despite significant depreciation of TL, Turcas has managed to turn back to profitability in YE16 thanks to stellar performance in our **fuel distribution business** supported by above sector volume growth and **strong consolidated balance sheet** with low financial leverage ratios. Going forward, Turcas is committed to **diversifying its power generation portfolio** via renewable investments (with a focus on geothermal) and possible geographical expansion while at the same time maintaining its robust financial ratios.*

Batu Aksoy,
CEO & Board Member

STAŞ 2016 Volume Growth vs Sector (y/y)



STAŞ Net Profit and EBITDA (TL mln)



Project Pipeline (Investment Phase):

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

- **18 MW Geothermal Power Plant** (under construction) in Aydın Province Kuyucak region; **Commercial operations planned to start in 4Q17**;
- **Total project cost @ USD 71.2 million** (including financing costs)
- **Financing secured through Project Finance loan by TSKB (Türkiye Sınai Kalkınma Bankası A.Ş. amounting to ~USD 57 mln** with a maximum grace period of 30 months & a total maturity of 14 years. Debt/Equity ratio of 80%-20%;
- **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;
- «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 Hacıyüplü & Manisa Gölarmara Geothermal PP Projects:

- 1) First production well drilling in Hacıyüplü started in Feb'17. According to drilling results, investment decision regarding development of the geothermal field will be taken by the Board of Directors
- 2) First production well drilling in Gölarmara considered for 2017.



4 x Wind Power Application

- 3) EMRA evaluation pending for a total portfolio of 116 MW at four different project sites. Licensing tenders may be initiated in 3Q17.



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 31.12.2016

P&L (Thousand TL)	2016	2015	Y/Y (%)
Net Sales	0	762	n.m.
Gross Profit	0	120	n.m.
Operating Expenses	22,417	21,071	6%
STAŞ Management Fees Received	24,010	36,276	-34%
Other Operational Income (Net)	2,286	2,216	3%
Operating Profit	3,880	17,540	-78%
Income / Loss from Subsidiaries	36,763	-57,485	n.m.
<i>Shell & Turcas</i>	72,710	-17,450	n.m.
<i>RWE & Turcas</i>	-35,528	-40,211	n.m.
<i>Turcas Kuyucak Geothermal</i>	-419	176	n.m.
Adjusted EBITDA	40,643	-39,945	n.m.
Valuation Gains from Investments	12,141	434	2697%
Net Financial Income	-33,713	7,735	n.m.
Profit Before Tax	19,071	-31,776	n.m.
Tax	-1,471	-4,645	n.m.
Net Income / Loss	17,600	-36,421	n.m.
Earnings Per Share (TL)	0.07	-0.13	n.m.

	2016	2015
ROA	1.5%	n.m.
ROE	2.7%	n.m.

BALANCE SHEET (Thousand TL)	2016	2015	YTD (%)
Cash & Cash Equivalents	143,319	178,931	-20%
Trade Receivables	494	512	-4%
Receivables from Related Parties (ST)	17,445	46,555	-63%
Receivables from Related Parties (LT)	73,536	183,305	-60%
Investments / Associates	782,692	617,944	27%
Total Assets	1,154,666	1,071,736	8%
Short Term Financial Liabilities	99,507	78,299	27%
Long Term Financial Liabilities	403,988	346,508	17%
Total Financial Liabilities	503,495	424,807	19%
Total Equity	640,567	633,422	1%
Total Equity and Liabilities	1,154,666	1,071,736	8%

	2016	2015
Equity / Assets	55%	59%
Net Debt / Assets	31%	23%
Net Debt / Equity	56%	39%
Net Debt / Adjusted EBITDA (x)	8.9	n.m.

Table.2 - Shell & Turcas Petrol A.Ş. – IFRS Financials 31.12.2016

OPERATIONAL DATA	2016	2015	Y/Y (%)
Gasoline Sales (m3)	744,365	679,361	10%
Diesel Sales (m3)	4,125,845	3,790,197	9%
Lubricants Sales (ton)	78,939	75,811	4%

Source: PETDER

P&L (Million TL)	2016	2015	Y/Y (%)
Net Sales	16,795	15,355	9%
Gross Profit	1,497	956	57%
Gross Margin	8.91%	6.22%	
Operating Expenses	1111	964	15%
Other Operational Income (Net)	68	69	-1%
EBIT	454	60	653%
Financial Gain / Loss	-152	-123	n.m.
Net Income	242	-58	n.m.
EBITDA	987	449	120%
EBITDA Margin	5.88%	2.92%	

BALANCE SHEET (Million TL)	2016	2015	YTD (%)
Current Assets	3,262	2,322	40%
Financial Liabilities	1,112	1,366	-19%
Total Equity	1,538	1,297	19%
Total Assets	4,855	3,959	23%

Table.3 -RWE & Turcas Güney Elektrik Üretim A.Ş. – IFRS Summary Financial Data 31.12.2016

OPERATIONAL DATA	2016	2015	Y/Y (%)
Sales (Gw hours)	3,227	3,410	-5%

P&L (Million TL)	2016	2015	Y/Y (%)
Sales	801	793	1%
EBITDA	15	34	-56%
Net Income / (Loss)	-118	-139	n.m.

BALANCE SHEET (Million TL)	2016	2015	YTD (%)
Total Assets	1,556	1,543	1%
Total Liabilities ⁽¹⁾	451	780	-42%
Total Equity	1,104	763	45%

(1) TL 289 mln (as of YE16) of which is shareholder loans owed to RWE (70%) and Turcas Elektrik Üretim A.Ş. (30%)