

# AYGAZ

## Investor Presentation

November 2013

## Who we are? - AYGAZ

- Leading LPG distributor of Turkey
  - 1.7 m tons sales – 2012
  - \$3.1 b revenue – 2012
  - 29% market share

- Diversified participation portfolio in energy;
  - Natural Gas
  - Refinery
  - Power Generation

### Summary financials; (Cons. in mTL)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>YoY change</u>
Revenue	5,586	5,456	4,657	2.3 %
EBITDA	245	234	306	0.5 %
EBITDA Margin	4.4%	4.3%	6.6%	-
Net Profit	303	380	240	-20 %
Net Profit Margin	5.4%	7.0%	5.1%	-1.6
Volume (000 tons)	1,731	1,686	1,607	2.7 %

## 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

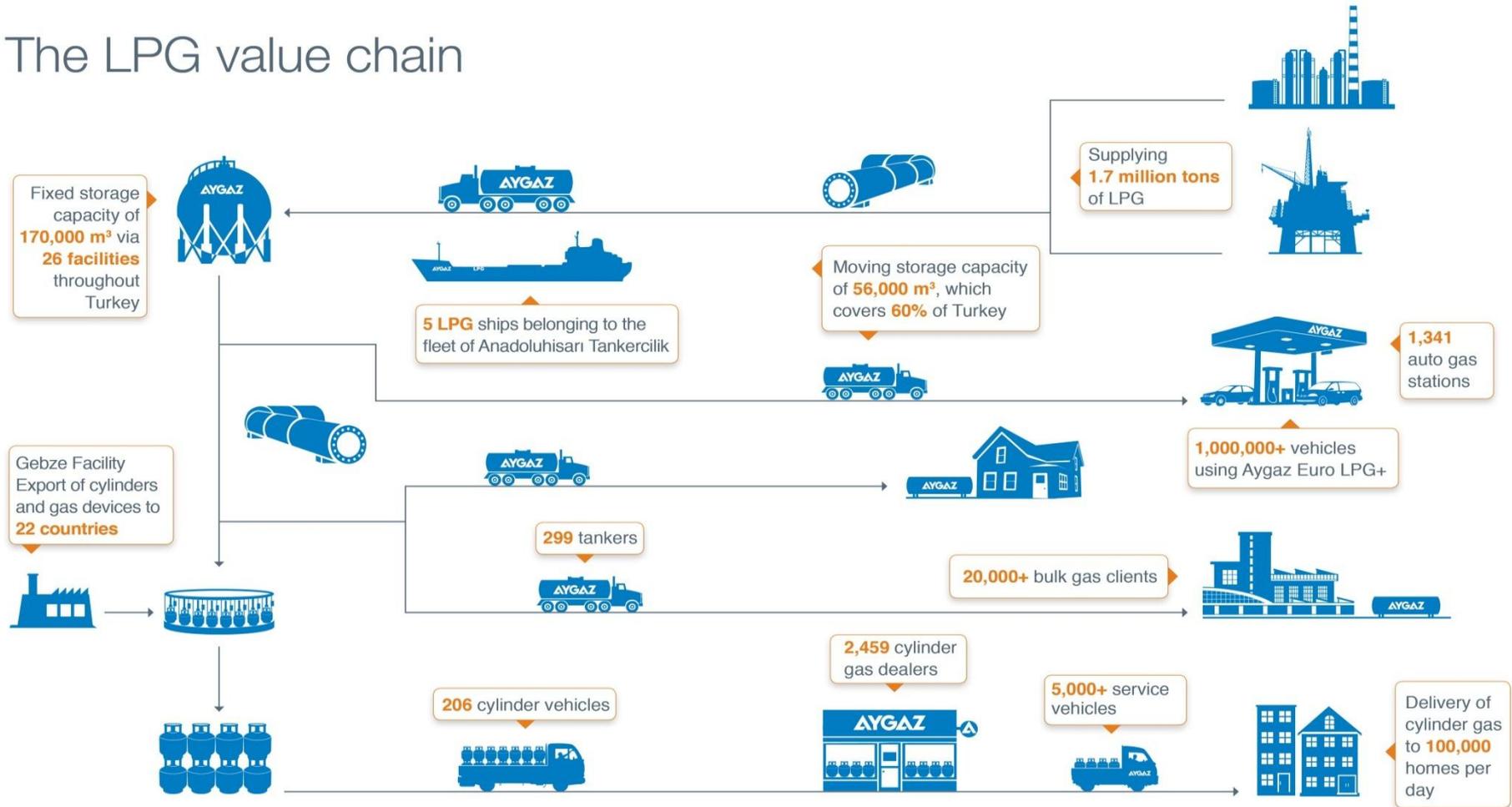
Aygaz Group  
Market shares

**29%**  
All segments

**24%**  
Autogas

