



# AYGAZ INVESTOR PRESENTATION

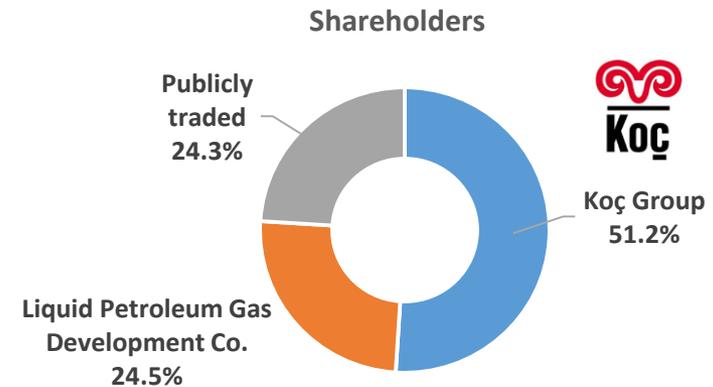
January 2016

# Table of Contents

- Aygaz A.Ş. Highlights
- Core Business: LPG distribution
  - World LPG market
  - Turkish LPG market
  - Autogas and Cylinder markets
- Participation Portfolio
- Key Takeaways
- Financial Highlights
- Appendix
  - Summary Financial Statements
  - Glossary

## AYGAZ Overview

- Leading LPG distributor of Turkey
  - 1.8 m tons sales – 2014
  - \$3.2 b revenue – 2014
  - 29% LPG market share
- Diversified participation portfolio in energy;
  - Natural Gas
  - Refinery
  - Power Generation



### Summary financials;

(Cons. in mTL)

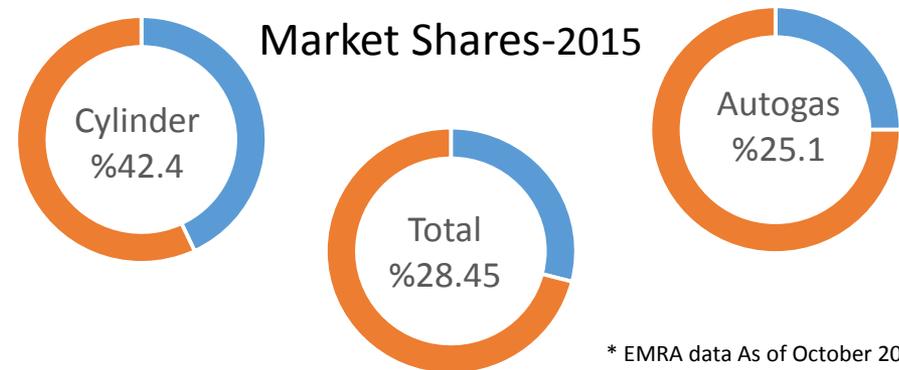
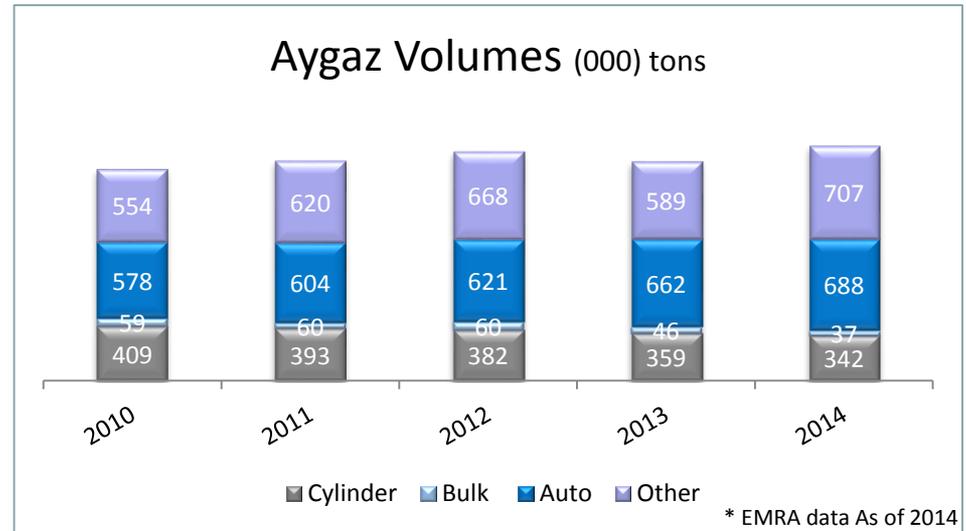
	<u>2015/09</u>	<u>2014/09</u>	<u>2014</u>	<u>2013</u>	<u>YoY change (9m)</u>
Revenue	4,814	5,361	7,061	6,005	-10%
EBITDA	227	195	193	252	16%
EBITDA Margin	5%	4%	3%	4%	+1
Net Profit	273	216	218	205	26%
Net Profit Margin	6%	4%	3%	3%	+2
<b>Volume (000 tons)</b>	<b>1,566</b>	<b>1,305</b>	<b>1,791</b>	<b>1,663</b>	<b>20%</b>

## Core Business – LPG Distribution

- Generic brand for LPG
- 10th largest industrial company of Turkey with 55 years of history
- Most preferred LPG brand in Turkey since its foundation
- Market leader with 3 brands

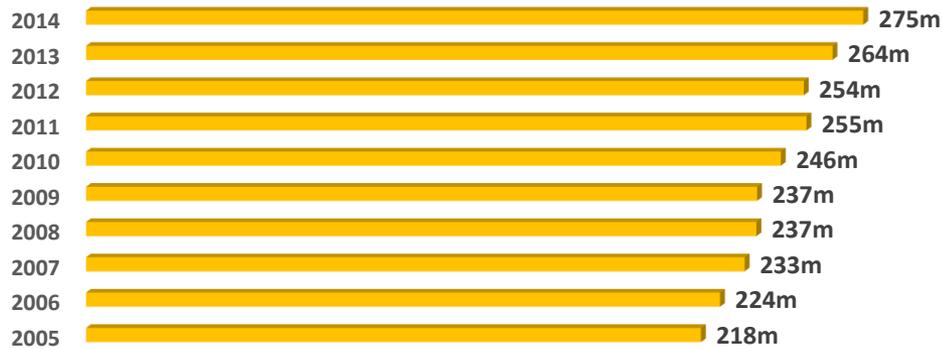
**AYGAZ**

**Mogaz Lipetgaz**

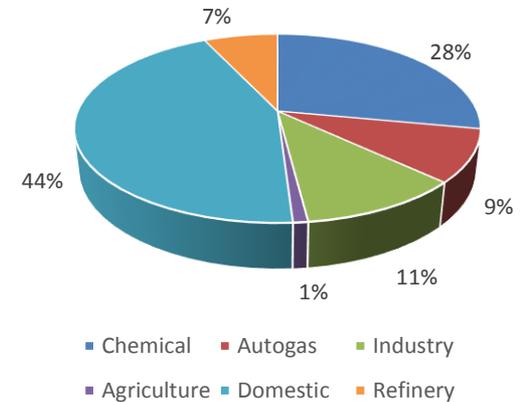


# World LPG market

World LPG Consumption (tons)



