

AYGAZ

Investor Presentation

November 2015

Who we are? - AYGAZ

Leading LPG distributor of Turkey

- 1.8 m tons sales – 2014
- \$3.2 b revenue – 2014
- 29% market share

Diversified participation portfolio in energy;

- Natural Gas
- Refinery
- Power Generation

Summary financials;

(Cons. in mTL)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>YoY change</u>
Revenue	7,061	6,005	5,586	18%
EBITDA	193	252	285	-23%
EBITDA Margin	3%	4%	5%	-1
Net Profit	218	205	305	6%
Net Profit Margin	3%	3%	6%	-
Volume (000 tons)	1,791	1,663	1,731	8 %

Where we stand? – market leader

- Generic brand for LPG
- #1 in Turkey, #5 in Europe
- Leader since foundation
 - Over 50 years



On the road



In your home



For business

43%

Cylinder LPG

Aygaz Group
Market shares*

29%

All segments

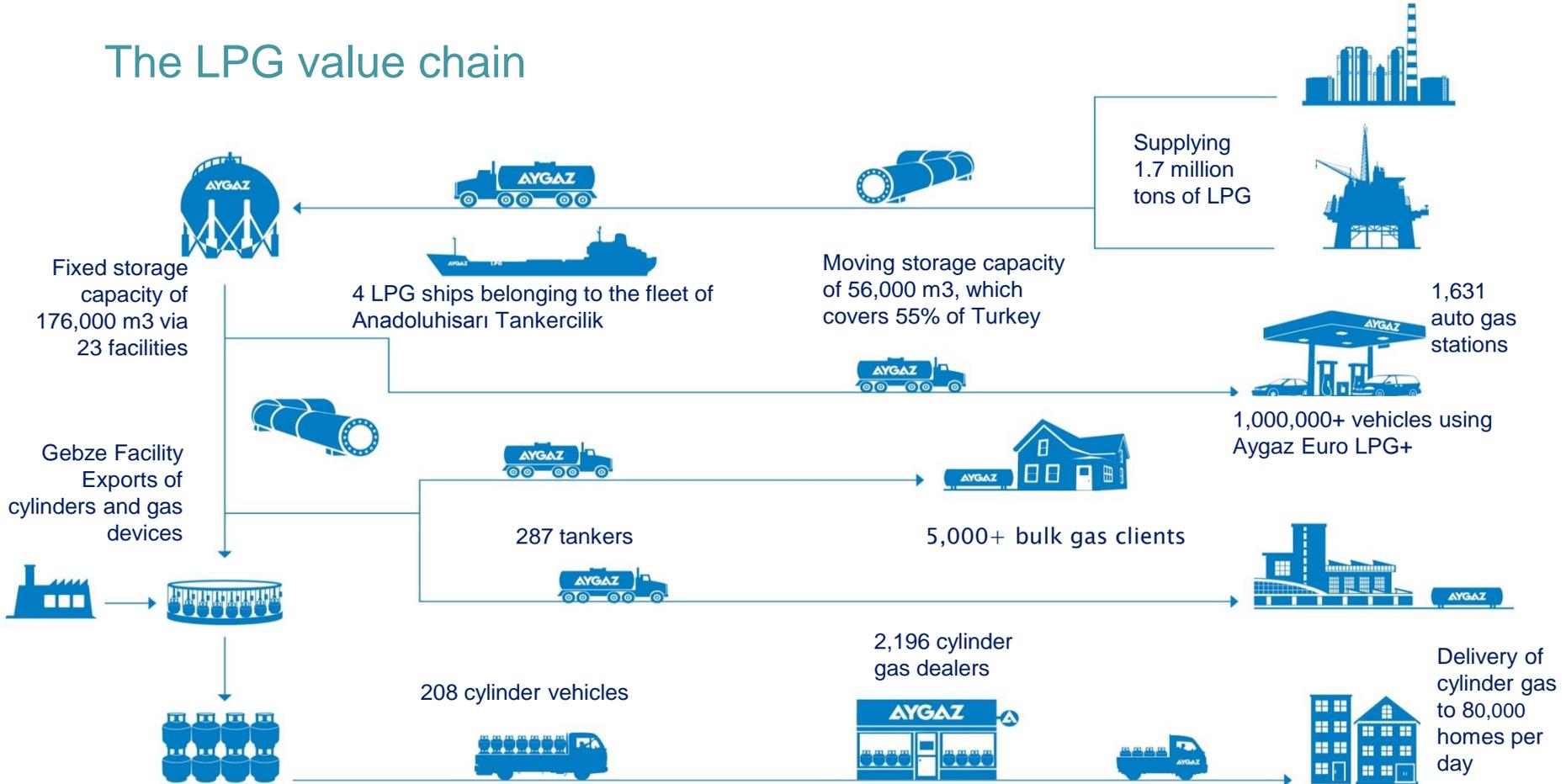
25%

Autogas

* As of August 2015

What we do?