## What we do?

### The LPG value chain



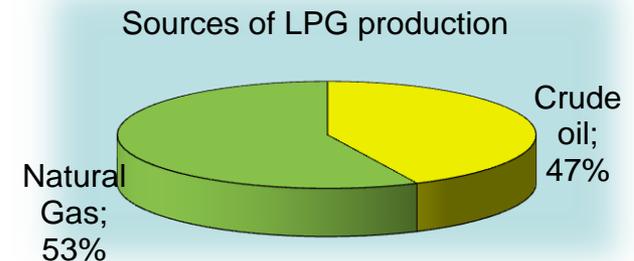
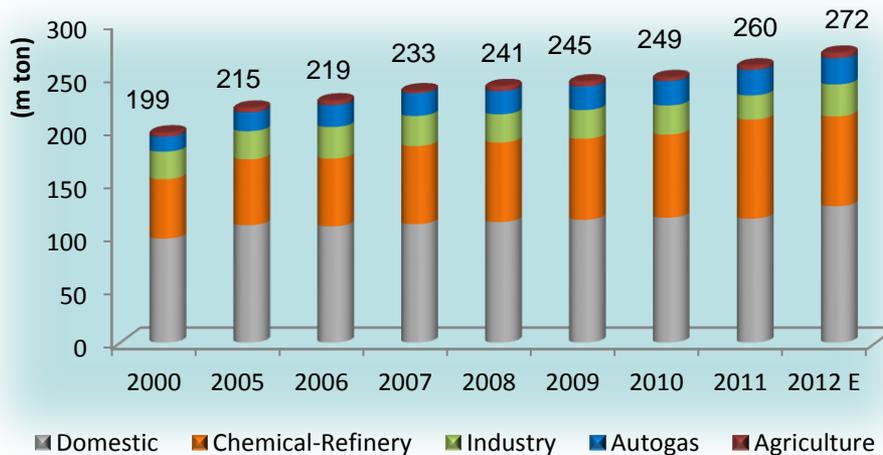
\* As of end of 2011

## 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

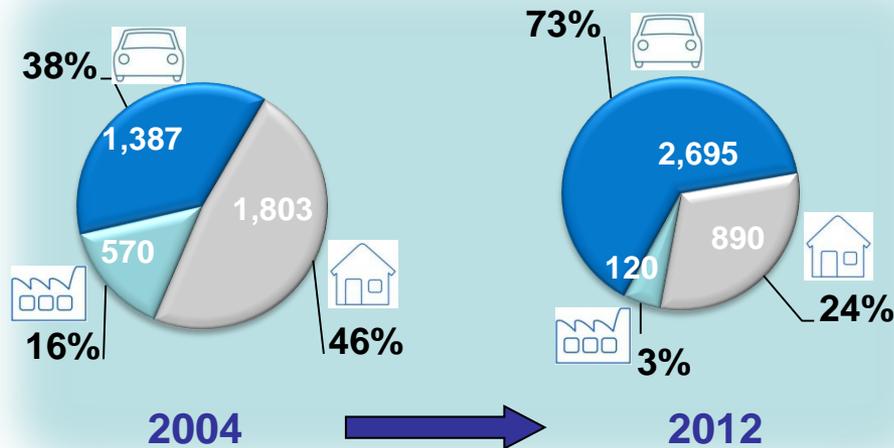
- Portable and versatile
- Abundant reserves-price advantage
- Diversity of supply sources
- Low GHG emission



\*WLPGA Statistical Review of Global LP Gas Report, 2011

## Facts about Turkish LPG market

Evolving from cylinder to auto



EMRA LPG Sector Reports 2004, 2012

- 3.7 m tons, #1 in Europe
- 72 distribution companies
- Serving; 10 m houses  
3.5 m cars
- Liberal market with regulatory body-EMRA



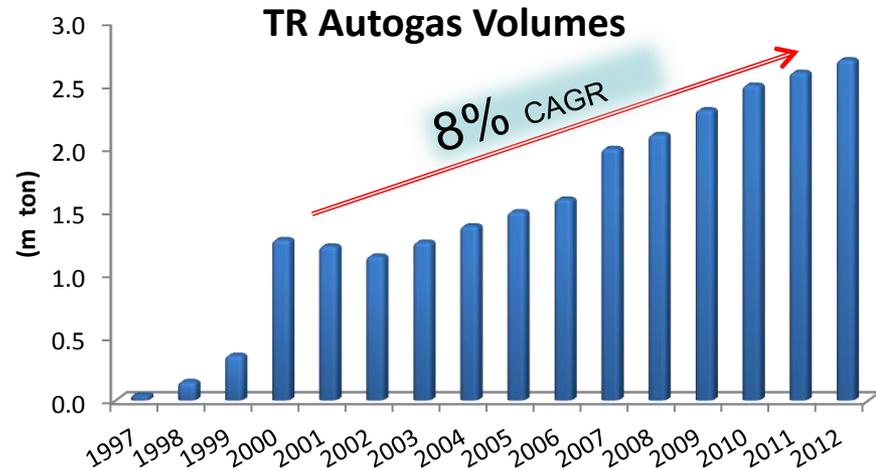
WLPGA Statistical Review of Global LP Gas Report, 2011  
\*excluding petrochemical consumption