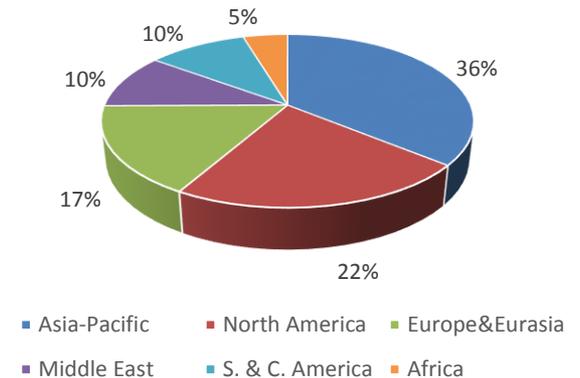
World LPG Consumption By Sector 2014



## LPG as a Commodity

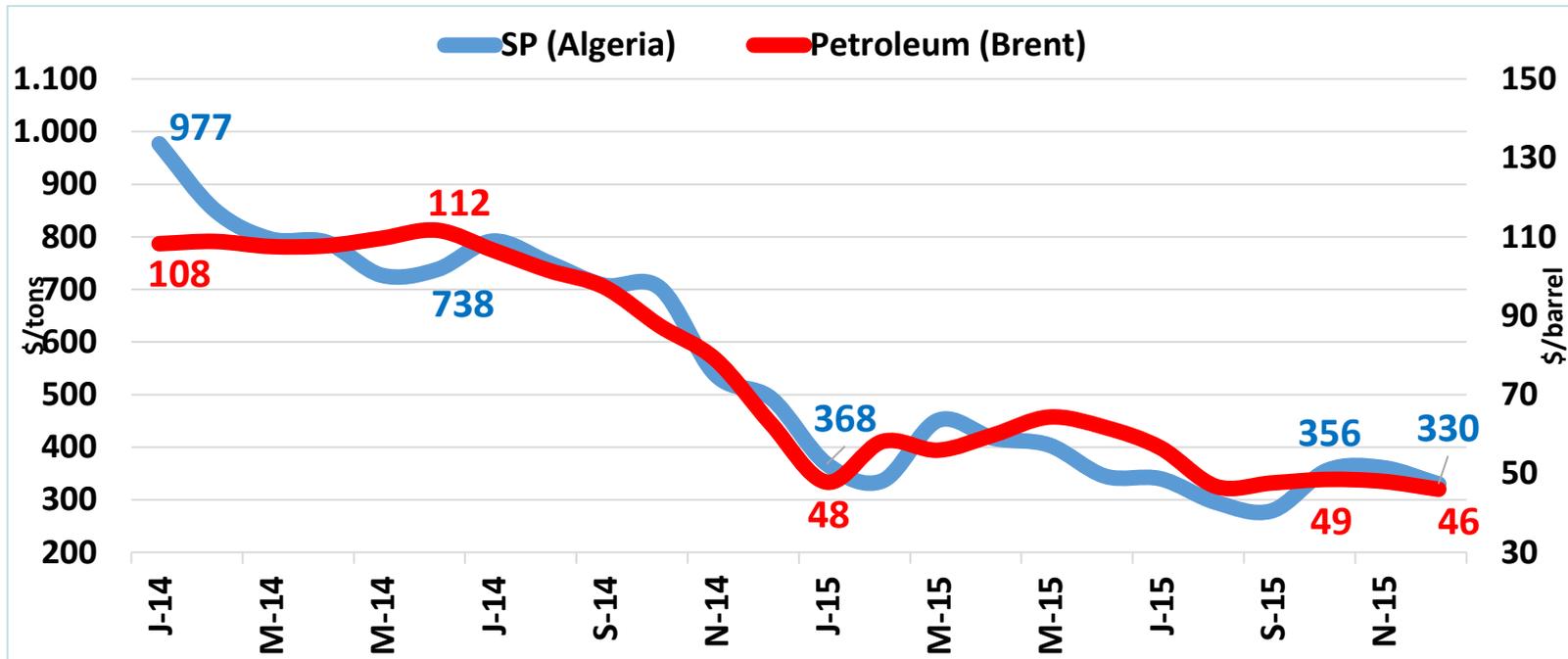
- Mixture of hydrocarbons (Butane and Propane)
- Portable and versatile
- Low GHG emission / Eco-friendly
- Diversity of supply sources / Abundant reserves
- Cleaner, safer and cheaper in home & transportation

