



**2020 3rd QUARTER
OPERATING REVIEW
REPORT**

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I. INTRODUCTION

A. REPORTING PERIOD

01.01.2020 - 30.09.2020

B. COMMERCIAL TITLE

Gübre Fabrikaları Türk Anonim Şirketi ("Gübretaş" or "the Company")

C. TRADE REGISTER NUMBER

The Company is registered to the İstanbul Trade Registry with the registry number 47535.

D. CONTACT INFORMATION

HEAD OFFICE

The address of headquarters, which is registered to the trade registry, is "İstanbul Kadıköy Bora Sk. Nida Kule Göztepe İşm. No.1 K.12 (Bölüm: 42, 45) K. 30 - 31".

The telephone, fax, e-mail and web address of Gübretaş are as below:

Tel: +90 (216) 468 50 50

Fax: +90 (216) 407 10 11

E-mail Address: gubretas@gubretas.com.tr

Web Address: www.gubretas.com.tr

The contact information of production facilities and regional offices is listed below;

YARIMCA FACILITIES

Address: Atalar Mahallesi Hayat Sokak No: 30 41740 Körfez / KOCAELİ

Phone : +90 (262) 528 46 40

Fax : +90 (262) 528 21 31

İZMİR FACILITIES

Address: Fatih Mah. Atatürk Cad.No: 28 Aliğa / İZMİR

Phone : +90 (232) 627 91 59

Fax : +90 (232) 627 91 59

FOÇA FACILITIES

Address: Bağarası Köyü Hacıveli Mh. Foça-İzmir Karayolu No: 401 Foça / İZMİR

Phone: +90 (232) 822 81 48

İSKENDERUN FACILITIES

Address: Sarıseki Mah. 12 Eylül Caddesi E-5 Karayolu Altı No: 1 İskenderun / HATAY

Phone : +90 (326) 656 22 88

Fax : +90 (326) 656 22 80

ANKARA REGIONAL OFFICE

Address: Emek Mah. Kazakistan Cad. (4. Cadde) No: 139 Çankaya / ANKARA

Phone : +90 (312) 212 75 75

Fax : +90 (312) 231 92 99

ANTALYA REGIONAL OFFICE

Address: Kızıltoprak Mah. Aspendos Bulvarı, Çam Plaza, No:19 Daire:3 Muratpaşa/ANTALYA

Phone : +90 (242) 311 43 73 - 83

Fax : +90 (242) 311 43 93

DİYARBAKIR REGIONAL OFFICE

Address: Kayapınar Mah. Urfa Yolu 3. Km DİYARBAKIR

Phone : +90 (412) 251 12 46 / +90 (412) 251 15 46

Fax : +90 (412) 251 18 55

İSKENDERUN REGIONAL OFFICE

Address: Sarıseki Mah. Atatürk Cad. No: 6 Sarıseki İskenderun/HATAY

Phone : +90 (326) 626 14 42 - 44 – 49

Fax : +90 (326) 626 14 50

İZMİR REGIONAL OFFICE

Address: Kırlar Mevkii Fatih Mah. Atatürk Cad. Helvacı - Aliğa / İZMİR

Phone : +90 (232) 627 91 59

Fax : +90 (232) 627 91 60

SAMSUN REGIONAL OFFICE

Address: Kamalı Mah. 4043 Sok. No.1/A Atakum / SAMSUN

Phone : +90 (362) 266 40 10

Fax : +90 (362) 266 68 25

ŞANLIURFA REGIONAL OFFICE

Address: Ulubağ Mh. Recep Tayyip Erdoğan Blv. Tarım Kredi St. No.305/5 Haliliye/
ŞANLIURFA