# Where is the growth? - autogas

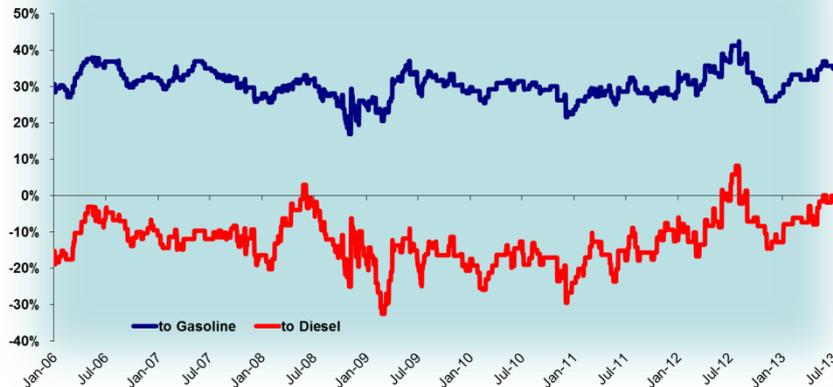
**Second**

biggest autogas market in the world  
2.7 m tons

**40%** of the passenger car park  
3.5 m cars



TLPG Association Report, EMRA

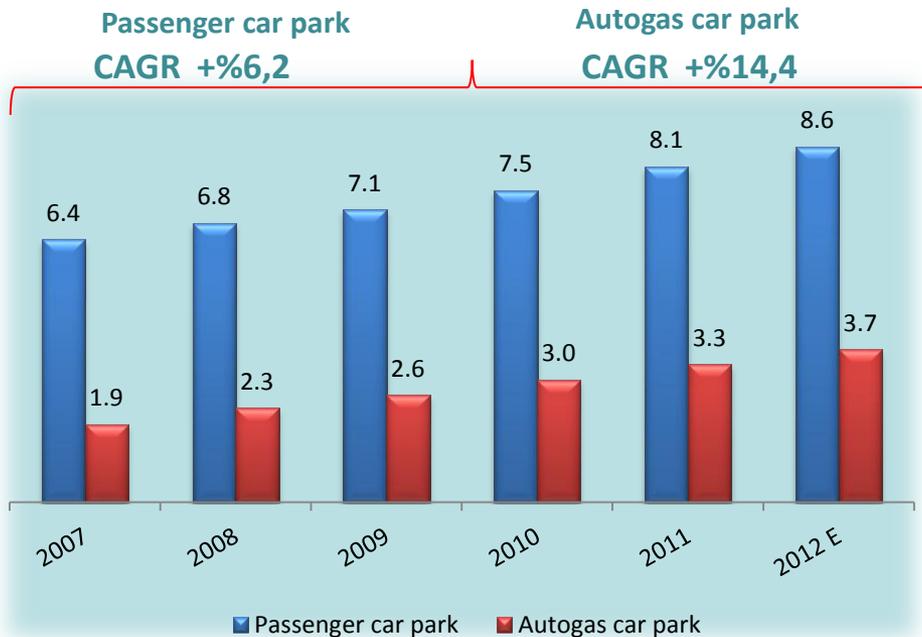


**25%** price advantage to gasoline

**9,300+** autogas stations all over Turkey

Source: AYGAZ

# Is the autogas growth sustainable? -Yes



Source: Aygaz / Tofaş

300,000+ conversions per year

- 1,000+ conversion points
- \$700 average cost
- Pay back in 15,000 km

### CNG versus LPG comparison

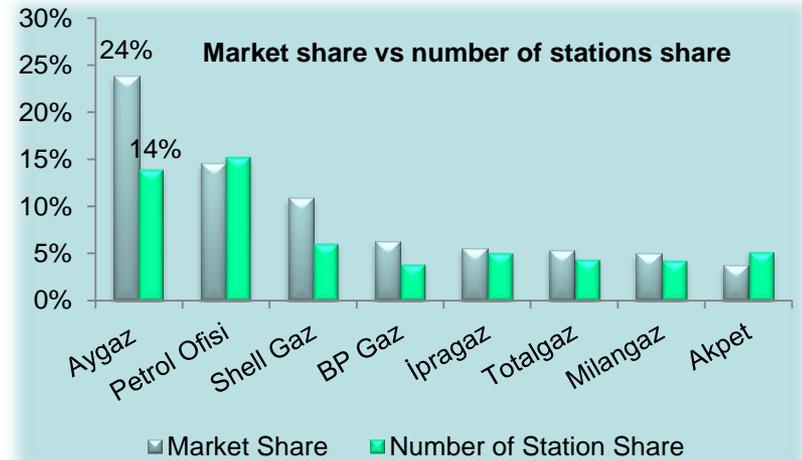
- initial investment (x10 times)
- conversion cost (x2 times)
- range per tank (x1/3)
- longer tank refill time

14 car manufacturers provide guaranteed conversion

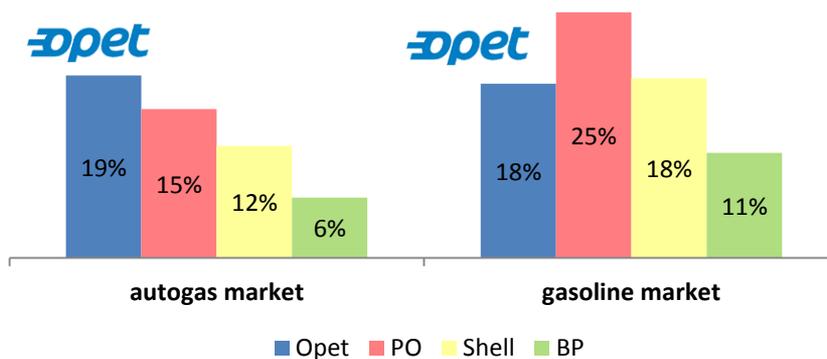
## How do we lead autogas market?