World LPG Consumption By Region 2014



\*WLPGA Statistical Review of Global LP Gas Report, 2015

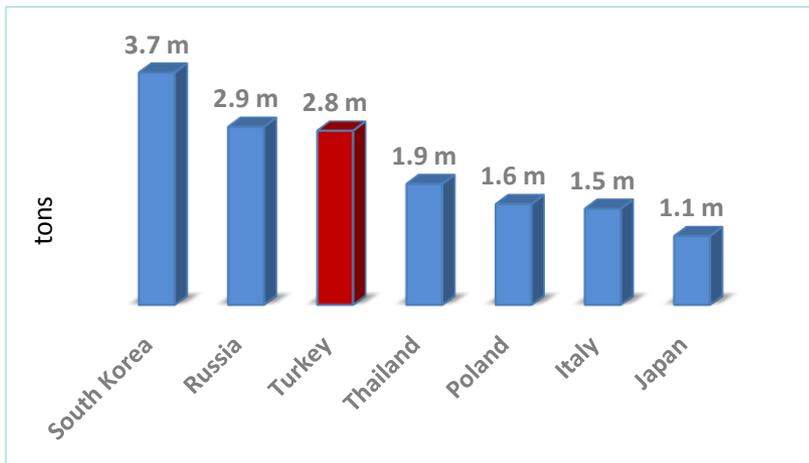
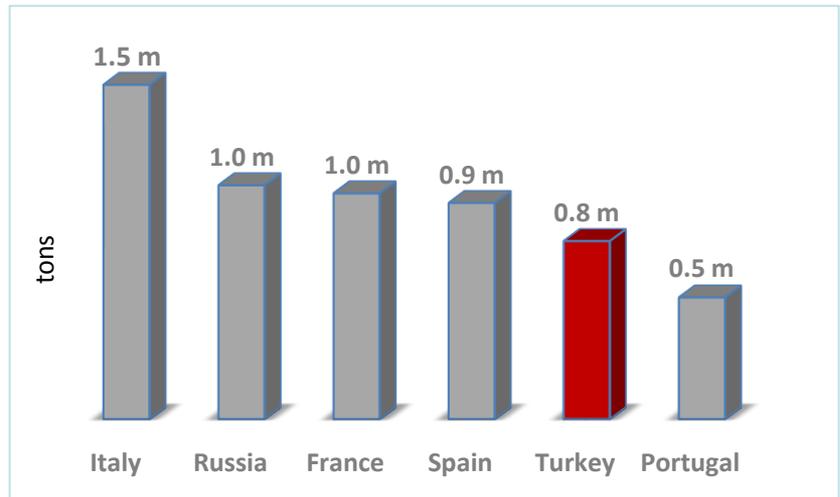
# LPG Price



LPG prices declined to the lowest level in the 12 years, falling sharper than oil prices

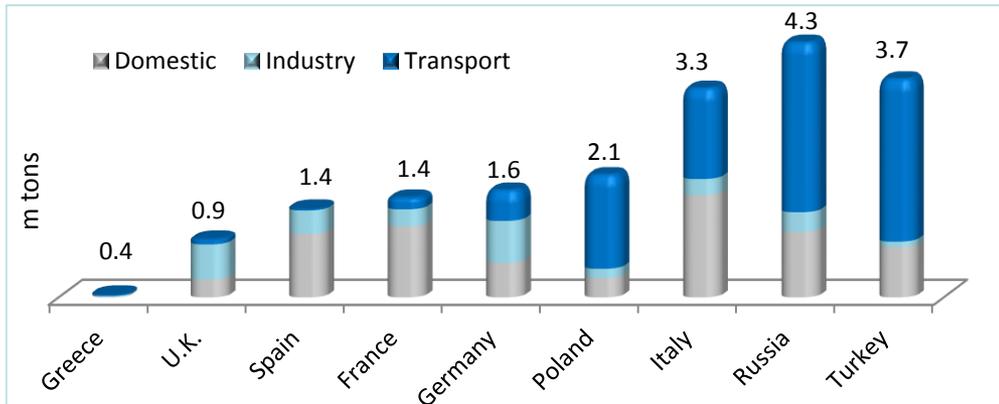
# Turkish LPG market ranking

- Turkey is **5th** biggest domestic LPG market in **Europe**



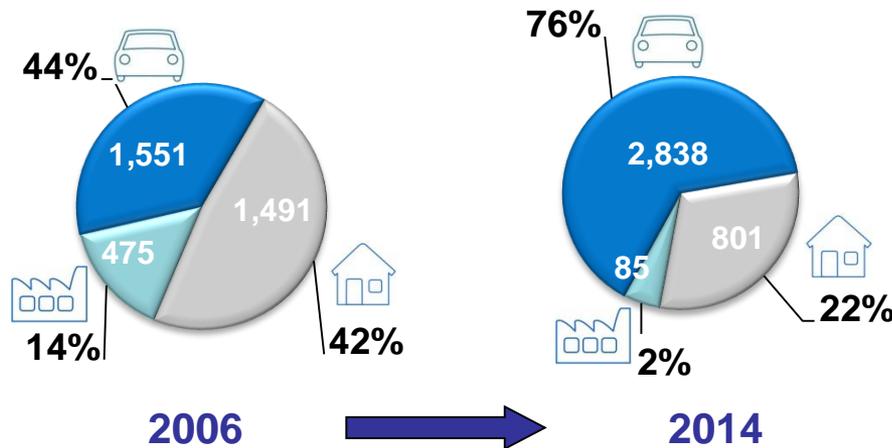
- Turkey is **3rd** biggest autogas market in the **World**

## Turkish LPG market



- 3.7 m tons, #2 in Europe, #14 in the World
- ~ 80 distribution companies
- Serving;
  - 7.5 m houses
  - 4 m cars
- Liberal market with regulatory body-EMRA