Phone : +90 (414) 341 08 08

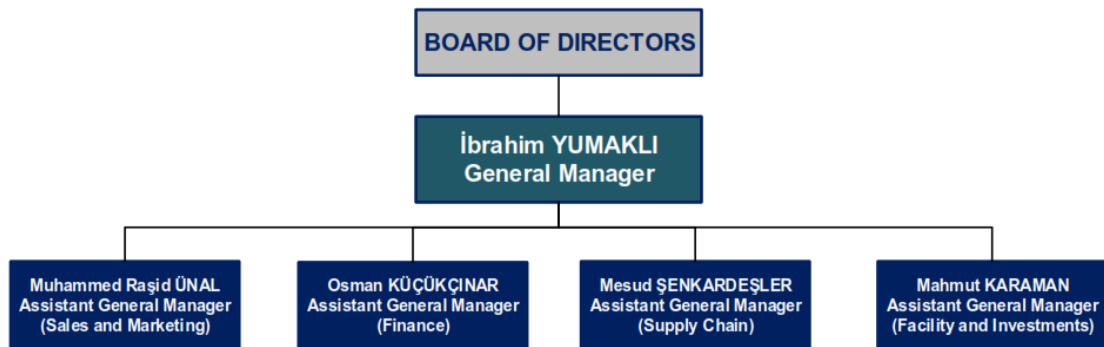
Fax : +90 (414) 381 08 10

TEKİRDAĞ REGIONAL OFFICE

Address: Hürriyet Mah. Dekanlar Sk. No: 2 Yaşam Plaza Kat:1 D:2 Süleymanpaşa/TEKİRDAĞ

Phone : +90 (282) 262 76 50 / +90 (282) 262 47 94

Fax : +90 (282) 262 98 51

E. ORGANIZATION CHART**F. CAPITAL STRUCTURE**

As of 30.09.2020, authorized share capital of the company is 1.000.000.000 ₺ and paid-in share capital is 334.000.000 ₺. There has not been any change in terms of share capital and shareholder's structure of Gübretas within the reporting period.

There is no preferred shares issued by the Company and the Company does not own any shares that it has acquired.

"Capital loss" or "Indebtedness" situations, which are defined in 376th article of TCC, has not been observed.

Table 1 : CAPITAL STRUCTURE

Shareholders	Share Amount ₺	Share %
Central Union of Turkish Agricultural Credit Cooperatives	253.684.606,88	75,95
Other	80.315.393,12	24,05
Total	334.000.000,00	100,00

G. BOARD OF DIRECTORS

Title	Name	Date of Election
Chairman	Fahrettin POYRAZ	19.12.2017
Vice Chairman	Ahmet BAĞCI	03.05.2018
Executive Member	İbrahim YUMAKLI	28.10.2016
Member	Mehmet TUNÇAK	03.05.2018
Member	Selahattin KÜLCÜ	22.03.2019
Member	Mehmet Okan ATEŞ	02.05.2019
Independent Member	Murat YAŞA	11.05.2017
Independent Member	Vahit Kirişçi	25.06.2020
Independent Member	Mehmet BULUT	30.03.2018

The members of Board of Directors have the rights, which are described in the Articles of Association and Turkish Commercial Code. In the footnote 16 of interim consolidated financial statements, information about the benefits provided to the Board of Directors and top management is disclosed.

H. TOP MANAGEMENT

Title	Name	Date of Appointment
General Manager	İbrahim YUMAKLI	28.10.2016
Assistant GM - Facility and Investments	Dr. Mahmut KARAMAN	04.02.2015
Assistant GM - Supply Chain	Mesud ŞENKARDEŞLER	30.09.2016
Assistant GM - Finance	Osman KÜÇÜKÇINAR	30.04.2020
Assistant GM – Sales & Marketing	Muhammed Raşid ÜNAL	15.06.2020

I. ADMINISTRATIVE ACTIVITIES

Number of Personnel

As of 30.09.2020, the number of personnel increased by 1% to 577 people compared to the same date of the previous year.

Training Activities

Training activities are aimed at developing managerial, personal and professional skills of the staff. Education activities of 365 hours were carried out in the first nine months of 2020.

II. THE COMPANY'S ACTIVITIES

A. PRODUCTION

Gübretaş produced 399,800 tons (2019/9: 365,664 tons) of compound fertilizers, 57,515 tons (2019/9: 52,800 tons) of nitrogen-based fertilizers, 49,550 tons (2019/9: 34,970 tons) of phosphate-based fertilizers, and a total of 444,865 tons (2019/9: 453,434 tons) of solid fertilizers in the first nine months of 2020. In addition, 29,896 tons (2019/9: 20,320 tons) of liquid and powder fertilizers were produced in the same period.

