Tüpraş

Energy Security in Europe and the Mediterranean

May 18, 2007
Madrid-Spain

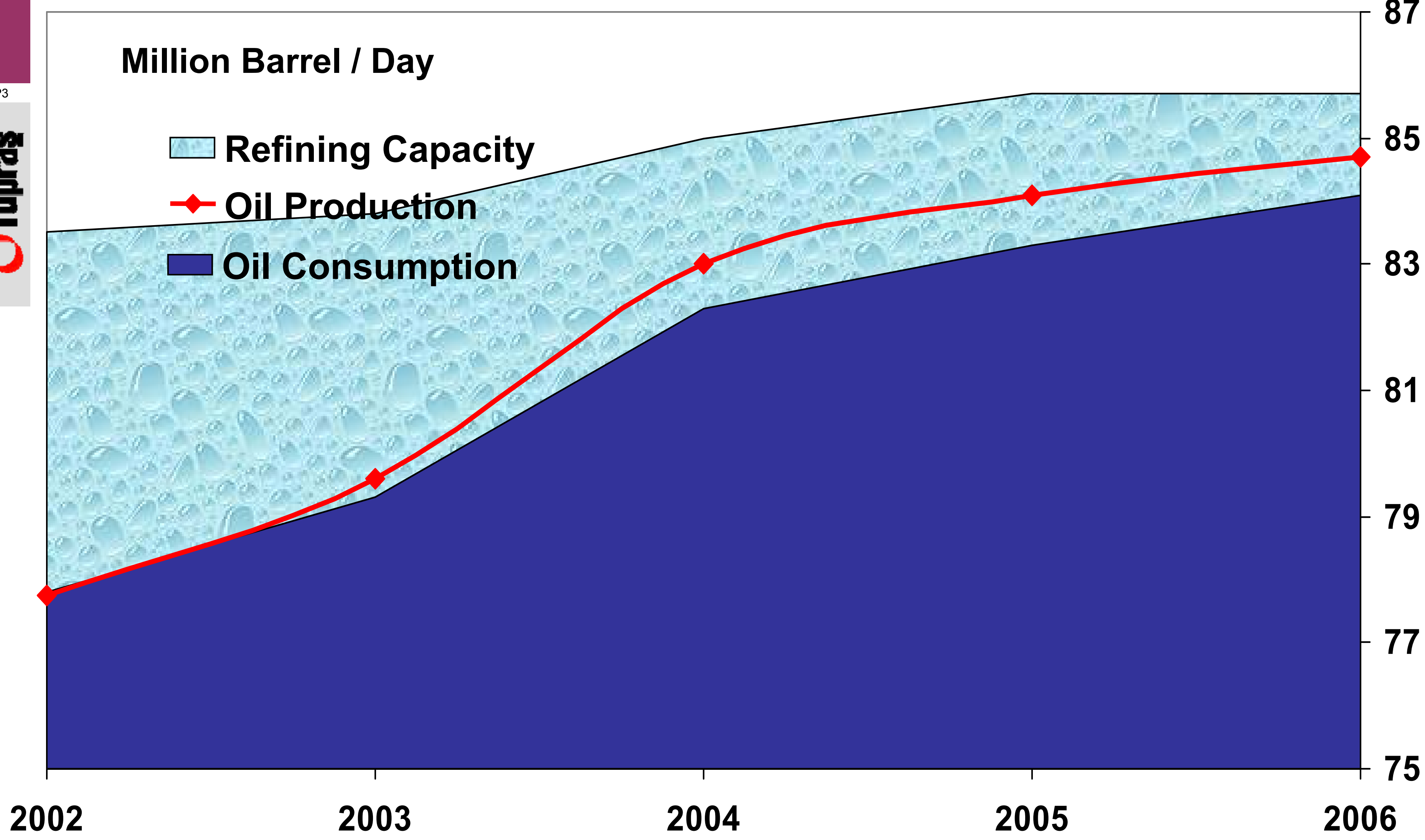
Koç

Turkish Petroleum Industry

Company Overview

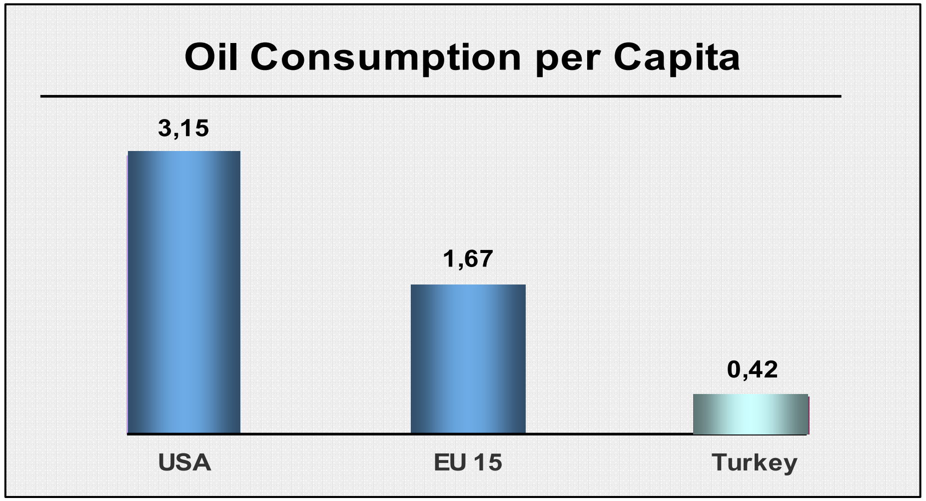
Investments & Environment

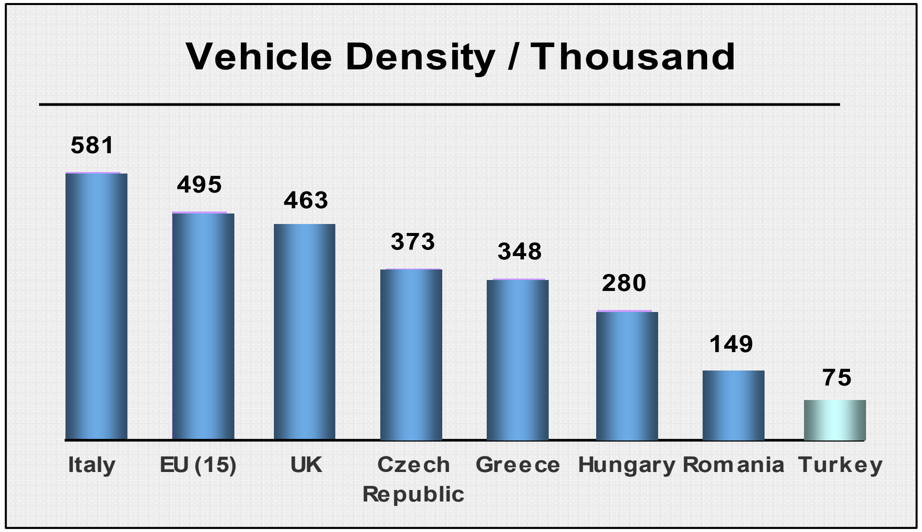
World Oil Consumption and Refining Capacity