The LPG value chain



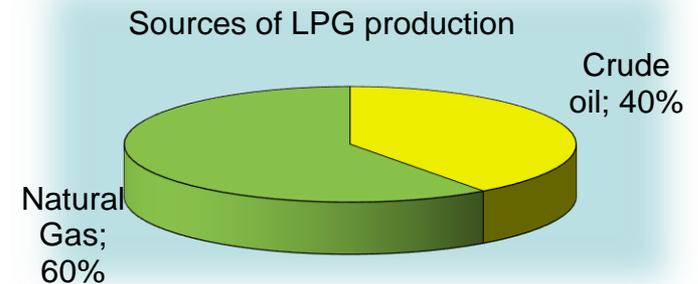
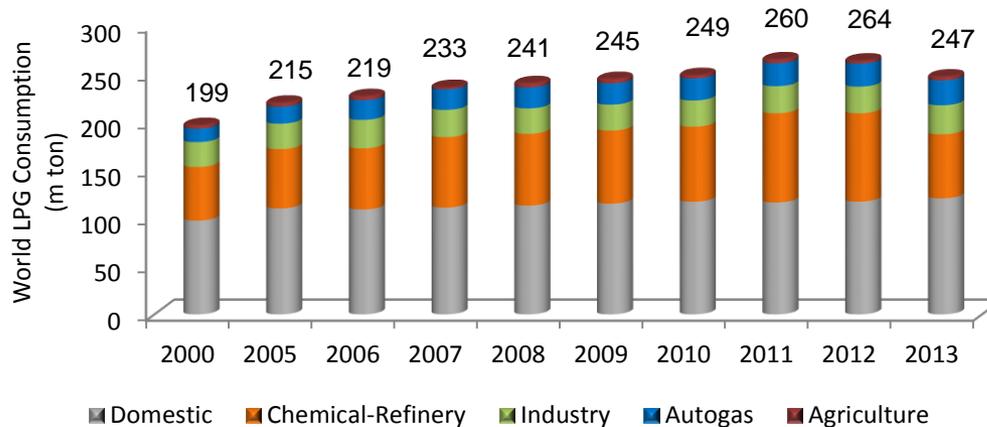
* As of end of 2014

What is the product? - LPG

- Mixtures of hydrocarbons in which butane or propane are predominant
- LPG market is supply oriented
- Supply is secure as LPG is extracted from related natural gas facilities or as refinery gases

Why LPG? Anytime+Anywhere

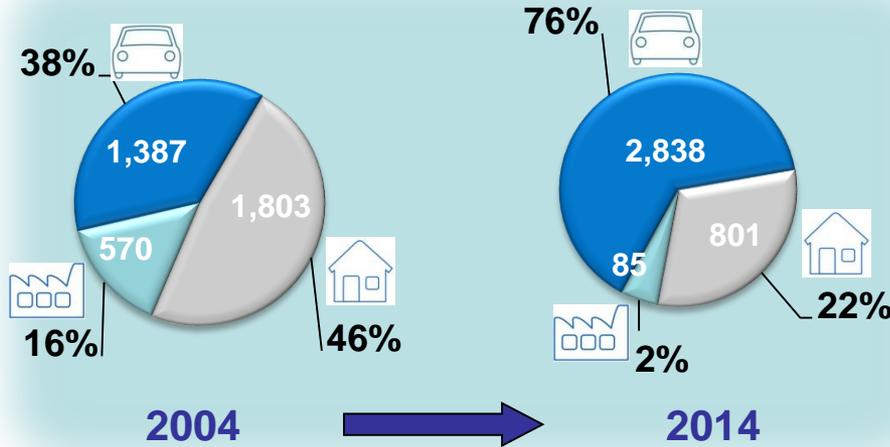
- Portable and versatile
- Abundant reserves-price advantage
- Diversity of supply sources
- Low GHG emission



*WLPGA Statistical Review of Global LP Gas Report, 2014

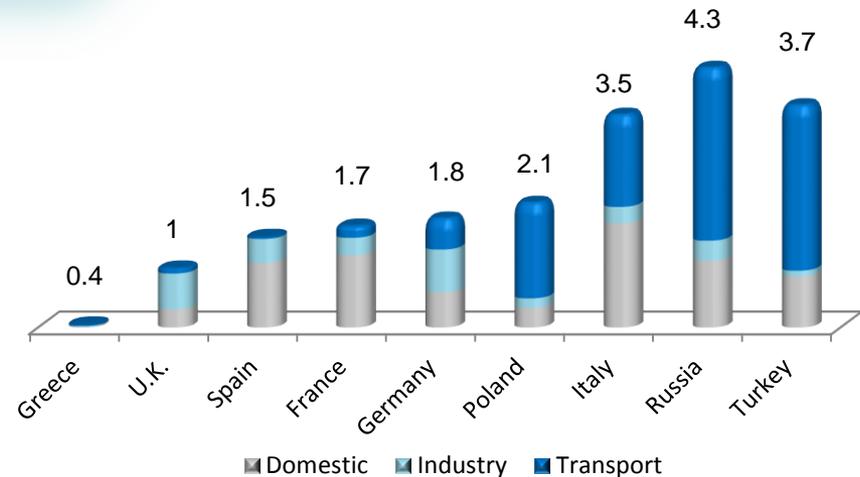
Facts about Turkish LPG market

Evolving from cylinder to auto



EMRA LPG Sector Reports 2004, 2013

- 3.7 m tons, #2 in Europe, #14 in the World
- 75 distribution companies
- Serving; 7.5 m houses
4 m cars
- Liberal market with regulatory body-EMRA