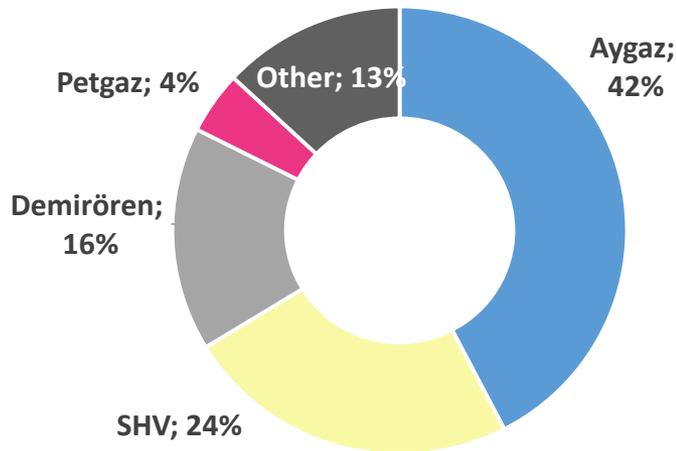
### Evolving from cylinder to auto



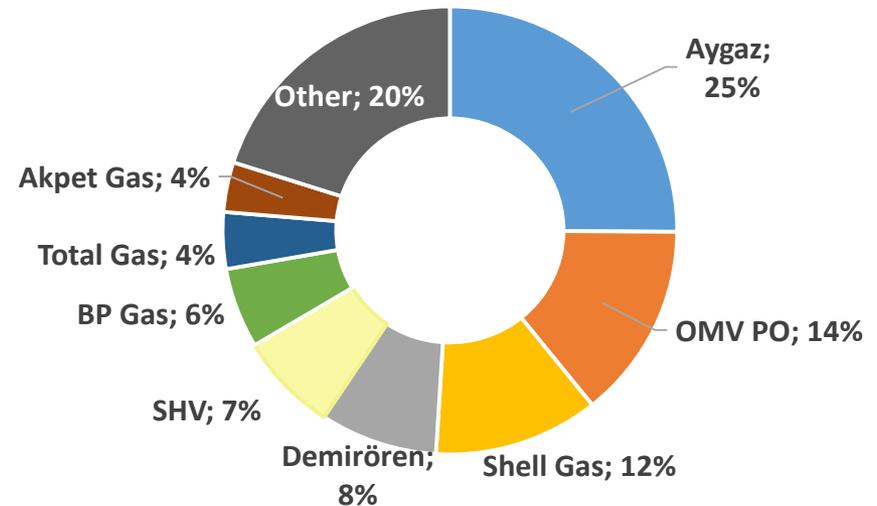
\*WLPGA Statistical Review of Global LP Gas Report 2015 & EMRA data

## Market Players

Cylinder market shares 2015/10



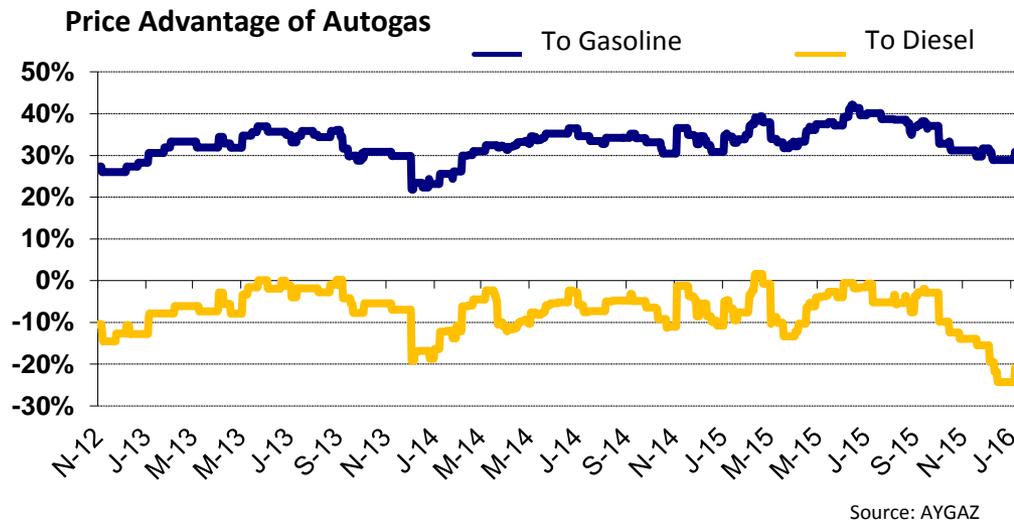
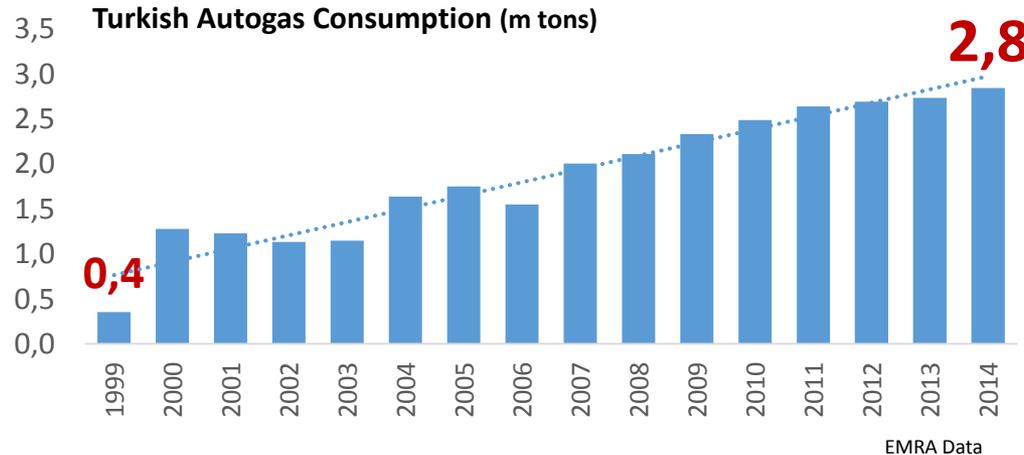
Autogas market shares 2015/10



- Leading 3 players in the cylinder market and first 8 players in the autogas market hold over 80 % of the total market

Cumulative market shares  
\*EMRA data 2015/10

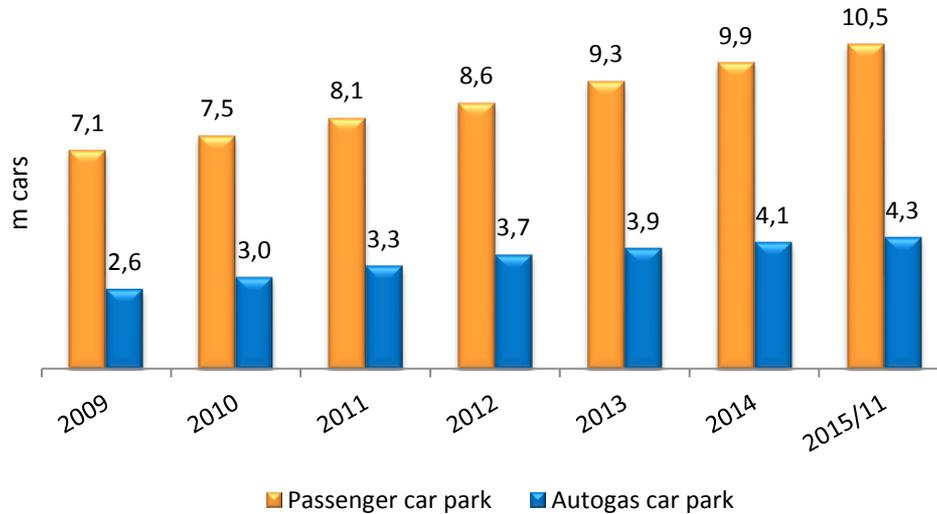
# Autogas Market



Source: AYGAZ

- Steady growth since 2003
  - Most widely-used passenger car fuel since 2009
  - With **4 million cars**, **4 out of 10** passenger cars run on LPG
  - Largest LPG vehicle fleet in the world | **16 % of the world**
  - 10,000+ autogas stations all over Turkey
- 
- **30%+** price advantage to gasoline