Source: OPEC

Turkey: The Growth Opportunity

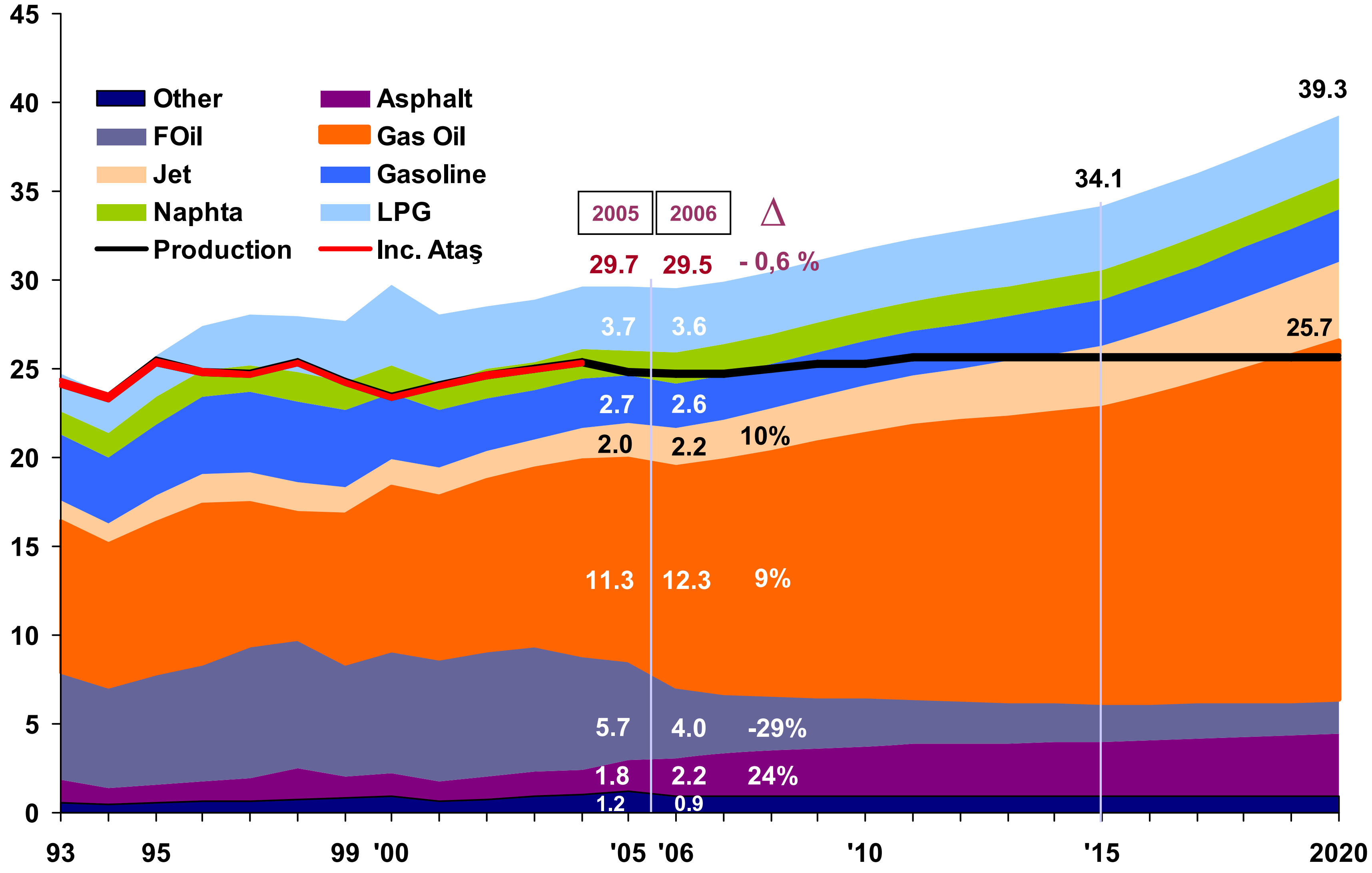




- Consumption Patterns
  - Low per capita oil consumption
  - Low car park density
  - High growth in the number of motor vehicles to continue
    - (2002 – 2006 CAGR: 8.1%)
- Economic Growth
  - Turkey's strong GDP growth (7.6% in 2005 and 6.5% in 2006)
- Demographics
  - Growing young population (30.0% of population under age 15)

Oil Products Demand Projection

Base Case (Million Ton)



Turkey's Imports

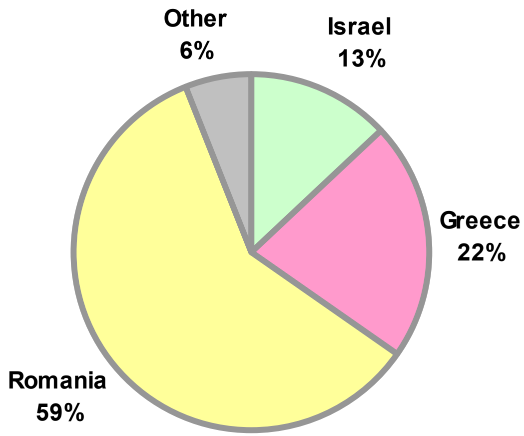
Import Kton	2004	2005	2006
Gasoline	789	659	741
Jet Fuel	25	17	200
Gas Oil	3,905	4,385	**6,166**
Fuel Oil	850	896	411
Total Import	**5,568**	**5,958**	**7,518**