Solid fertilizer production decreased by 2%; liquid-powder production increased by 45% in the first nine months of 2020 compared to the same period of 2019. Total fertilizer production including solid, liquid and powder decreased by 1%.

Some of the products were used as raw material in the production process. Capacity utilization rate was 66% in the first nine months of 2020.

Table 2: PRODUCTION BY GROUP -TON

Production	2020/9	2019/9	Change
Solid Fertilizer	444,864	456,514	(2%)
Liquid - Powder Fertilizer	29,896	20,320	45%
TOTAL	474,760	476,834	(1%)

B. SALES AND PURCHASES

The Company sold 1,463,491 tons (2019/9: 1,330,000 tons) of solid, 51,309 tons (2019/9: 40,973 tons) of liquid and powder fertilizers in the first nine months of 2020.

The solid fertilizer sales increased by 10% and the liquid fertilizer sales increased by 25% in the first nine months of 2020, compared to the same period of the previous year.

The volume of purchases was 1,284,247 tons in the first nine months of 2019, and decreased by 4% to 1,232,168 tons in the first nine months of 2020. Export numbers increased by 52% to 34,882 tons in the first nine months of 2020, while it was 22,984 tons in the same period of 2019.

Table 3: PROCUREMENT AND SALES-TON

Solid Chemical Fertilizer	2020/9	2019/9	Change
Raw Material	329,391	382,196	(16%)
Commodity	902,807	902,051	1%
Total Purchases	1,232,198	1,284,247	(4%)

Table 4: SALES BY PRODUCT GROUPS-TON

Solid Chemical Fertilizer	2020/9	2019/9	Change
Compound	489,217	486,085	1%
Nitrogen-based	785,225	710,381	11%
Phosphate-based and others	189,049	133,534	42%
Total Solid Fertilizer	1,463,491	1,330,000	10%
Total Liquid - Powder Fertilizer	51,309	40,973	25%
Grand Total	1,514,800	1,370,973	10%

C. INVESTMENTS

In Turkish operations, the Company incurred 92.683.916 ₺ of capital expenditure in the first nine months of 2020, while this figure was 73,603,497 ₺ in the same period of 2019.

III. AFFILIATES AND SUBSIDIARIES

Detailed information about affiliates and subsidiaries are given in the Note 1 of interim consolidated financial statements of 30 September 2020.

IV. RAZİ PETROCHEMICAL CO.'S ACTIVITIES

A. PRODUCTION

In the first nine months of 2020, 1,252,198 tons (2019/9: 1,183,286 tons) of fertilizer and fertilizer raw materials were produced in Razi Petrochemical Co. ("Razi") and its subsidiary Arya Phosphoric Jonoub Co. ("Arya"). The capacity utilization rate was 46% (2019/9: 43%)

Table 5: RAZİ PRODUCTION-TON

PRODUCT	2020/9	2019/9	Change	Capacity	2020/9 CUR
Ammonia	604,549	542,505	11%	1,336,000	60%
Urea	344,030	339,913	1%	594,000	77%
Sulphur	181,476	160,227	13%	508,000	48%
Sulphuric Acid	71,969	97,969	(27%)	627,000	15%
Phosphoric Acid	42,175	25,307	67%	126,000	45%
DAP	7,999	17,365	(54%)	450,000	2%
Total	1,252,198	1,183,286	6%	3,641,000	46%

B. SALES

In the first nine months of 2020, 1,024,500 tons (2019/6: 806,434 tons) of fertilizer were sold. The total revenue generated by Razi and its subsidiaries were ₺ (2019/9: 1,400,851,873 ₺) during the reporting period. Razi exported 781,109 tons and sold 243,391 tons in the domestic market in the first nine months of 2020. The share of exports in total sales was 76%.