**Long-term strategy builder**  
Opet partnership

Aygaz&Opet **synergy** leads autogas market



\* 2011 PETDER and EMRA data



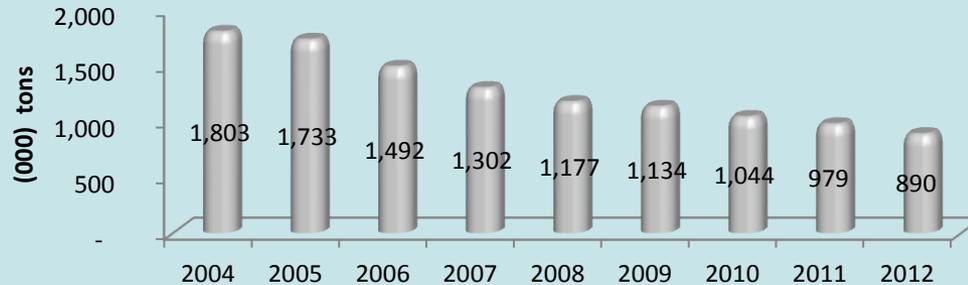
\* 2011 PETDER and EMRA data

**Core business is LPG**

unlike fuel distributors

- Pioneer in R&D and innovation

## Is the cylinder market here to stay? - Yes



Contraction **slowing down**

Potential growth in **rural areas**

TLPG Association Report, EMRA

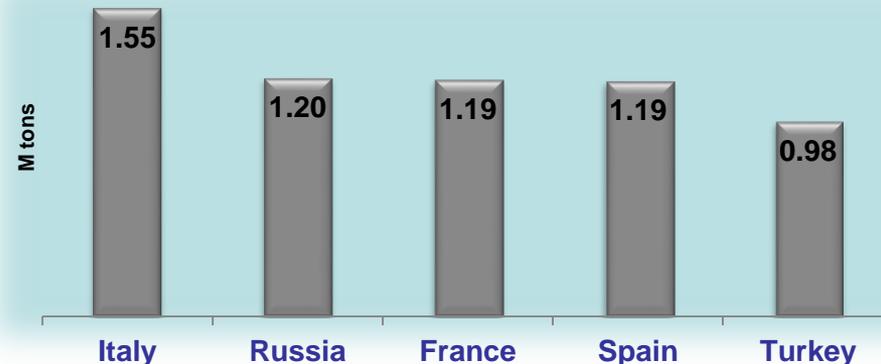
**60%**

market share in residential market

**12,300+** points of sale

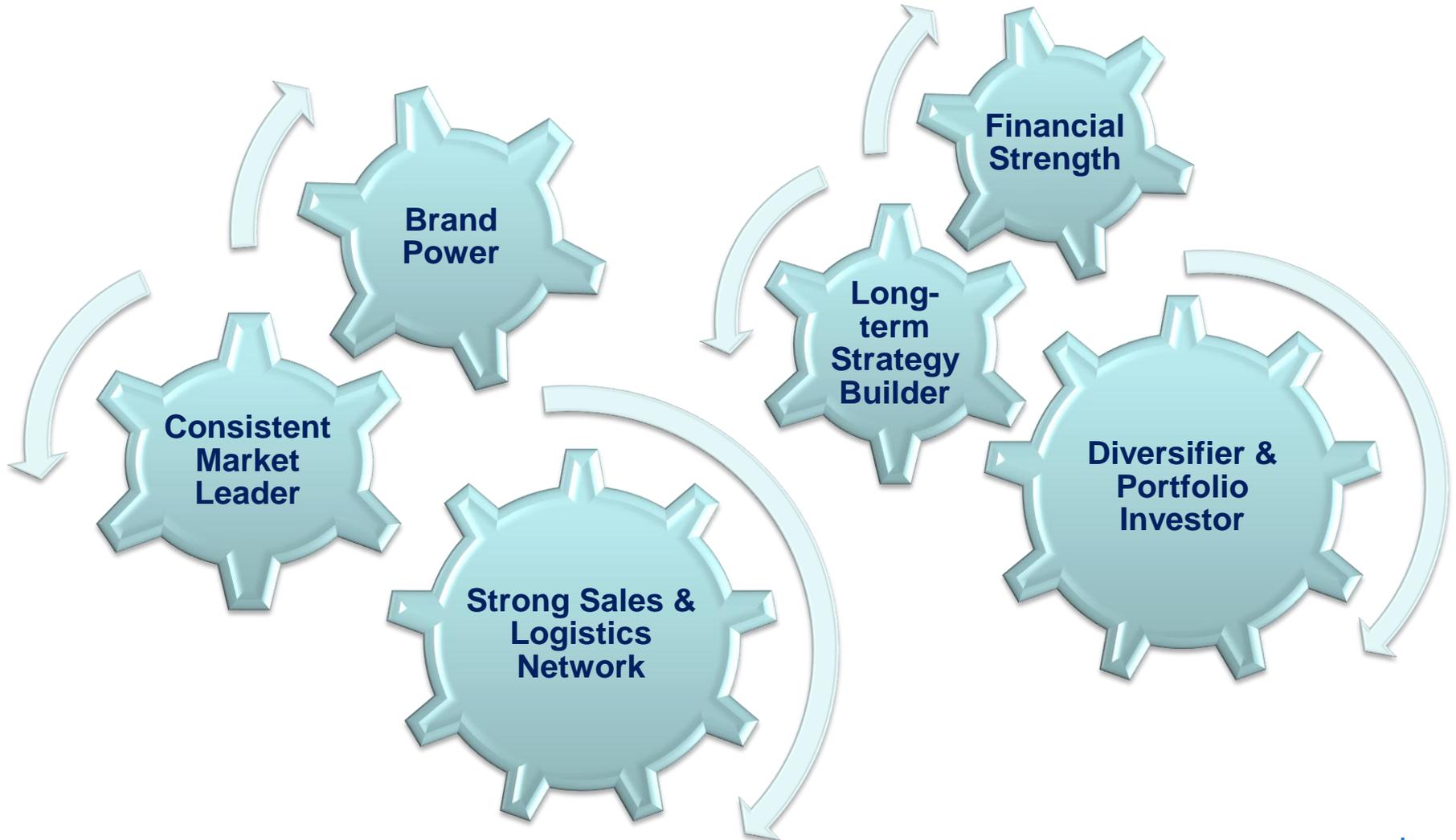
**Fully integrated** production cycle –Gebze plant