Import Share, %

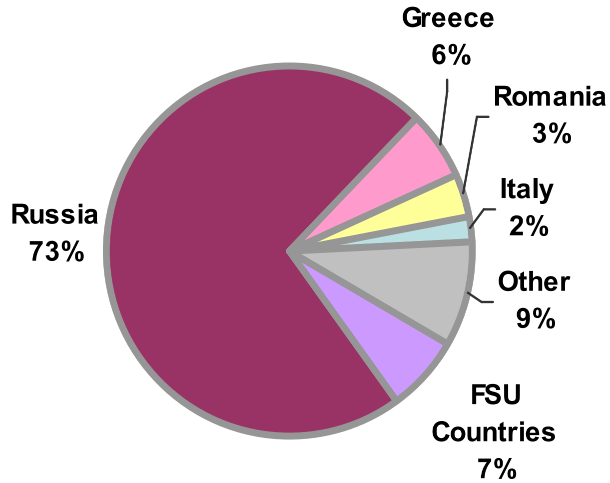
Turkey	**23.8**	**25.3**	**32.0**
Excluding Tüpraş	**23.5**	**24.1**	**26.4**

Note: LPG excluded.

Gasoline Import (2006)



Gas Oil Import (2006)



Source: TÜPRAŞ, GDPA & EMRA

Developments in Turkish Petroleum Sector

1. Change in Fuel Regulations & Standards: EU and Turkey

	2003	2004	2005	2006	2007	2008	2009
EU Standards	Biofuels Directive		EURO IV				EURO V
Turkish Standards						EURO IV	EURO V

- EURO IV: 50 ppm S for gasoline & diesel, aromatics (35%) for gasoline
- EURO V: 10 ppm S

2. National Marker Process

- Introduced in order to prevent illegal trade.
- Amendments in the Petroleum Market Law