WLPGA Statistical Review of Global LP Gas Report, 2014
*excluding petrochemical consumption

Where is the growth? - autogas

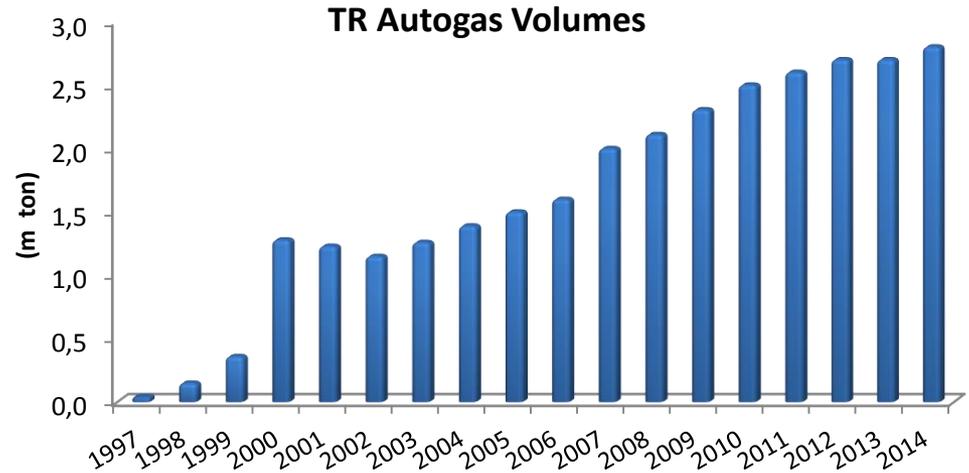
Third

biggest autogas market in the world

2.8 m tons

42% of the passenger car park in Turkey

4 m cars



TLPG Association Report, EMRA

Price Advantage of Auto Gas

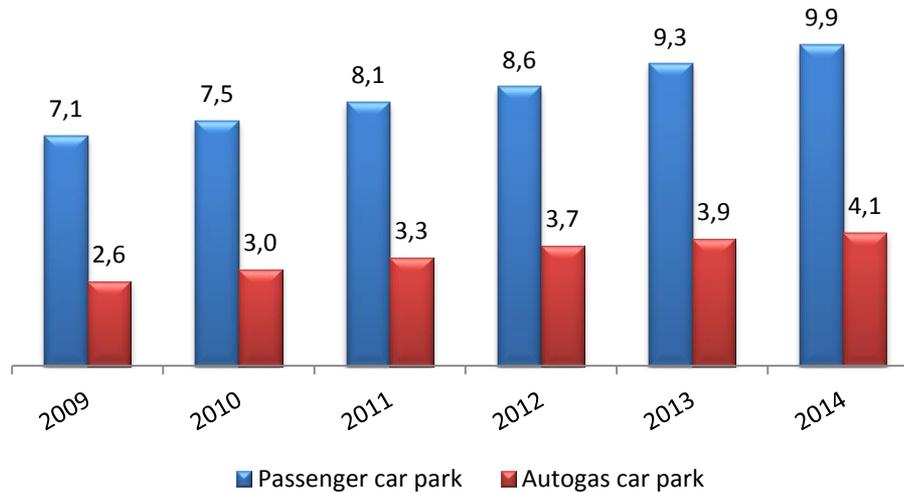


30%+ price advantage to gasoline

10,000+ autogas stations all over Turkey

Source: AYGAZ

Is the autogas growth sustainable? -Yes



250,000 conversions per year

- 1,000+ conversion points
- \$500 average cost
- Pay back in 15,000 km

CNG versus LPG comparison

- initial investment (x10 times)
- conversion cost (x2 times)
- range per tank (x1/3)
- longer tank refill time

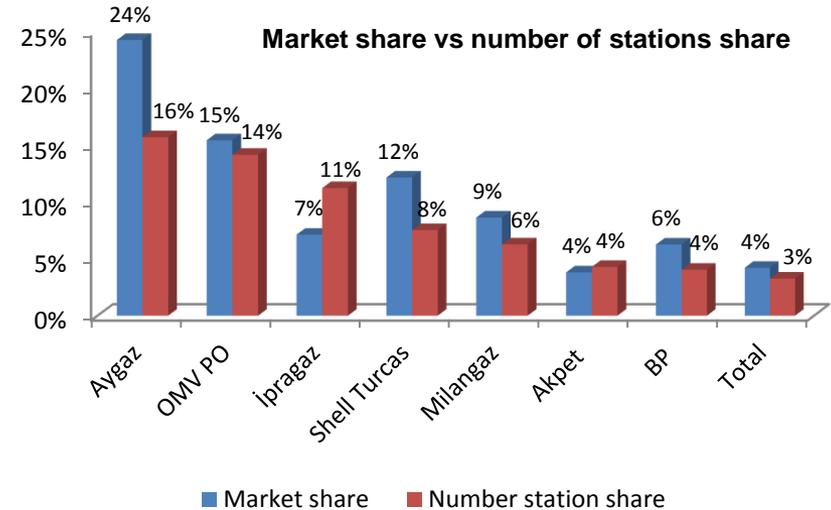
Source: Aygaz / Tofaş

How do we lead autogas market?