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

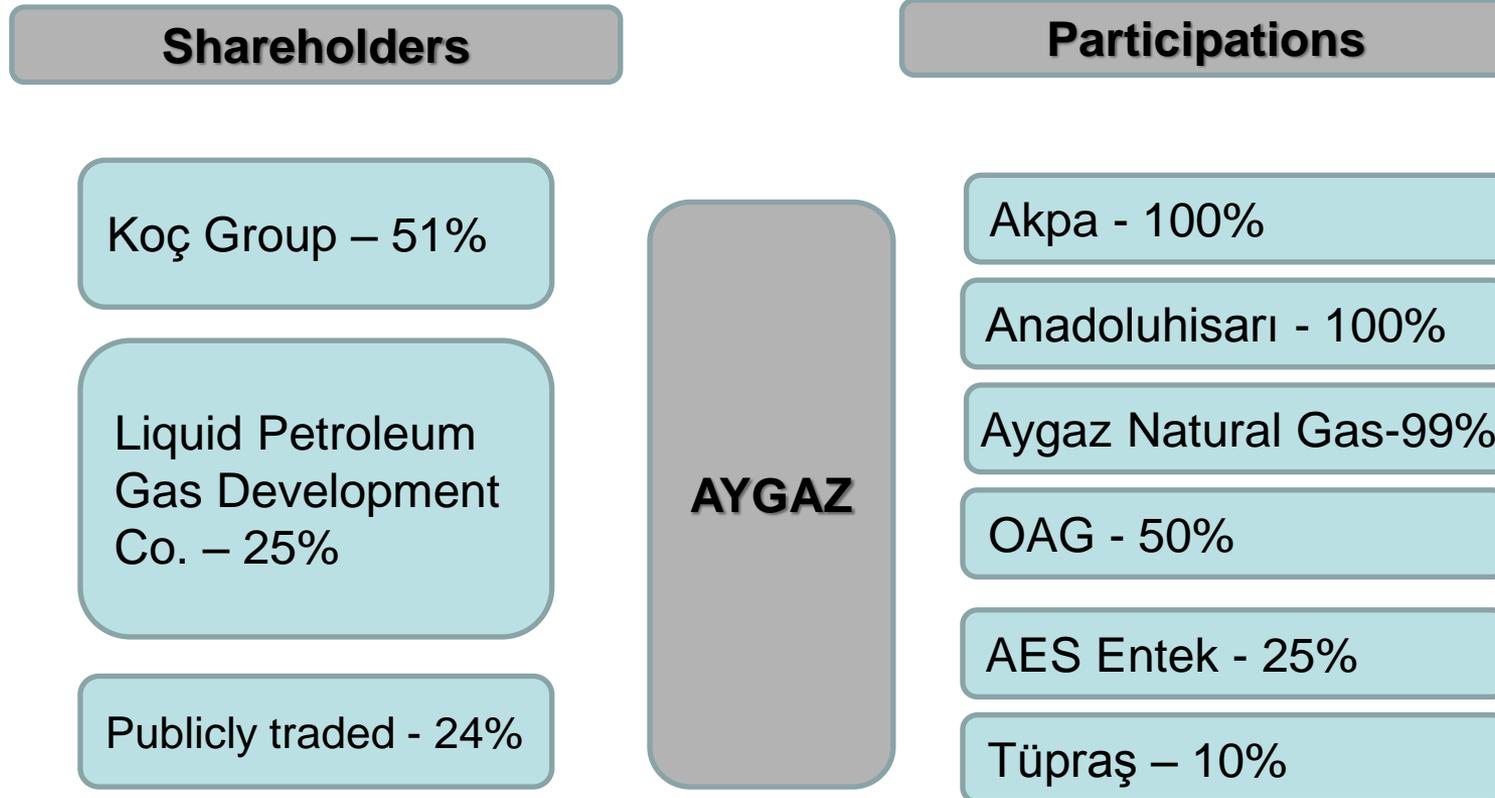


\*WLPGA Statistical Review of Global LP Gas Report, 2011

# Aygaz Key Takeaways



# Shareholding & Portfolio Structure



# What we do in natural gas?



## LNG Distribution



- Transportation and regasification
- 250 industrial customers, 20% market share
- 2013 planned sales : 100 mcm
- Total natural gas market: 48.5 bcm; LNG market: 0.7 bcm

## Pipeline Natural Gas



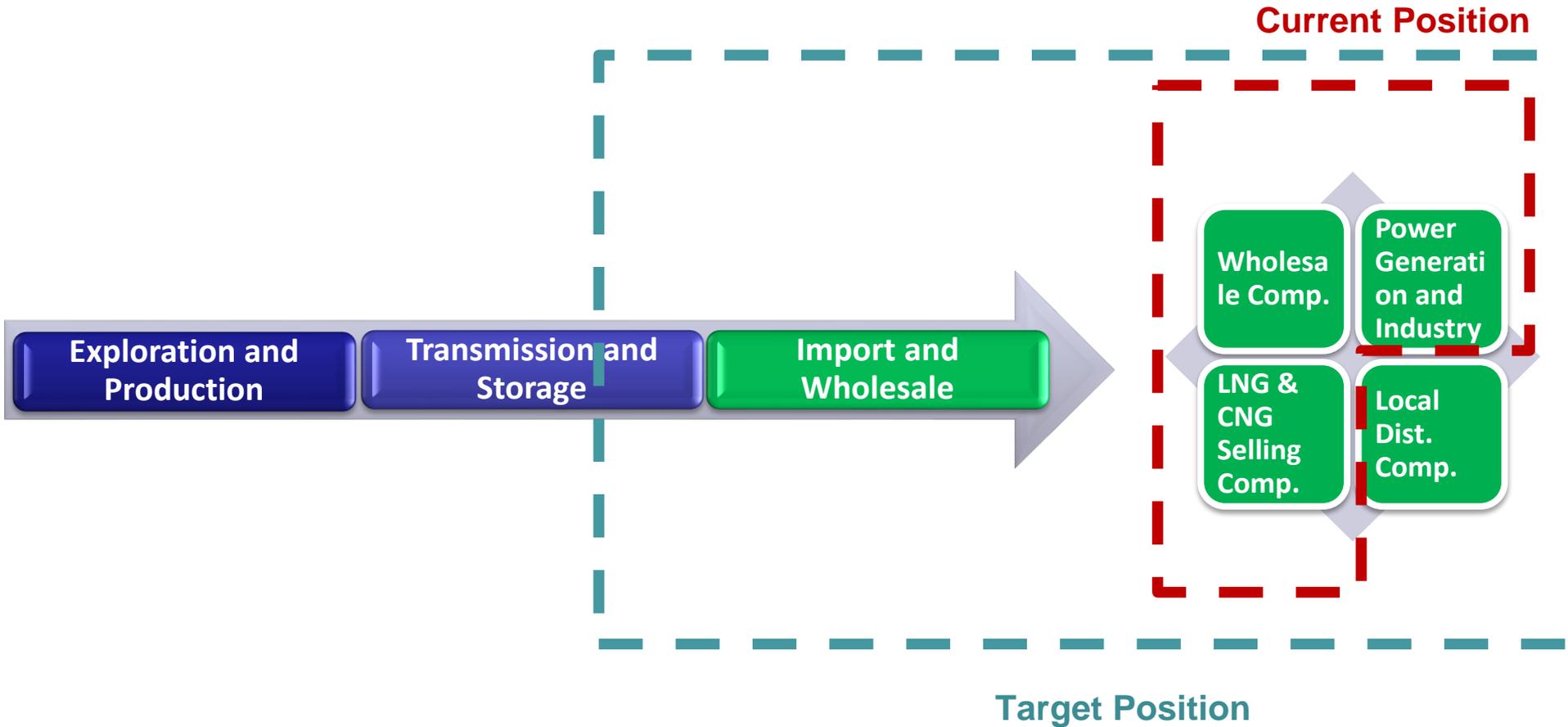
- Started in 2010 with 66 mcm sales
- 2013 planned sales: 400 mcm

