

## **TÜPRAŞ IS ENTERING PETROLEUM DISTRIBUTION BUSINESS AND BECOMING AN INTERGRATED REFINERY**

In order to operate at all levels of the integrated value chain by having a share in the petroleum distribution business similar to other global refineries and benefit from the vertical integration opportunity allowed by the Petroleum Market Law, Tüpraş, one of Europe's largest refineries and Turkey's sole refiner, has made a decision to acquire 40% Opet shares from Aygaz for US \$ 380 mn. Mr. Erol Memioğlu, President of Koç Holding Energy Group, stated that, as the only refiner in the region which does not own a petroleum distribution company and considering the plans announced by numerous multinational petroleum companies to enter the petroleum distribution market in Turkey, Tüpraş has taken a decision to bring forward its long term plans and enter petroleum distribution business.

Memioğlu added that due to the constraints posed by the sectoral structure in establishing a new distribution network, it was decided to acquire Opet, which is a distribution company with a strong growth potential, from Aygaz. The acquisition will allow Tüpraş to minimize long term risks by diversification, while increasing shareholder value by benefiting from the high growth potential and profitability in petroleum distribution.

Koç Holding announced in their statement that it is their objective to further grow and strengthen their leadership position in the energy sector and the acquisition aims at maximizing the synergies between their energy group companies. Koç Holding stated that, in line with their motto of being closest to the consumer, having direct access to the end consumer will provide Tüpraş with valuable information on the requirements of the market and allow them to provide a better service.

With over 1,200 stations and approximately 14% market share, Opet is the fastest growing distribution company in the Turkish market, where the top 4 companies comprise 83% market share. Following the acquisition, Tüpraş will be able to benefit from Opet's storage and distribution capabilities and expand their coverage in the hinterland area, especially where Tüpraş does not have a refinery. In addition, it will be possible to trade crude oil in exchange of products from those countries which Tüpraş is importing crude oil and distribution companies are exporting products. Furthermore, close coordination and optimization of both companies' imports will result in higher efficiency and cost saving opportunities. Opet's large white product storage capacity and terminal advantages, which are complementary to Tüpraş' facilities, are expected to contribute significantly to Tüpraş' objective of becoming a global player. Tüpraş and Opet will work in coordination in international crude oil and product trading in order to create further value addition.