

Liquidity and capital sources

Cash (P m)

Item	2014	2015	2016	2017	2018	Δ 2018/2017 (%)
Net cash from operating activities	283,965	285,175	321,297	421,700	537,523	27.5
Net cash used in investing activities	(364,792)	(314,511)	(323,854)	(312,889)	(335,038)	7.1
Net cash from / (used in) financing activities	10,573	82,193	(68,430)	(50,521)	(56,543)	11.9
Net increase / (decrease) in cash and cash equivalents	(70,254)	52,857	(70,987)	58,290	145,942	150.4

Net cash from operating activities (P m)

Item	2014	2015	2016	2017	2018	Δ 2018/2017 (%)
Net cash from operating activities ¹	304,421	312,169	361,567	439,319	624,783	42.2
Changes in working capital	23,907	18,342	15,216	52,809	326	(99.4)
Income tax paid	(30,122)	(19,522)	(22,158)	(36,530)	(61,157)	67.4
Interest paid	(16,624)	(28,229)	(36,476)	(39,449)	(46,492)	17.9
Dividends received	2,383	2,415	3,148	5,551	20,063	>200
Total	283,965	285,175	321,297	421,700	537,523	27.5

Net cash from operating activities went up by 27.5% y-o-y primarily due to higher operating profit and dividends received from joint ventures.

Net cash used in investing activities (P m)

Item	2014	2015	2016	2017	2018	Δ 2018/2017 (%)
Capital expenditures	(271,330)	(349,036)	(384,817)	(357,090)	(375,197)	5.1
(Acquisition) / disposal of subsidiaries, shares in joint operations and equity affiliates	(57,848)	197	(2,028)	(8,345)	(1,360)	(83.7)
Net changes in deposits	(15,877)	45,745	48,517	(5,933)	6,710	-
Net changes in loans issued and other investments	-	(22,603)	(2,104)	44,938	11,511	(74.4)
Interest received	-	-	-	9,149	18,885	106.4
Other transactions	(19,737)	11,186	16,578	4,392	4,413	0.5
Total	(364,792)	(314,511)	(323,854)	(312,889)	(335,038)	7.1

Net cash used in investing activities went up by 7.1% y-o-y primarily due to higher capital expenditures.

¹ Before the effect of changes in working capital, income tax, interest and dividends.

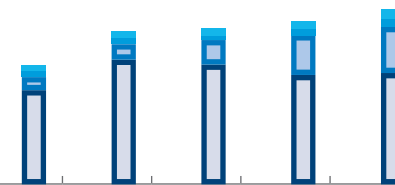
Net cash used in financing activities (P m)

Item	2014	2015	2016	2017	2018	Δ 2018/2017 (%)
Net changes in debt	67,160	121,565	(63,929)	3,556	5,484	54.2
Payment of dividends to shareholders	(46,755)	(36,346)	(2,598)	(50,382)	(70,774)	40.5
Acquisition of non-controlling interest	(4,118)	-	-	-	-	-
Proceeds from sale of non-controlling interest in subsidiaries	-	-	-	-	22,348	-
Other transactions	(5,714)	(3,026)	(1,903)	(3,695)	(13,601)	>200
Total revenue	10,573	82,193	(68,430)	(50,521)	(56,543)	11.9

Net cash used in financing activities increased by 11.9% y-o-y. Dividends paid for 2017 (P 15 per share) exceeded dividend payments for 2016 (P 10,68 per share).

Capital expenditures (P m)

271,330 349,036 384,817 357,090 375,197 5.1



Source: Company data

	2014	2015	2016	2017	2018	Δ 2018/2017 (%)
Exploration and production	192,739	255,235	245,256	223,916	227,883	1.8
Refining	26,765	31,552	50,095	81,370	94,263	15.8
Marketing and distribution	13,576	13,547	9,728	12,466	16,060	28.8
Other	10,731	13,317	14,724	16,227	19,937	22.9

Capital expenditures for exploration and production increased by 1.8% y-o-y due to:

- > the launch of hi-tech icebreakers;
- > participation in subsoil tenders (Savitsky, Pokhvistnevsky, and Karabashsky licence blocks).