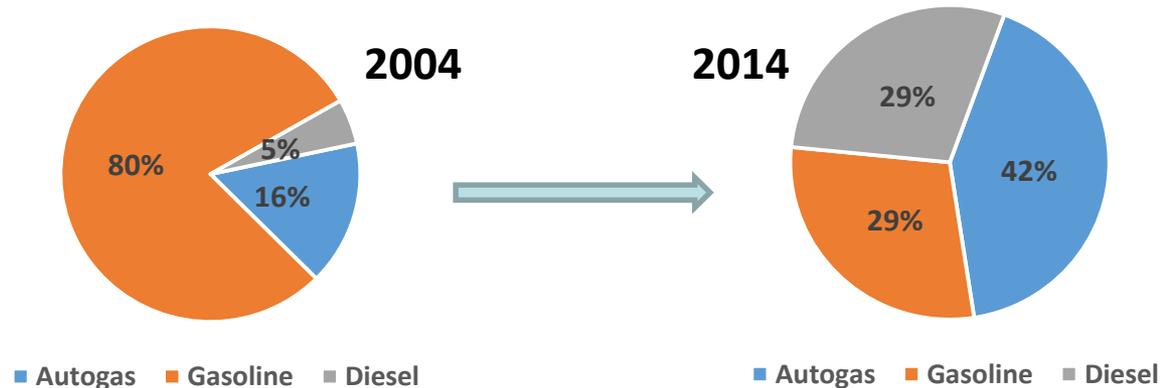
## Autogas Conversions



**250,000** conversions per year

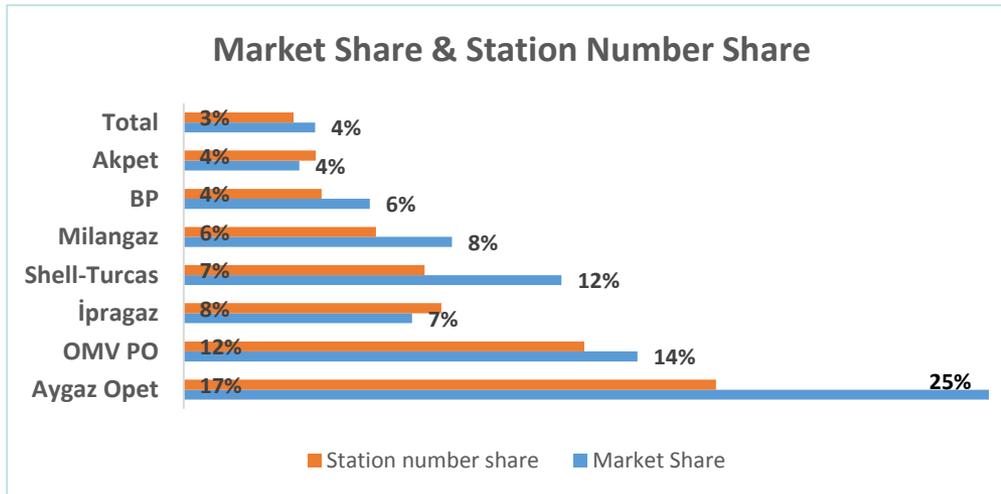
- 1,000+ conversion points
- \$500 average initial cost
- Payback in 15,000 km

Turkish fuel consumption shifting to Autogas

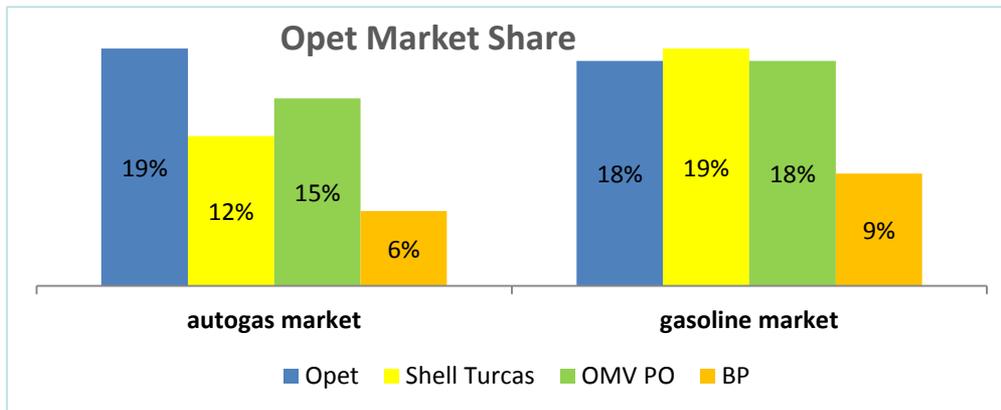


Source: Turkstat

# Autogas Market Shares



EMRA data 2015/10

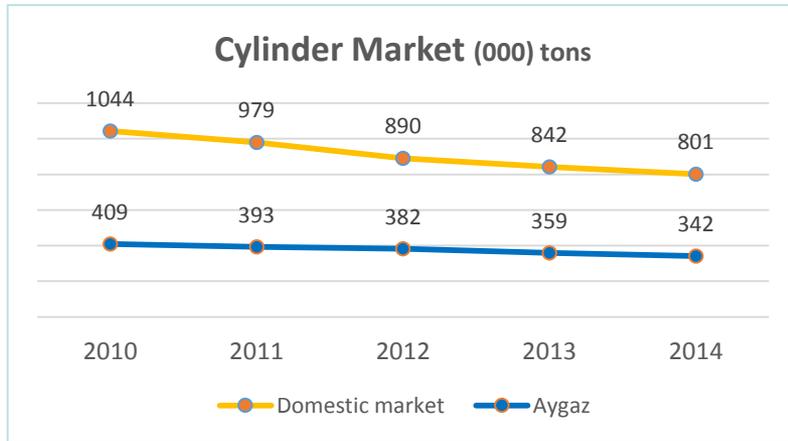


PETDER and EMRA data 2014

- Long-term strategic partnership with Opet
- Aygaz&Opet synergy leads autogas market