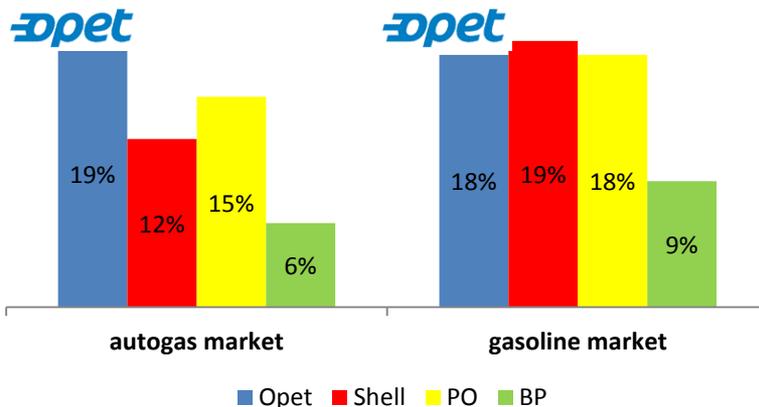
Long-term strategy builder

Opet partnership

Aygaz&Opet **synergy** leads autogas market



* 2014 PETDER and EMRA data



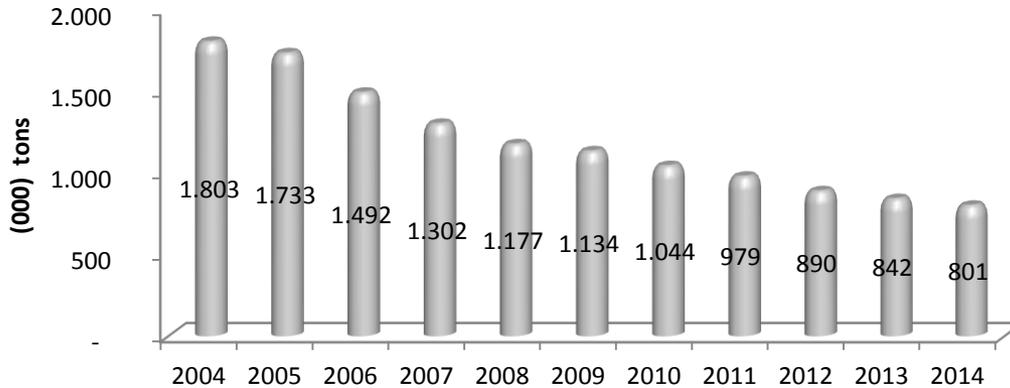
* 2014 PETDER and EMRA data

Core business is LPG

unlike fuel distributors

- Pioneer in R&D and innovation

Is the cylinder market here to stay? - Yes



TLPG Association Report, EMRA

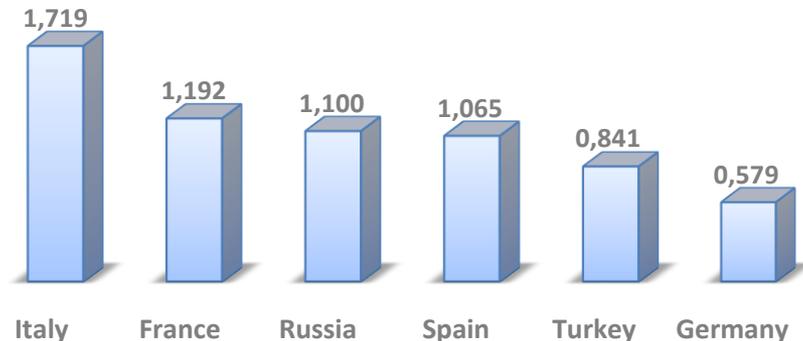
Growth signals for the first time after 15 years of contraction in the 1st&2nd quarters of **2015**