Table 6: RAZİ SALES-TON

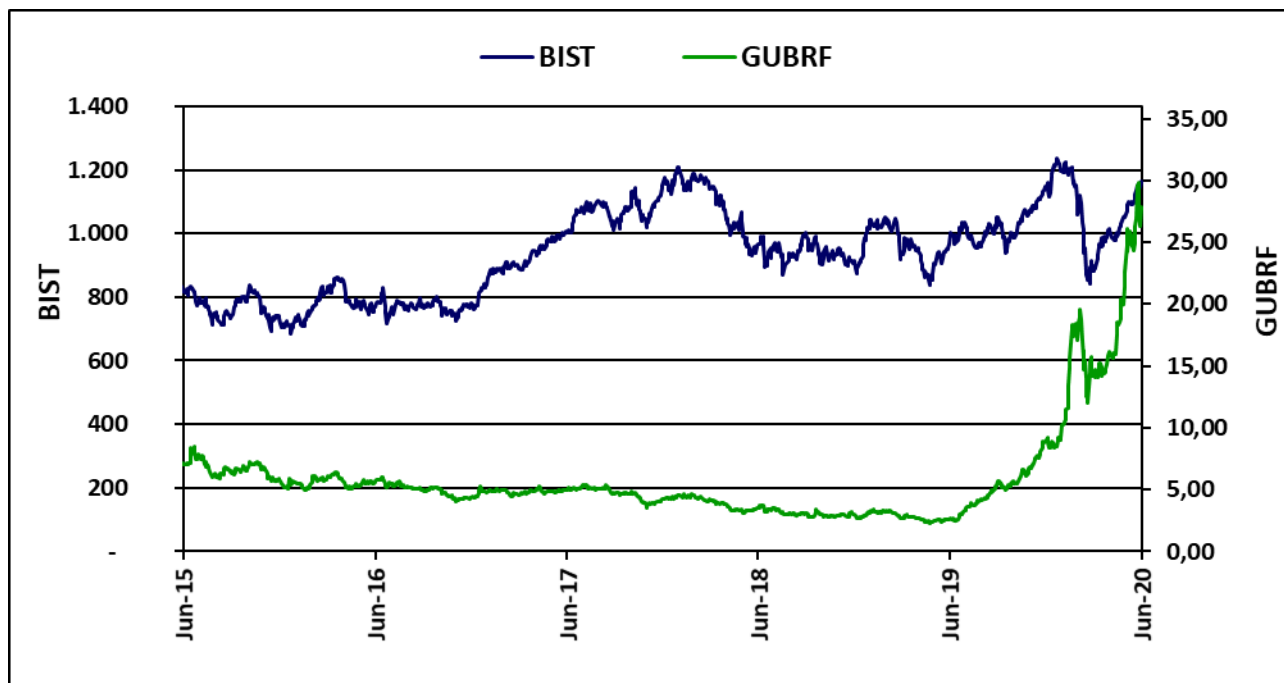
Sale Type	2020/9	2019/9	Change
Domestic	243,391	193,149	%26
DAP	34,854	1,282	2600%
Urea	153,562	159,142	(4%)
Sulphuric Acid	9,086	15,597	(42%)
Ammonia	8,774	6,489	35%
Phosphoric Acid	37,115	10,639	249%
Export	781,109	613,194	27%
Ammonia	391,026	308,407	27%
Sulphur	189,147	134,697	40%
Urea	200,436	170,065	18%
DAP	500	25	-
TOTAL	1,024,500	806,343	27%

C. INVESTMENTS

14.774.411 ₺ of capital expenditures were incurred by the Iranian operations in the first nine months of 2020, while this figure was 25.755.671 ₺ in the same period of 2019.

V. PERFORMANCE OF THE STOCK

Graph 1 : PERFORMANCE OF THE STOCK



Date	09/30/2019	12/31/2019	03/31/2020	06/30/2020	09/30/2020
Stock Price	5.69	9.04	14.63	27.68	32.12