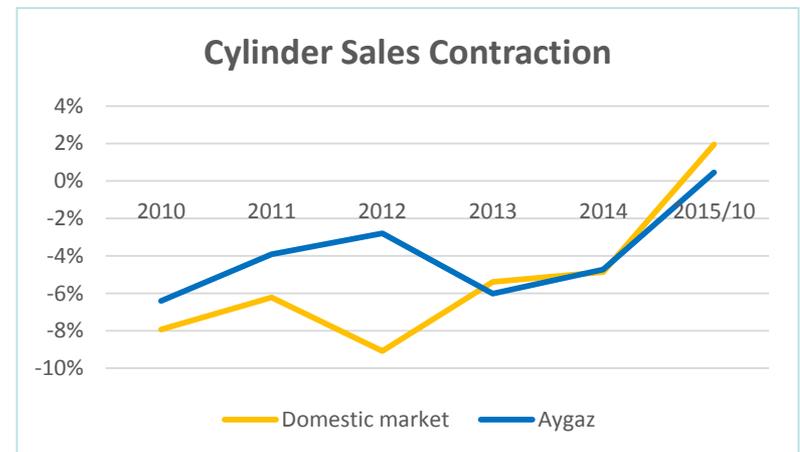
- Core business is LPG unlike fuel distributors
- Pioneer in R&D and innovation

# Cylinder Market



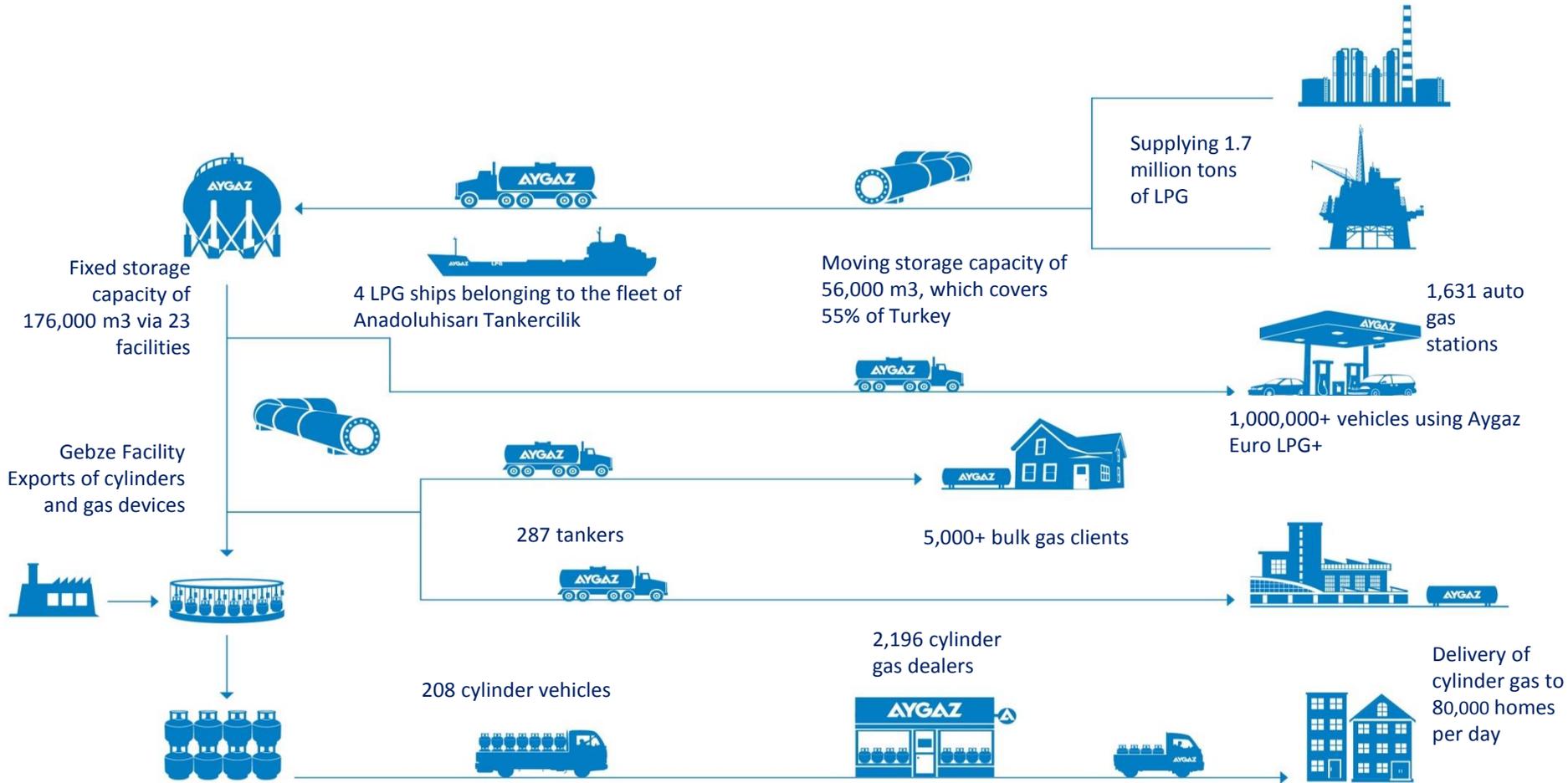
- 60% market share in residential market
- 12,300+ points of sale
- Fully integrated production cycle; Gebze plant

Growth signals for the first time after 15 years of contraction in 2015



EMRA Data

## The LPG Value Chain



\* As of end of 2014

# Competitive Supply Chain

## Big Player

- #1 purchaser in Mediterranean
- #1 importer in Turkey
- #1 FOB player in Black Sea
- #1 exporter in Turkey
- #1 storage owner in Turkey (~31% of TR)

## Advanced Model

- Direct imports to 6 different locations
- Most diversified supply portfolio in Turkey
  - Diversified supplier & origins
  - Diversified supply pattern (ex-refinery, FOB, CIF)
- Only company in Med capable of discharging a VLGC in single port
- 300+ shipments throughout the year