60% market share in residential market

12,300+ points of sale

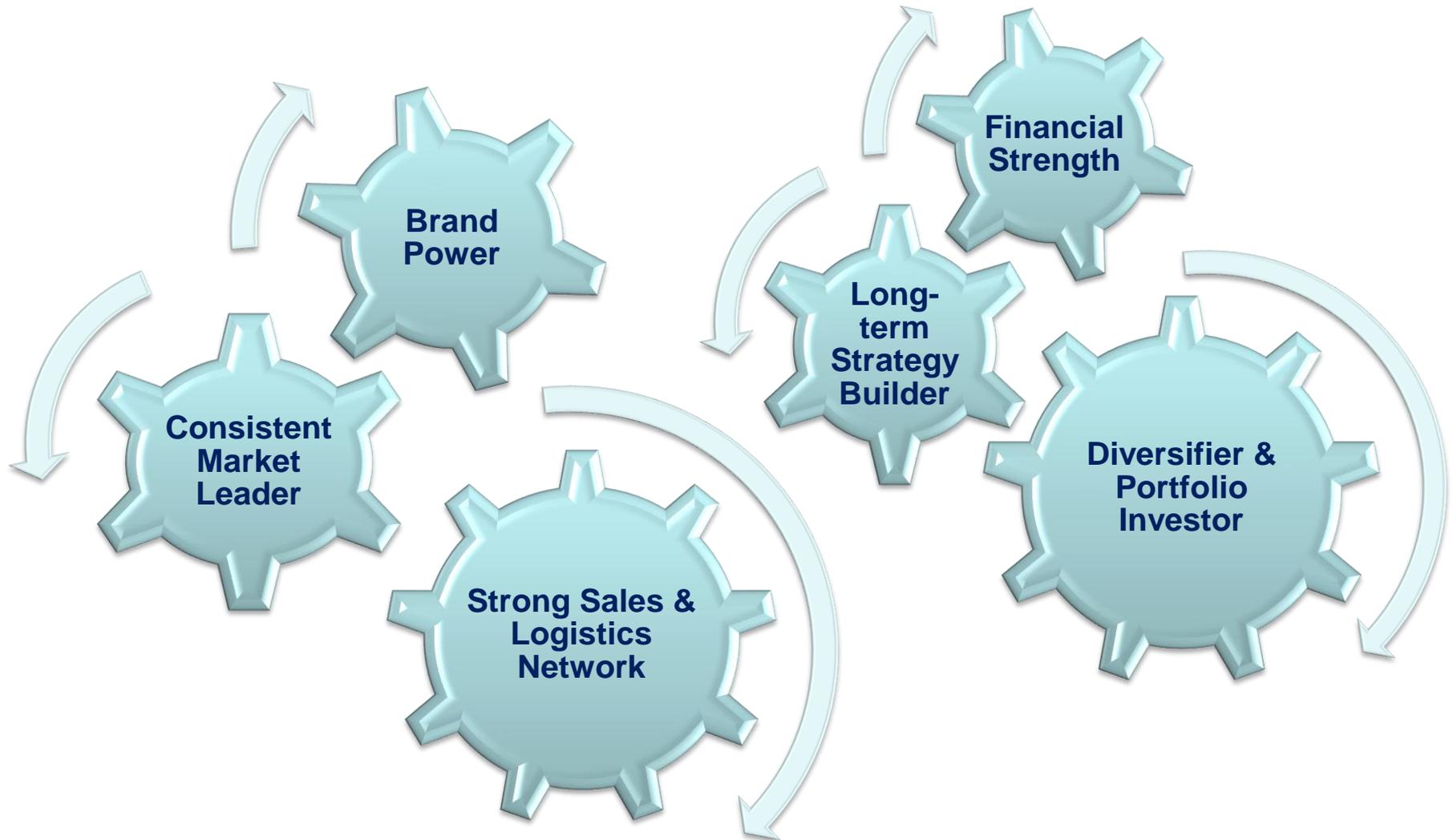
Fully integrated production cycle –Gebze plant