3. National Compulsory Stock Requirement

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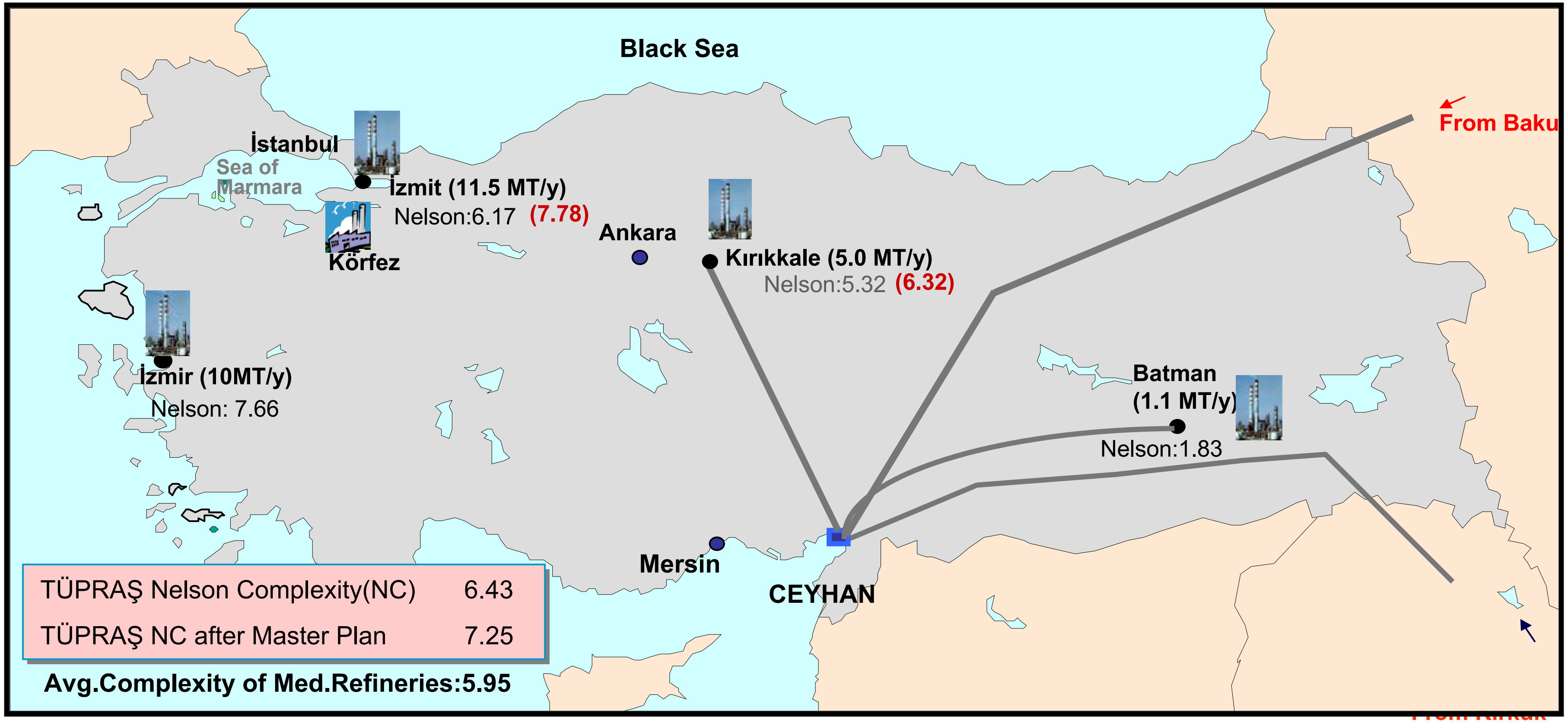
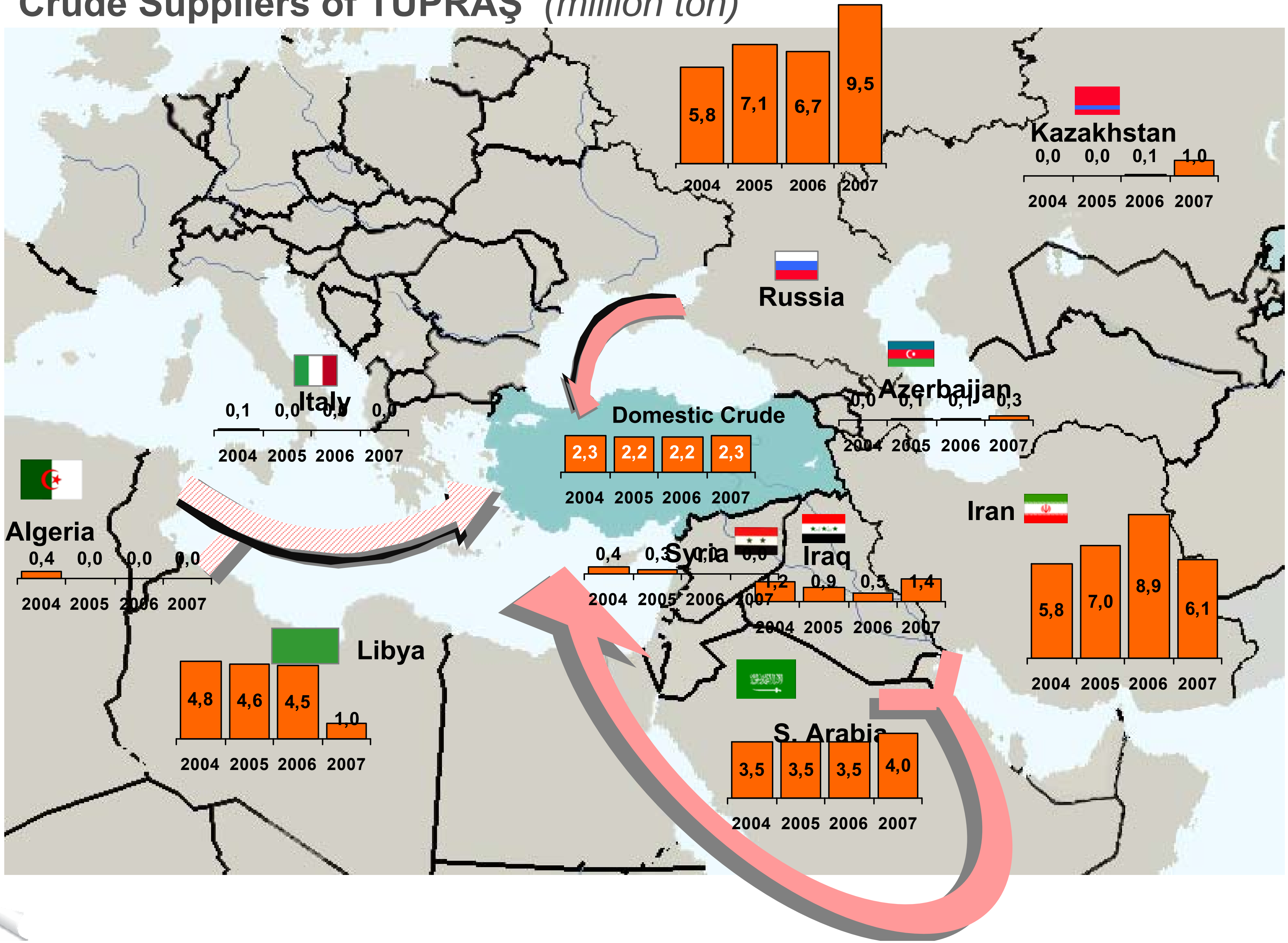
Overview of TÜPRAŞ Assets