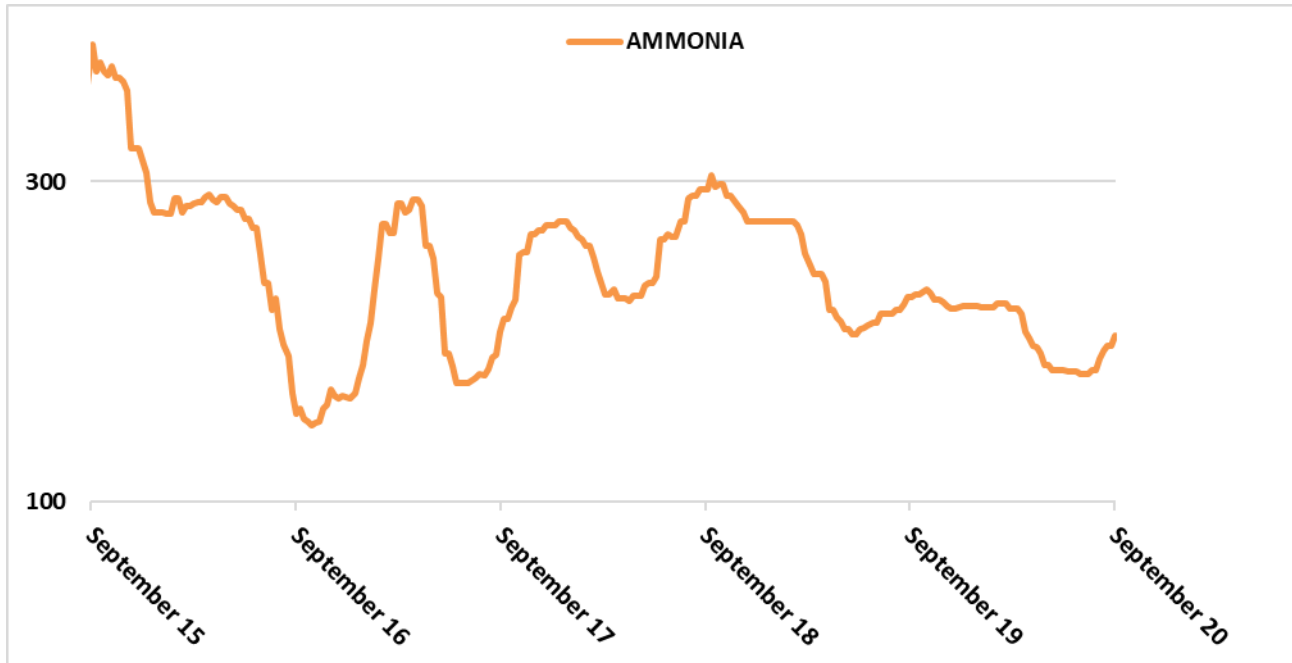
VI. REVIEW

The ammonia is the most important product for the Iranian operations. There was a downward trend in ammonia prices in the first nine months of 2020 up to 15% compared to the same period of the last year. In the nine months of the year, the average ammonia prices was around 204 USD. Ammonia prices, which showed an decrease of about 5% compared to last quarter has been observed as negative development for the Iranian operations. On the other hand, the 45% quarterly devaluation of the Iranian Riyal against the USD had a positive operational cost ratio effect on the Razi operations.