Turkey is **fifth** in residential consumption in Europe

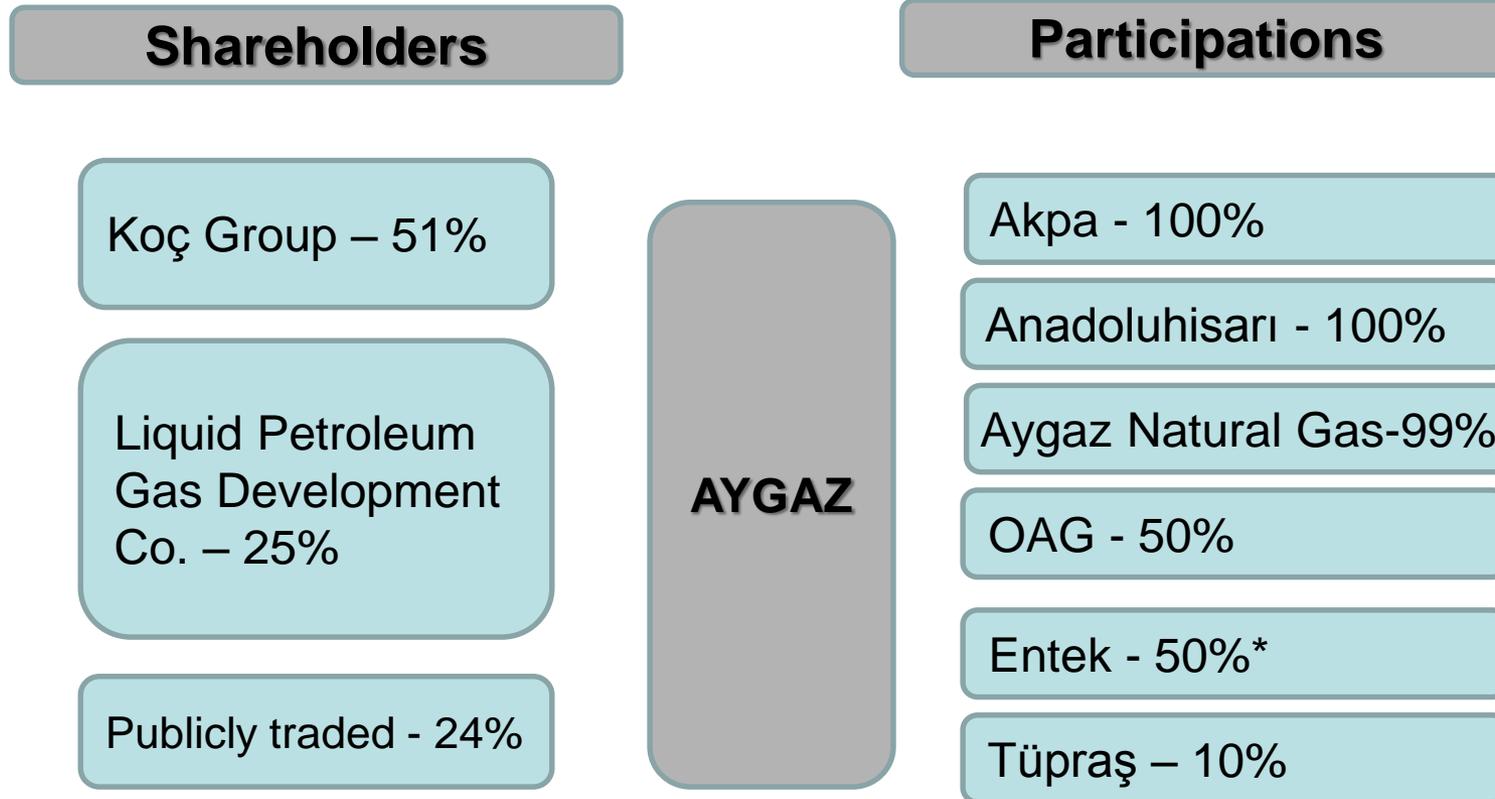


*WLPGA Statistical Review of Global LP Gas Report, 2014

Aygaz Key Takeaways



Shareholding & Portfolio Structure



*As of December 18, 2014, Aygaz purchased AES Entek shares amounting to 24,81% of company's capital from AES Mont Blanc Holdings B.V. increasing its total share to 49,62%.

Natural gas



LNG Distribution



- Transportation and regasification
- 350 industrial customers, 20% market share
- 2014 sales : ~120 mcm
- Total natural gas market: 46 bcm; LNG market: 0.7 bcm

Pipeline Natural Gas



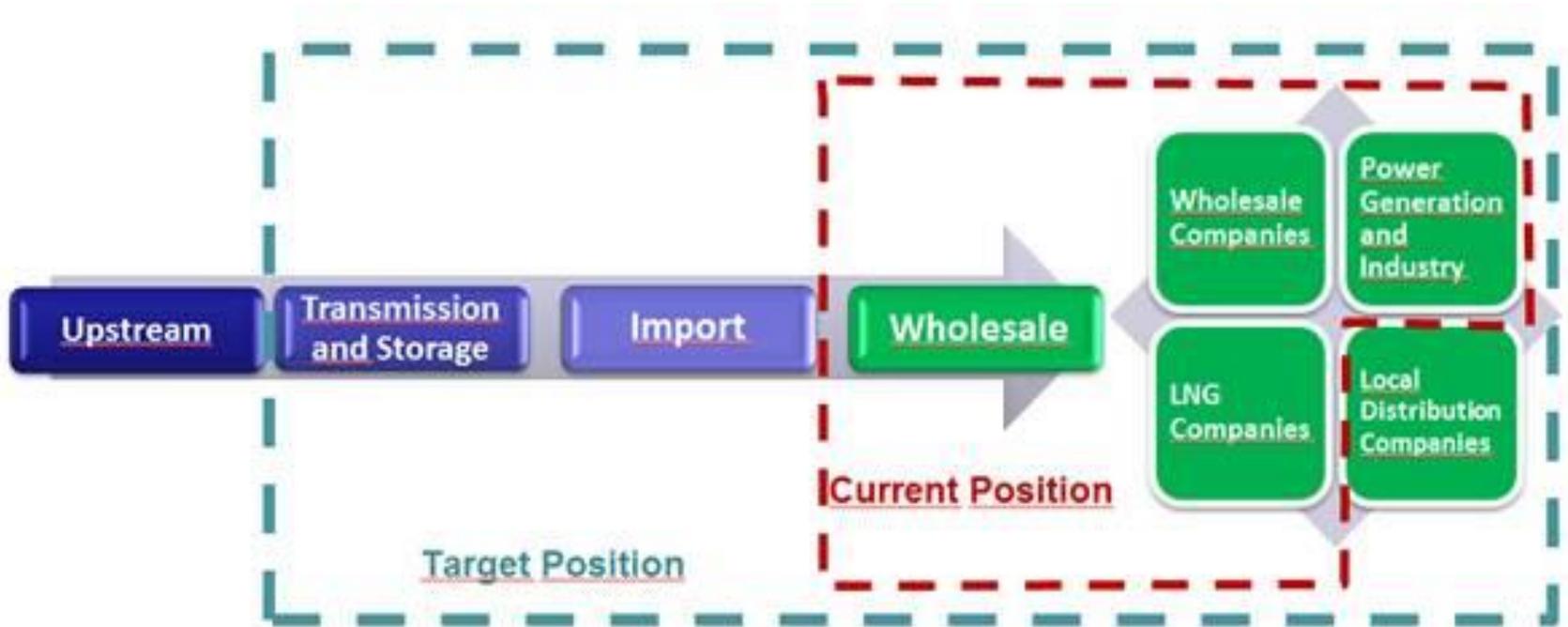
- Started in 2010 with 68 mcm sales
- 2014 sales : ~1 bcm