TÜPRAŞ Refinery — Korfez Petrochemical — Crude Pipelines

- A combined capacity of **27.6 mn t/y** representing **100%** of Turkish refining capacity.
- **Körfez Petrochemical Complex** , 3 petrochemical units with **103,000-ton** capacity.
- **DİTAŞ**, Tanker Marine Operations Company, **79.98%** share.
- **Opet**, Petroleum Product Retailing Company, **40%** share.

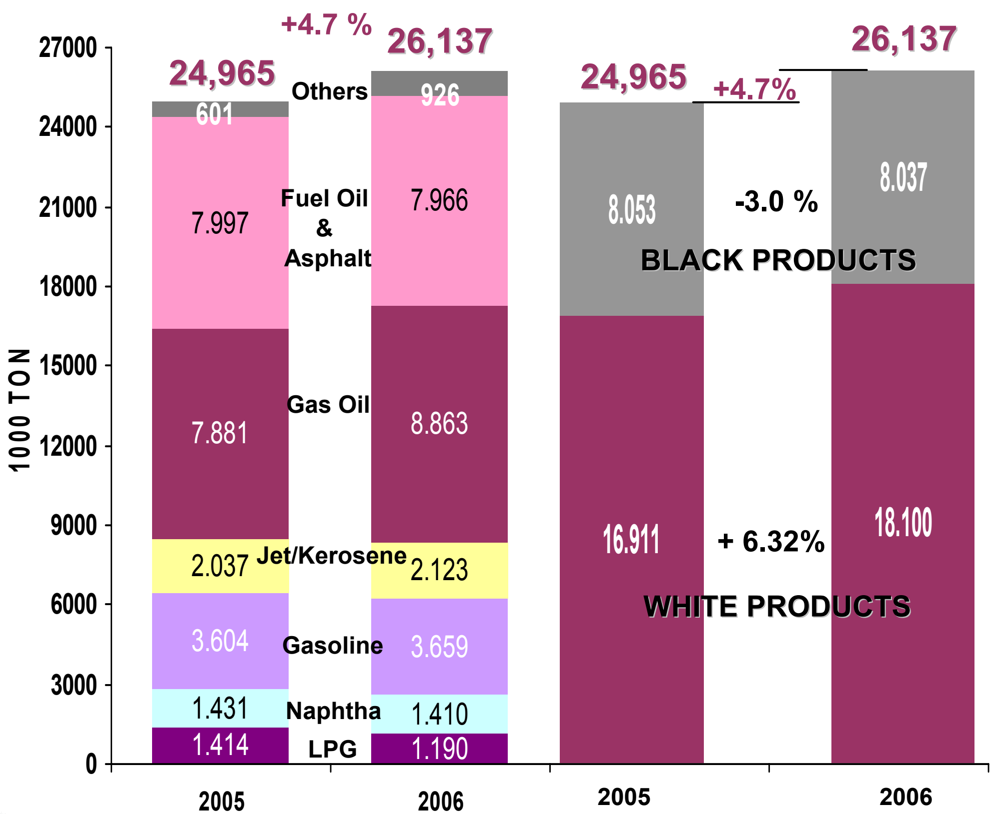
Crude Suppliers of TÜPRAŞ *(million ton)*



Sales Analysis – 2006/2005

- Total sales volume increased by 4.7 % to 26.137 million ton in 2006 y-o-y.
- Domestic sales volume decreased by 2.2 % to 19,899 million ton y-o-y. However, without fuel oil sales, domestic sales volume increased by 4.7 % from 15.535 million ton to 16.272 million ton.
- 2007 Business Plan envisages total sales volume to be 26.3 million ton.

