

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.
REPORT OF RELATED PARTY TRANSACTIONS
REALIZED IN 2018 AND EXPECTED TO BE REALIZED IN 2019

This report has been prepared within the context of the 10th article of Capital Markets Board (CMB) II.17.1 numbered Corporate Governance communiqué. In accordance with the mentioned article, the Board of Directors of the Company should prepare a report which includes the total amount of continuous transactions between the company quoted in Borsa Istanbul and its associates and the affiliated parties in a certain accounting period,

- a) in purchasing transactions; the ratio of purchases to the costs of goods sold based on the annual financial statements,
- b) in sales transactions; the ratio of sales to the revenues based on the annual financial statements

which are estimated to be minimum 10% of cost of goods sold or the revenues based on the final annual financial statements in sales transactions and market comparisons for such transactions and such report or its results section should be disclosed via Public Disclosure Platform (KAP).

The purpose of this report is to disclose the terms of estimated transactions between Türkiye Petrol Rafinerileri A.Ş. (the Company) and its affiliates and the associated parties as defined by Turkish Accounting Standards (TMS 24) within the scope of CMB regulations in 2019 and exceeding the amount set forth by the Communiqué to the extent that they are not commercial secrets and show that any such transaction does not have a negative effect on the Company as compared to the market conditions.

The detailed information about related party transactions of our Company carried out in 2018 was announced to public in 31st footnote of financial statements concerning our activities in 2018. In this report, only the transactions that are expected to exceed 10% range in 2019 was evaluated.

Information on TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

Türkiye Petrol Rafinerileri A.Ş. (“Tüpraş” or the “Company”) was established on 16 November 1983. The Company is mainly engaged in the following fields:

- To procure and refine all kinds of crude oil, petroleum and chemical products, to conduct all kinds of commercial operations of produced and imported crude oil, petroleum and chemical products including export along with the storage and transportation activities during production and selling stages and to establish and operate domestic and foreign refineries for this purpose.
- To establish and operate factories and facilities in petrochemical and other related industries,
- To procure the necessary raw materials and semi products and process or trade these materials in order to obtain petrochemical and other related products,
- To package the products produced during various phases of production and to establish a packaging industry for this purpose, to evaluate and/or to sell waste, by semi products and substandard products, to establish and operate the necessary facilities for the destruction of the waste products,

- To establish and operate facilities and plants related with all kinds of energy and energy related industries within the framework of the laws and regulations. To obtain, use and trade all kinds of equipment, materials and chemical substances for this purpose,
- To purchase, sell, import, export, store, market all kinds of petroleum products, LPG and natural gas, to establish marketing and distributing companies or similar partnerships with legal entities or real persons or to acquire, transfer or sell the shares of partnerships, when necessary.

As at 31 December 2018, the issued capital of the company is TL 250,419,200.00 the principal shareholders and their respective shareholdings in the Company are as follows.

Name of Shareholder	Value (TL)	Number of Shares	Share (%)
Enerji Yatırımları A.Ş	127.713.792,22	12.771.379.222	51,00
Publicly Owned	122.705.407,77	12.270.540.777	49,00
Privatization Administration	0,01	1	0,00
Total	250.419.200,00	25.041.920.000	100,00

Summary of financial tables of our Company for the years 2016, 2017 and 2018 are below;

Million TL	31.12.2016	31.12.2017	31.12.2018
Total Assets	31.218.180	38.162.979	40.035.727
Parent Shareholders Capital	8.088.386	10.373.347	9.824.629

Million TL	01.01.2016-31.12.2016	01.01.2017-31.12.2017	01.01.2018-31.12.2018
Net Sales	34.854.851	53.948.110	88.552.170
COGS	31.205.624	47.734.212	79.327.847
Net Profit	1.812.790	3.840.556	3.761.445

Information on Related Company subject to the Report

OPET Petrolcülük A.Ş. has been established by Öztürk family in 1992, OPET has been jointly managed by the Öztürk Group and the Koç Group since 2002. The Company operates in the fuel oil distribution sector via retail sales, storage and international product trade. Türkiye Petrol Rafinerileri A.Ş. has 40% shares of OPET Petrolcülük A.Ş.

•THY OPET Havacılık Yakıtları A.Ş. has been established in 2009 with a 50%-50% partnership between Türk Hava Yolları A.O. and OPET Petrolcülük A.Ş.. Its main activity is supplying and selling jet fuel.

Information about the conditions of transactions to be done with related party and conformity of these operations with market requirements

Between the dates 01.01.2018 and 31.12.2018;

The sales of Company exceeding 10% of the total sales are OPET Petrolcülük A.Ş. and THY OPET Havacılık Yakıtları A.Ş.

The information in these operations is as follows.

Information on transactions exceeding 10% of revenue			
Related party	Transaction value(TL)	Transaction nature	Transaction method
OPET Petrolcülük A.Ş.	14.861.114.298,16	Product sales	Comparable price method
THY OPET Havacılık Yakıtları A.Ş.	10.547.865.895,01	Product sales	Comparable price method

A gross sales at the amount of 14.861.114.298,16 TL (this amount corresponds to 17% of total gross sales) has been performed in 2018 between our company and the related OPET Petrolcülük A.Ş. The pricing method determined in this process was the comparable price method.

A gross sales at the amount of 10.547.865.895,01 TL (this amount corresponds to 12% of total gross sales) has been performed in 2018 between our company and the related THY OPET Havacılık Yakıtları A.Ş. The pricing method determined in this process was the comparable price method.

As a result of the examination of the sales prices of our company in 2018; The prices are determined in accordance with the “closest accessible world free market conditions” within the framework of Article 10 of the Petroleum Market Law and within the framework of the Fuel Oil Price Methodology notified to EMRA as per the Petroleum Market Pricing Regulation. It is concluded that equal price is applied to all companies with equal status, including related companies.

Conclusion

With respect to Article 10 of Capital Markets Board’s (CMB) Declaration, numbered Serial II.17.1, (Declaration), since the ratio of the amount of the common and continuous product sales transactions of our Company with OPET Petrolcülük A.Ş. and THY OPET Havacılık Yakıtları A.Ş. to the revenue amount, included in the annual financial statements to be publicly disclosed, reaches more than 10%, in 2018 and since the related party transaction is expected to be realized above the limit at the same conditions also in 2019 the conditions of the transactions made with OPET Petrolcülük A.Ş. and THY OPET Havacılık Yakıtları A.Ş., the price determination method, and the rationale for the selection of this method are explained in this Report, and information is presented on the compliance of the transactions with market conditions.

In 2018, there were no transactions exceeding the limit of 10% according to the cost of goods sold with related parties, and it is not expected that there would be transactions exceeding the limit of 10% according to the cost of goods sold with related parties in 2019.