## Fleet Management

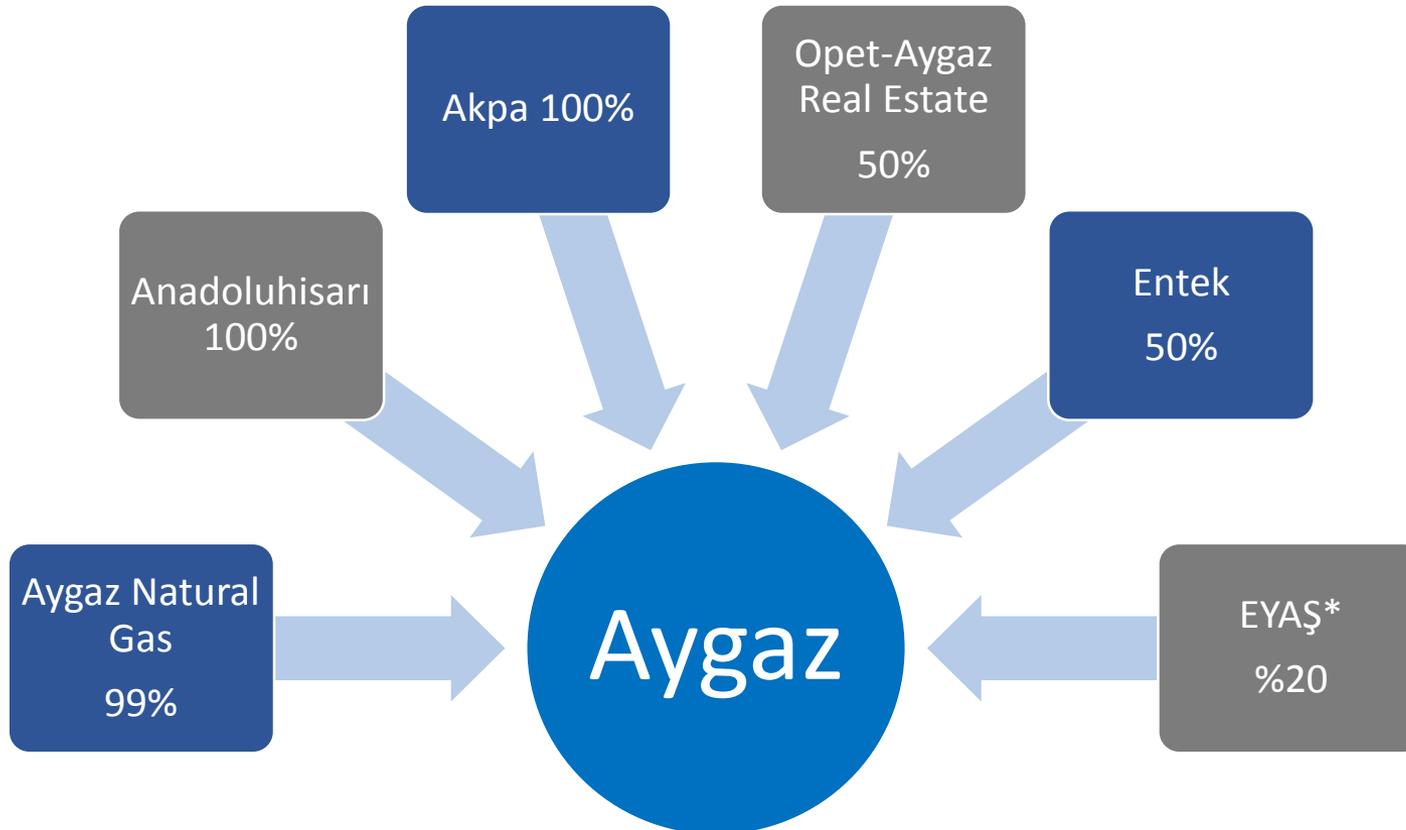
- Top-notch LPG fleet owner
- Total capacity: 33,800 cbm, Average age: 12 yrs
- Single LPG vessel charterer (in/out) in Turkey
- Reduces logistics costs
- Provides flexibility in sourcing and inventory management



## Overland Transportation

- Biggest LPG truck fleet in Turkey
- >500 vehicles
- Transporting 1.6 million ton/year
- 50 million km/year

# Participation Portfolio



\*EYAŞ owns 51% of the shares of TÜPRAŞ

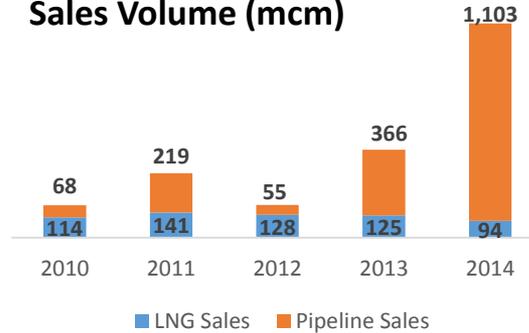
## Natural Gas



### LNG Sales

- Transportation and regasification
- 300 industrial customers  
19% market share
- 2015 sales : 100 mcm