Total Sales Volume | **Black-White Comparison**

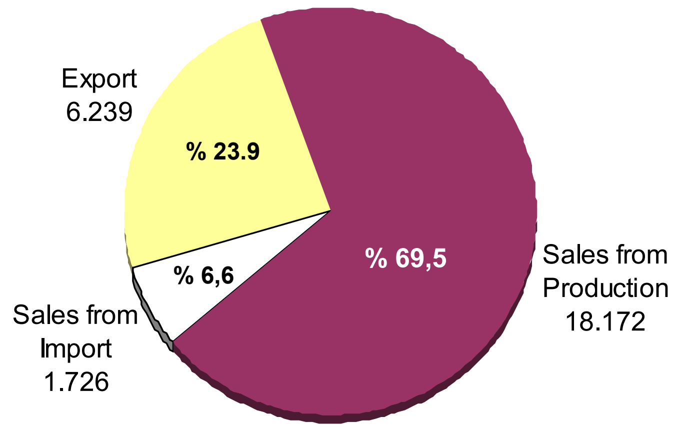


% Change in Domestic sales by product

- *Naphtha sales up 22.81%*
- *Jet Fuel sales up 1.06 %*
- *Gas oil sales up 7.20 %*
- *Asphalt sales up 24.34 %*
- LPG sales down 16.08 %
- Gasoline sales down 9.88 %
- Lube oil sales down 9.83 %
- Fuel oil sales down 25.62 %