## Strategies

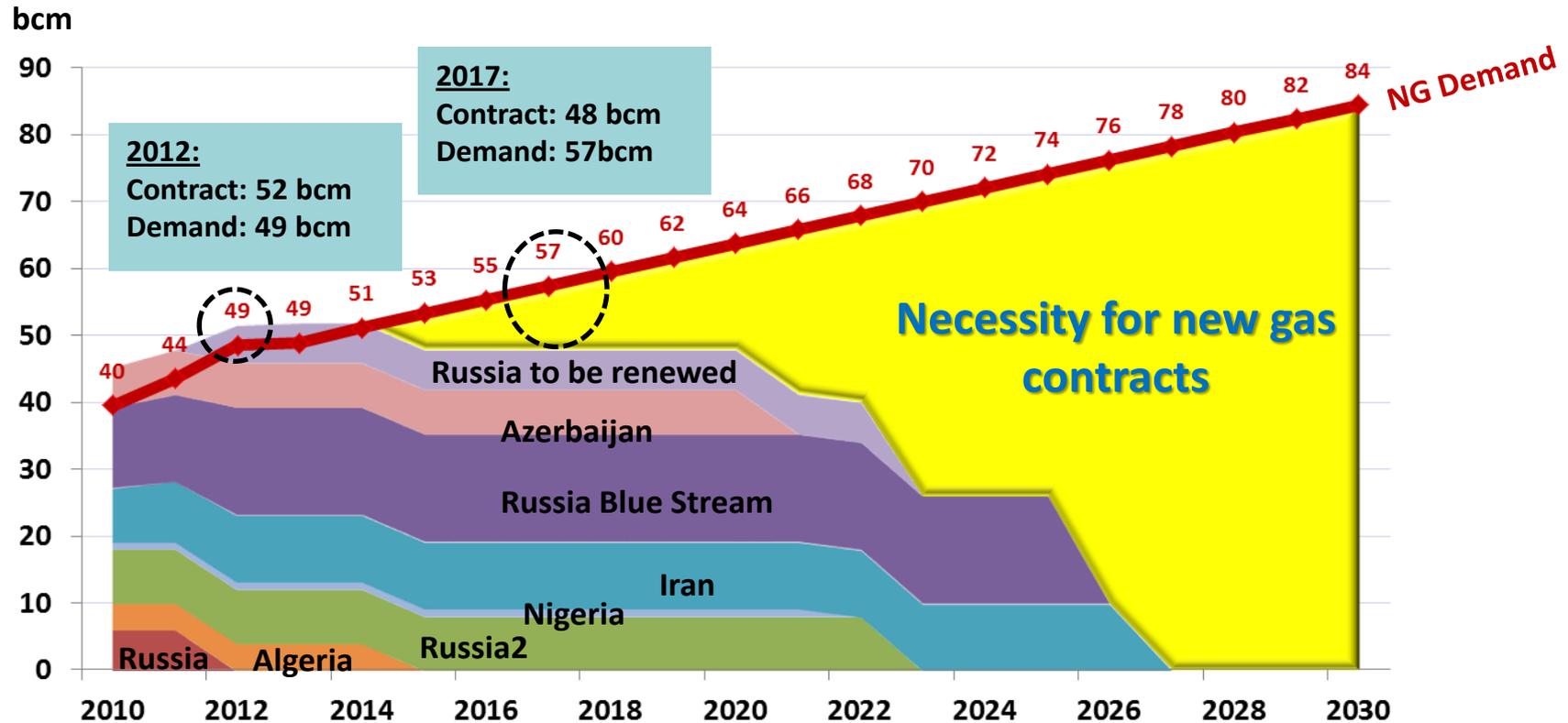


- LNG import
- Pipeline gas import
- Local Distribution

# What is our natural gas strategy?



# Turkey's Natural Gas Supply-Demand



Source: Aygaz & market data

- Turkey's additional natural gas requirement will increase

## AES Entek

# AESEntek



### Capacity – 364 MW NGCC

- İzmit : 160 MW
- Bursa : 142 MW
- 3 Hydro assets : 62 MW



### Strategies

- AES Entek is currently pursuing a range of expansion opportunities via:
  - Development of new efficient generation plants throughout the country
  - M&A and privatization transactions of generation plants, through planned privatization programs
- Aim is to have a diversified generation portfolio consisting of coal, hydro, gas and wind