Strategies

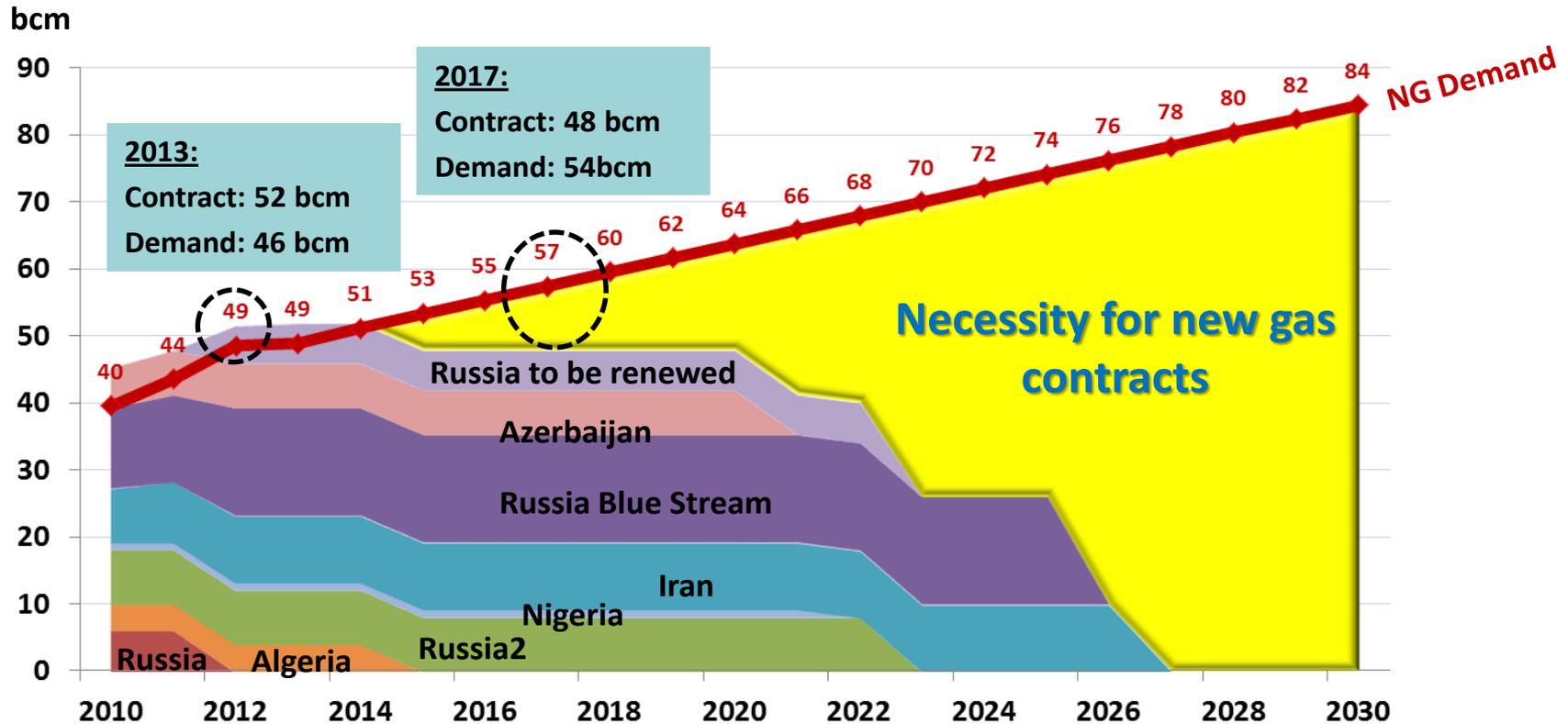


- LNG import
- Pipeline gas import
- Local Distribution

What is our natural gas strategy?