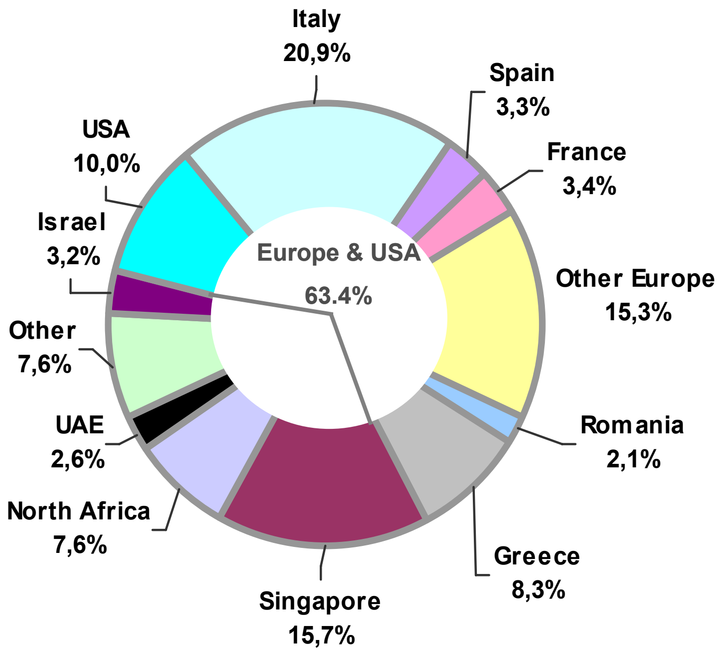
2006

26,137

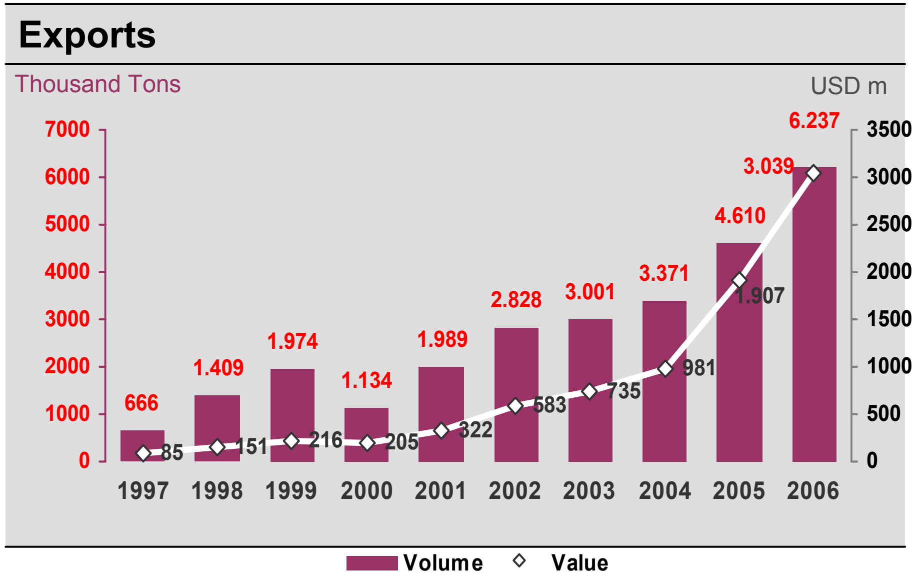


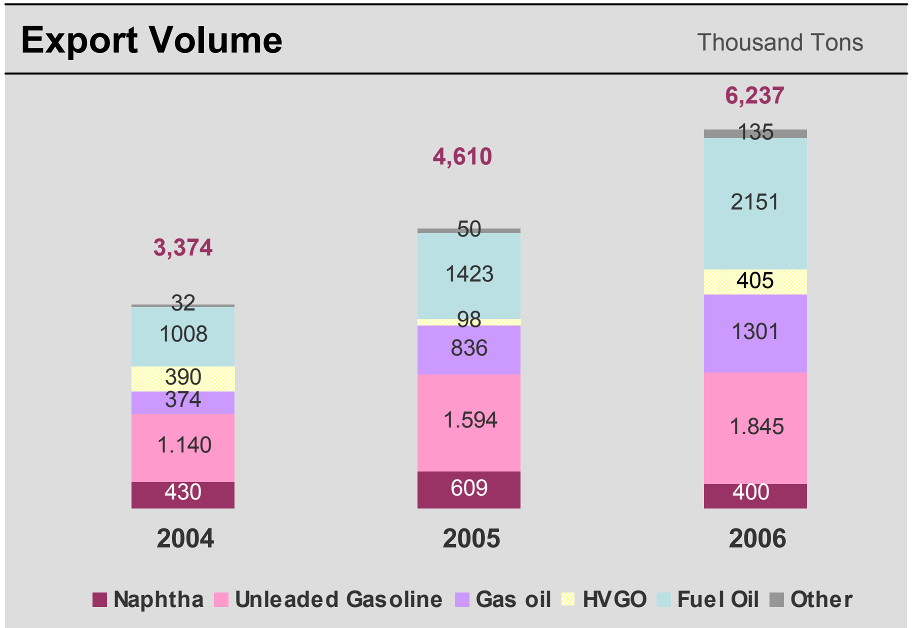
TÜPRAŞ Exports

Exports by Geography in 2006



- Proactive sales policy leads to higher export premiums, 28.3 mm $ additional premiums in 2006.





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Master Plan Investments

Investment

1989 | 1990 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008

Gasoil Specification Projects

İzmit	Gasoil HDS & CCR	328 m $	%99.5*
K.Kale	Gasoil HDS & CCR Benzene Saturation Unit	332 m $	%86.1*

Gasoline Specification Projects

İzmit	FCC Gasoline Desulphurization and Benzene Saturation Units	~106 m $	(Detailed Engineering Stage)
İzmir	FCC Gasoline Desulphurization		(Detailed Engineering Stage)

* The percentage completion of the projects (31 March 2007)

** including financial expenses and charges

Master Plan – Completed Projects : 1,400 m $

Total Spent for On-going : 552 mm $

Remaining

214 mm $**

Short Term Strategies

- **Quality Improvements**
  - Euro V spec till mid 2008
- **Yield and Volume Improvements**
  - Railway Product Transport between Kırıkkale-İzmit and Batman
  - Reconfiguration of Batman as a specialist Bitumen facility
- **Efficiency and Cost Saving**
  - “Operational Excellence Program" with SGS; Expected benefit is around USD 378 million for 5 yrs
  - New tanks for İzmit at Körfez using existing infrastructure

Thank you…

Legislation - Petroleum Market Law

Regulator	
EMRA	Market Supervised by Energy Markets Regulatory Authority
Freedoms	
Pricing	Pricing set by the market for both refinery gate and pump
Imports	No limit on imports
Vertical Integration	Refining companies may own distributors
Obligations	
Licences	All market participants need licence from EMRA
Indigenious Crude	Refiners should give priority to the purchasing of indigenous crude oil
National Stock	National inventory requirement of 90 days worth of domestic sales, with 20 days each held by refiners and distributors
Military	Will maintain continuous production and supply of refined oil products required by the Turkish Armed Forces
Limits	
Market Share	The market share of each distributor in the domestic market shall be limited to 45%