Capital expenditures for refining increased by 15.8% y-o-y following the plant upgrade in Serbia (construction of delayed coker unit).

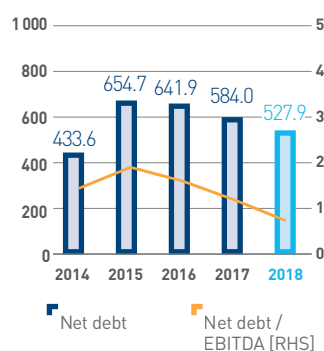
Debt and liquidity (P m)

Item	as at 31.12.2014	as at 31.12.2015	as at 31.12.2016	as at 31.12.2017	as at 31.12.2018
Short-term loans and borrowings	61,121	147,319	80,187	131,760	90,923
Long-term loans and borrowings	502,306	670,779	596,221	548,654	684,530
Cash and cash equivalents	(53,167)	(114,198)	(33,621)	(90,608)	(247,585)
Short-term deposits	(76,658)	(49,206)	(886)	(5,779)	-
Net debt	433,602	654,694	641,901	584,027	527,868
Short-term debt / total debt (%)	10.8	18.0	11.9	19.4	11.7
Net debt / EBITDA LTM	1.44	1.90	1.60	1.19	0.73

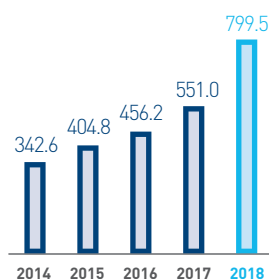
The Group's diversified debt portfolio includes syndicated and bilateral loans, bonds and other instruments. The Group's net debt went down by 9.6% to ₺ 527.87 bn. Net debt / EBITDA decreased by 0.46 pp to 0.73x.

The average debt maturity went up from 3.6 years as at 31 December 2017 to 3.84 years as at 31 December 2018. The average interest rate increased from 5.54% as at 31 December 2017 to 6.29% as at 31 December 2018.

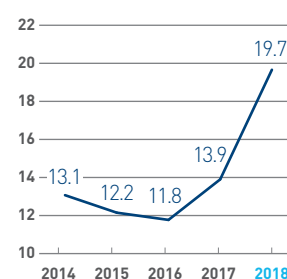
The Group's net debt (₺ bn) and net debt / EBITDA



Adjusted EBITDA (₺ bn)



Adjusted ROACE (%)



For more details on the Company's debt, see the Debt Portfolio and Credit Ratings subsection on p. 202

For reference

EBITDA analysis (₺ m)

Item	2014	2015	2016	2017	2018	Δ 2018/2017 (%)
Profit for the period	126,656	116,198	209,725	269,678	400,993	48.7
Total income tax expense	19,214	29,252	49,814	55,522	79,129	42.5
Finance expense	15,279	33,943	34,282	25,127	21,476	(14.5)
Finance income	(7,075)	(14,732)	(11,071)	(10,098)	(7,506)	(25.7)
Depreciation, depletion and amortisation	85,951	114,083	129,845	140,998	175,451	24.4
Net foreign exchange gain / (loss)	52,265	67,910	(28,300)	241	33,558	>200
Other income / (expenses) (net)	8,471	(1,494)	17,982	7,557	19,796	162.0
EBITDA	300,761	345,160	402,277	489,025	722,897	47.8
Less: share of profit of associates and joint ventures	6,306	(24,956)	(34,116)	(45,504)	(90,704)	99.3
Plus: the share of EBITDA of equity accounted investments and joint ventures	35,547	84,607	88,037	107,446	167,313	55.7
Total adjusted EBITDA	342,614	404,811	456,198	550,967	799,506	45.1