Turkey's Natural Gas Supply-Demand



Source: Aygaz & market data

- Turkey's additional natural gas requirement will increase

Power generation

Entek



Total Capacity – 364 MW

İzmit NGCC	: 160 MW
Bursa NGCC	: 142 MW
3 Hydro assets	: 62 MW
Kepezkaya HEPP (Karaman)	28 MW
Damlapınar HEPP (Karaman)	16 MW
Kumköy HEPP (Samsun)	18 MW

Strategy

Selective growth depending on opportunities and liberalisation in the market

Project

AYAS IMPORTED COAL

625 MW Coal Power Plant

What are our priorities?

Sustain LPG market leadership through

- Product differentiation and innovation for autogas
- Further penetration through new autogas stations
- Growth prospects for cylinder in rural Turkey
- Geographical diversification in neighbouring countries

Utilize and expand existing participation portfolio through close monitoring of profit generating opportunities

- Privatization in natural gas and electricity
- New investments (greenfield / acquisition)

How do we create shareholder value?

Sustainable

operating profitability from core business ; LPG

Resistant

to economic fluctuation and crises

Management strategies

that focus on increasing shareholder value

High

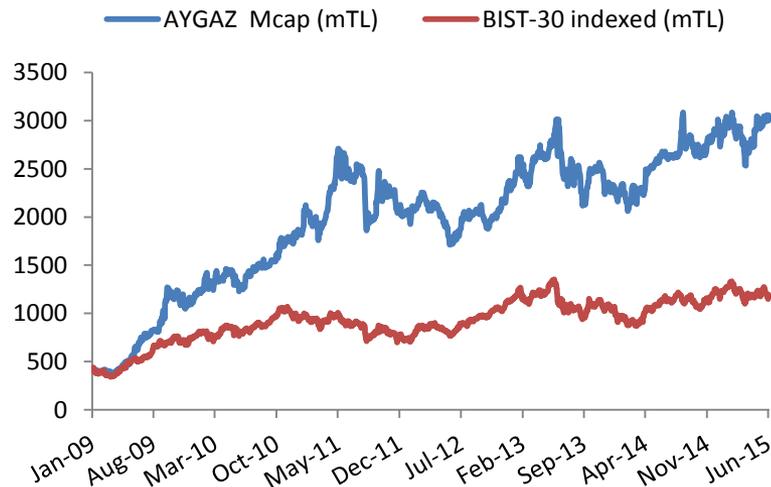
dividend payments

Corporate governance

practices at international standards

Potential

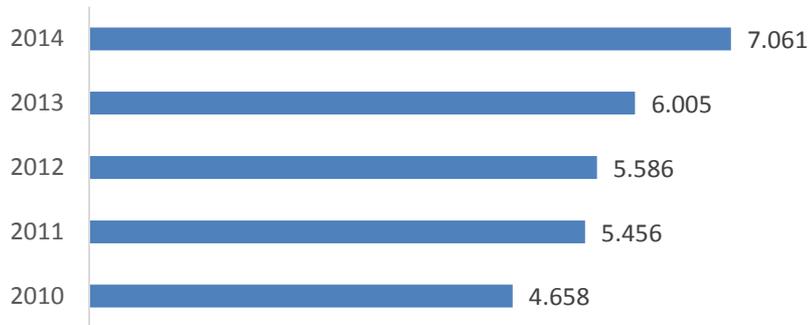
growth through participations



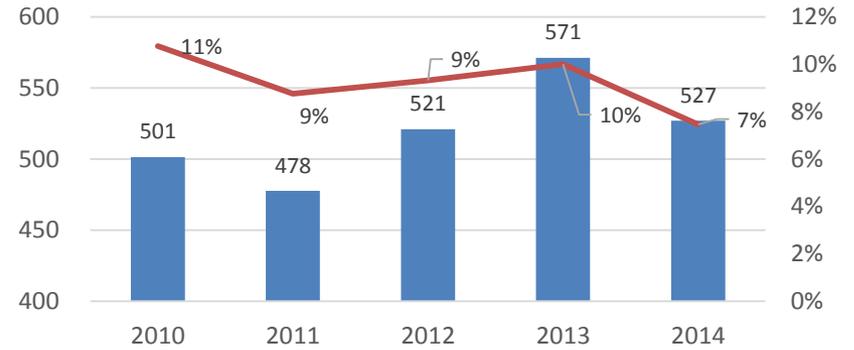
Source: AYGAZ

Financial Highlights

Net sales



Gross Profit and GPM



EBITDA and EBITDA Margin



Net Profit and NPM



* bars: m TRY figures & lines: % figures

Contacts

investor@aygaz.com.tr

Ferda Erginođlu, CFO

E-mail: ferda.erginoglu@aygaz.com.tr

Phone: +90 212 354 1733

Şebnem Yücel, Finance Manager

E-mail: sebnem.yucel@aygaz.com.tr

Phone: +90 212 354 1510

Selin Sanver, Investor Relations Manager

E-mail: selin.sanver@aygaz.com.tr

Phone: +90 212 354 1659

www.aygaz.com.tr

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