**SEYMENOBA CCGT**  
220 MW Cogeneration Power Plant



**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

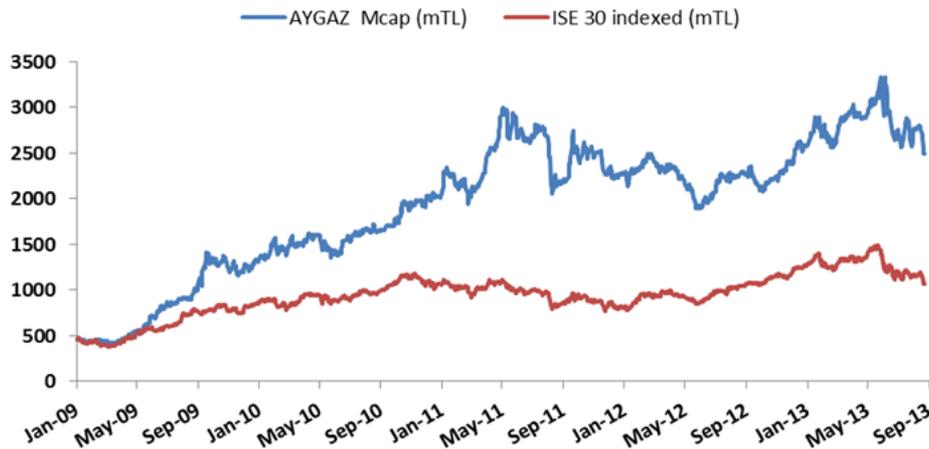
dividend payments

## Corporate governance

practices at international standards

## Potential

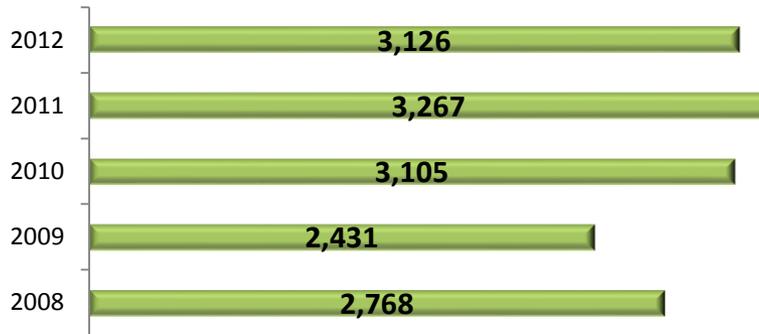
growth through participations



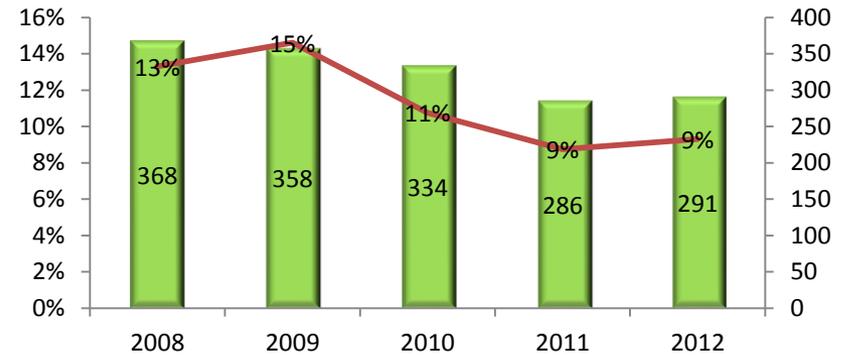
Source: AYGaz

# Financial Highlights

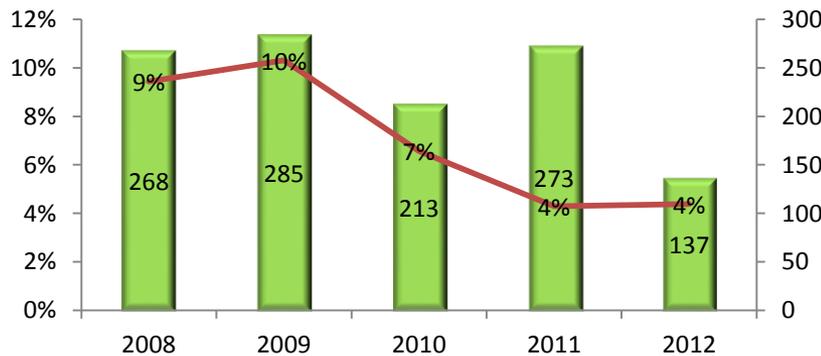
### Net sales (m\$)