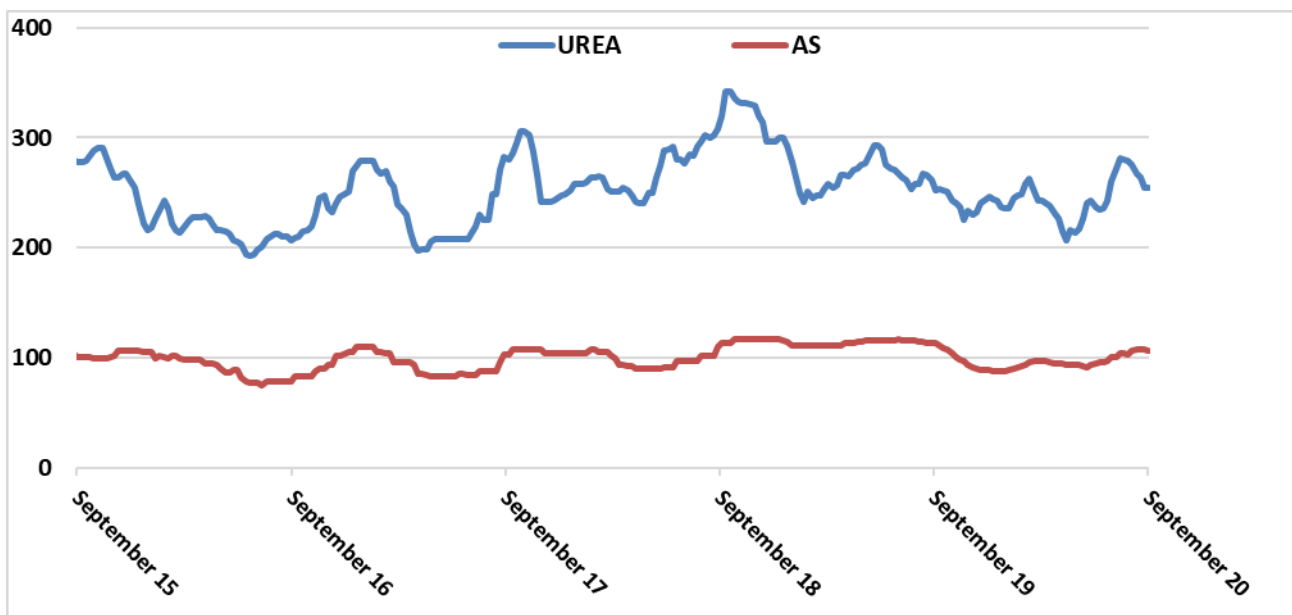
As the Ammonium Sulfat (AS) prices had a flat price trend in the last quarter, but on the nine months basis AS prices had fallen 15% compared to the same period of the last year. The Urea prices that had an upward trend on August, started to have a downward trend at the end of the reporting period. In phosphate fertilizers and fertilizer raw materials, a

period with predominantly horizontal movement has been observed except for DAP product, which had a downward trend towards the first quarter of the year.

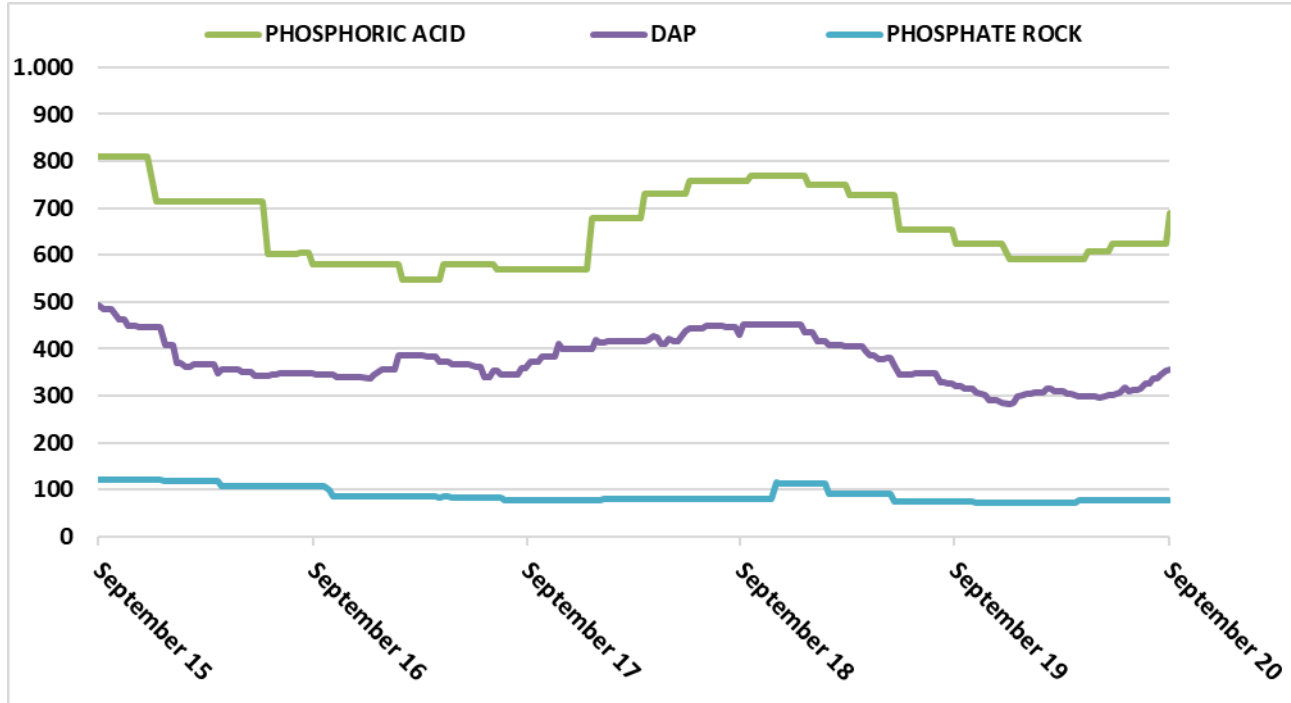
Graph 2 : FERTILIZER PRICES IN INTERNATIONAL MARKETS - US\$/TON