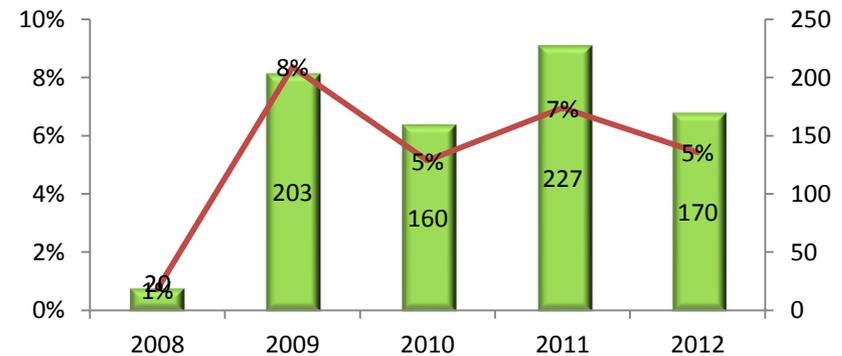
### Gross Profit(m\$) and GPM\*



### EBITDA(m\$) and EBITDA Margin\*



### Net Profit(m\$) and NPM\*

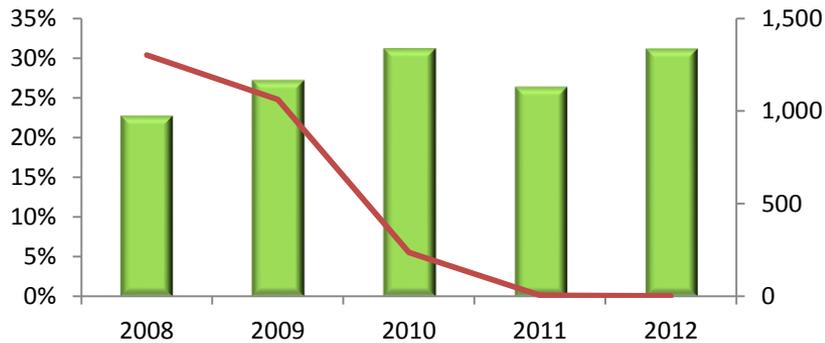


\* bars: \$ figures & lines: % figures

\* Instability due to FX(TRY/USD) fluctuation

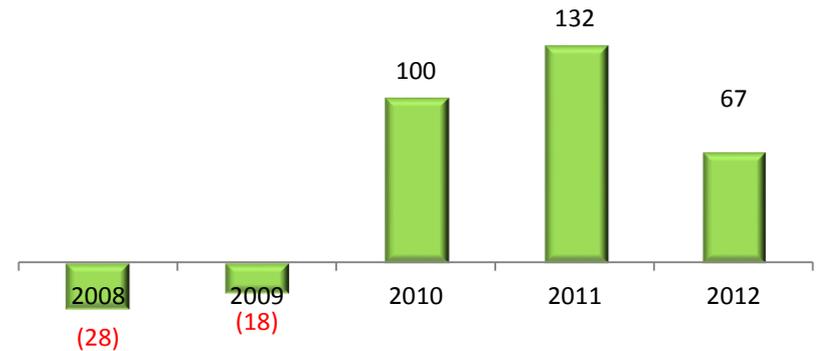
# Financial Highlights

### Equity (m\$) and Debt Ratio\*

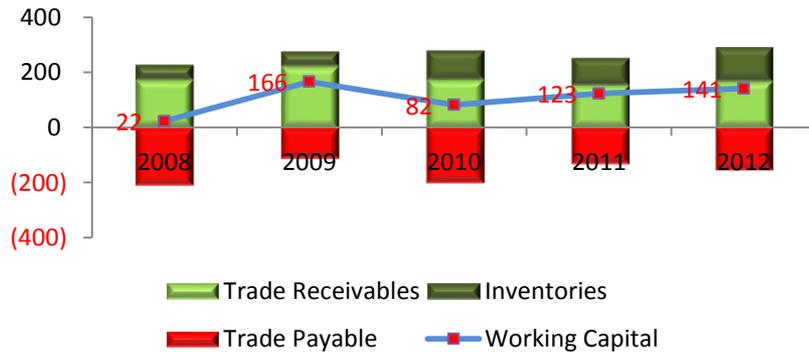


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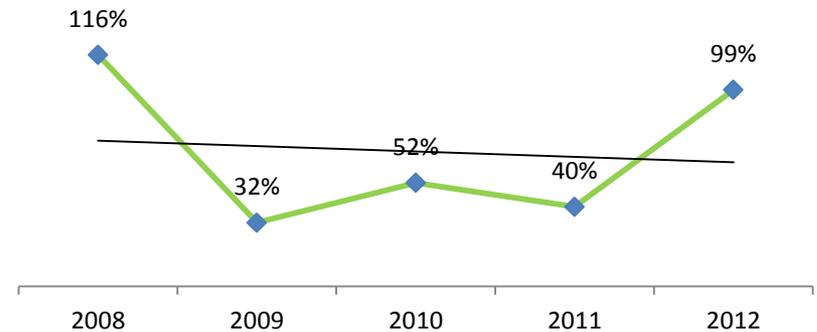
### Net Cash (m\$)



### Working Capital



### Dividend Payout



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All Aygaz labelled data includes AYGAZ Group figures (Aygaz and Mogaz) unless otherwise stated.

# Appendix

## Income Statement Summary

(m USD)	2008	2009	2010	2011	2012
<b>Net Sales</b>	2,768	2,431	3,105	3,267	3,126
<b>COGS</b>	(2,400)	(2,073)	(2,770)	(2,981)	(2,835)
<b>Gross Profit</b>	368	358	334	286	291
<b>Operating Profit</b>	189	189	145	89	93
<b>Profit Before Tax</b>	49	242	189	251	192
<b>Net Profit</b>	20	203	160	227	170
<b>EBITDA</b>	261	252	204	140	137
<b>GP margin</b>	13%	15%	11%	9%	9%
<b>OP margin</b>	7%	8%	5%	3%	3%
<b>PBT margin</b>	2%	10%	6%	8%	6%
<b>NP margin</b>	1%	8%	5%	7%	5%
<b>EBITDA margin</b>	9%	10%	7%	4%	4%

## Balance Sheet Summary

(m USD)	2008	2009	2010	2011	2012
Cash & Cash Eq.	268	271	174	133	70
Trade Receivables	175	224	176	157	171
Inventories	56	54	105	98	122
Participations	624	669	783	663	690
Prop. Plant & Eq.	444	472	316	300	332
Financial Debt	(296)	(289)	(74)	(1)	(1)
Trade Payable	(208)	(111)	(199)	(131)	(153)
Total Equity	974	1,167	1,338	1,130	1,336
Total Assets	1,630	1,730	1,862	1,423	1,658
Fin. Debt / T. Assets	18%	17%	4%	-	-
Net Cash	(28)	(18)	100	132	67
Working Capital	22	171	82	123	141