Graph 3 : FERTILIZER PRICES IN INTERNATIONAL MARKETS - US\$/TON



Graph 4 : FERTILIZER PRICES IN INTERNATIONAL MARKETS - US\$/TON



VII. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

In accordance with Communiqué on Corporate Governance, which is numbered II-17.1 and published by Capital Markets Board in 03.01.2014, within the first nine months of 2020 covering the dates of 01.01.2020 - 30.09.2020, the following works have been realized by the Company in order to be compliant with the principles issued in the related communiqué:

1. About the fertilizer sales which will be realized by the Company, Gübre Fabrikaları T.A.Ş., within the year of 2019 to the related party, Central Union of Turkish Agriculture Credit Cooperatives, the conclusion part of the Board of Directors' report which was prepared due to the Article 10 under the heading of Common and Continuous Transactions of Communiqué on Corporate Governance numbered II-17.1 was submitted for public information on January 22, 2020.

2. Regarding to the article 11/1 of Corporate Governance Communiqué, Investor Relations Department prepared “Investor Relations 2020 1H Operating Report” related to activities within the first 6 months of 2020, and submitted it for the Board’s information.
3. Regarding to the article 2.1.3, under the title of “Public Disclosure and Transparency”, in Corporate Governance Principles, which are stated in the Annex-1 of the Corporate Governance Communiqué, our disclosure of 2020 1Q financial statements excluding footnotes was announced in the Public Disclosure Platform both in Turkish and English.

VIII. CONCLUSION

DEAR SHAREHOLDERS,

In the first nine months of 2020, 1,232,168 tons (2019/9: 1,284,247 tons) of fertilizers and raw materials were procured from domestic and foreign markets. In the January-September period of 2020, 474,760 tons (2019/9: 476,834 tons) of various types of solid, liquid and powder fertilizer were produced at facilities and totally 1,514,800 tons (2019/9: 1,370,973 tons) fertilizers were sold in the same period. In Turkish operations of the Company, net sale revenues realized as 2,853,126,517 ₺ (2019/9: 2,601,496,555₺).

In addition, 1,252,198 tons (2019/9: 1,183,286 tons) of fertilizer and fertilizer raw materials were produced and 997,944,560 ₺ (2019/9: 786,769,989 ₺) sale revenues were realized by the sale of 1,024,500 tons (2019/9: 806,343 tons) of fertilizer and fertilizer raw material in Razi and its subsidiaries.

The Company reached to 3,851,071,077 ₺ (2019/9: 3,388,266,544 ₺) consolidated sales revenue. Beside, by deducting cost of goods sold, operation expenses, other operating expenses-income and financial expenses; 295,925,375 ₺ (2019/6: -10,033,972 ₺) profit realized before tax. 290,381,061 ₺ (2019/9: 1,475,956 ₺) consolidated profit occurred after deducting 5,544,314 ₺ (2019/9: -11,509,928 ₺) net tax expense. 153,969,653 ₺ (2019/9: -62,625,500 ₺) consolidated net period profit to shareholders has occurred after deducting 136,411,408₺ (2019/9: 64,101,456 ₺) shares of minority shareholders.

We would kindly like to ask you to evaluate the results mentioned above regarding the first nine months of 2020 activities.

Best Regards,
BOARD OF DIRECTORS