### Sales Volume (mcm)



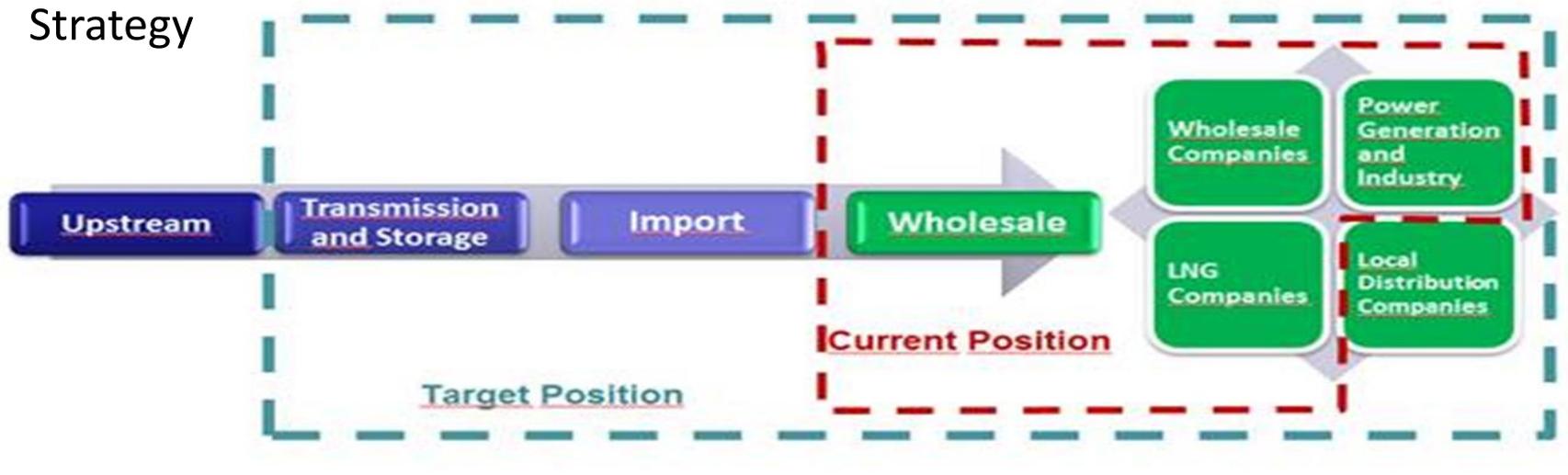
### Pipeline Natural Gas Sales

- Started in 2010
- 2015 sales : 800 mcm

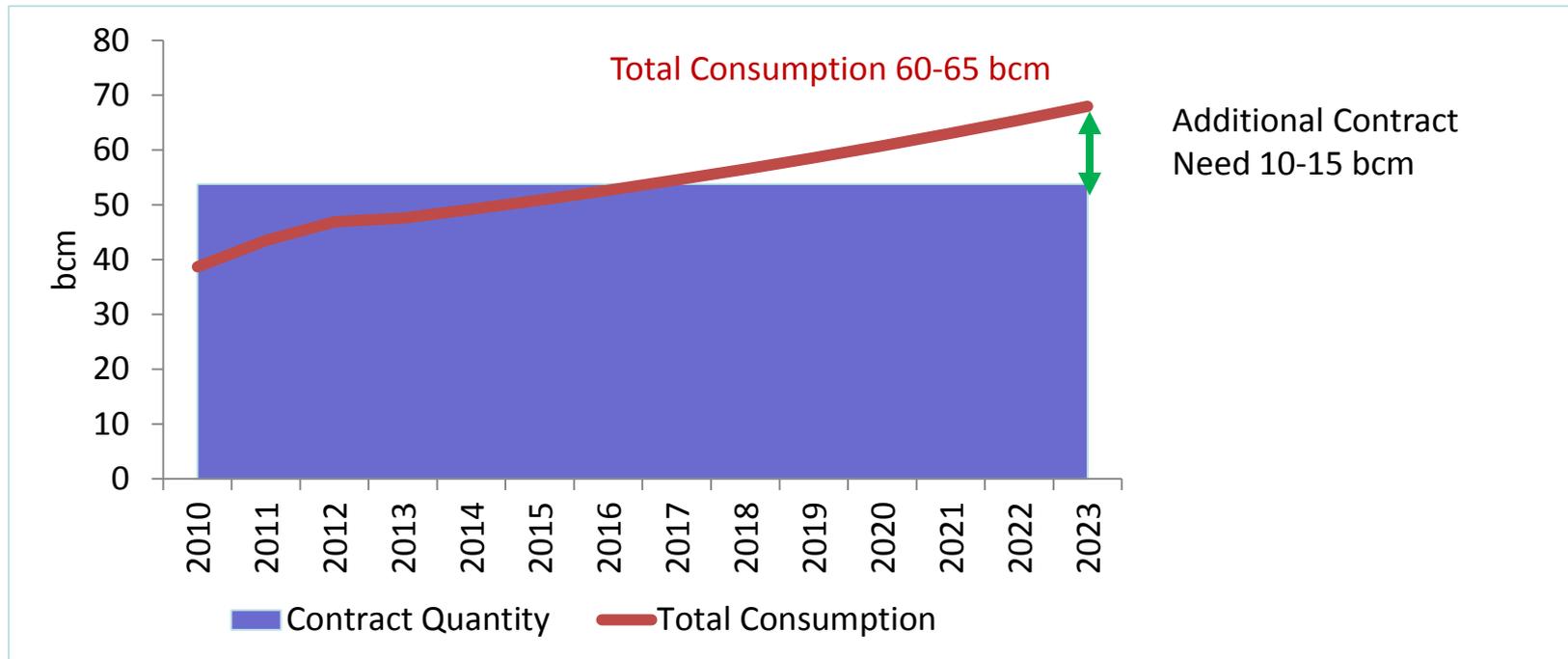
### Projects:

- LNG & Pipeline gas import
- Local Distribution

### Strategy

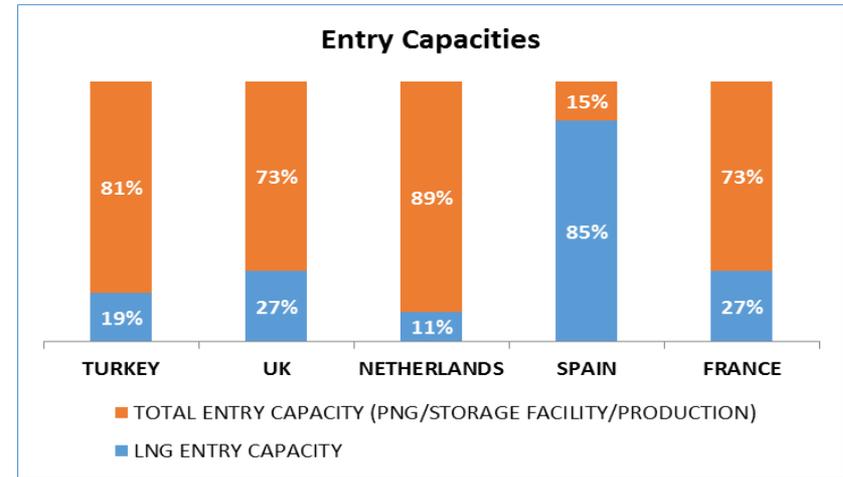
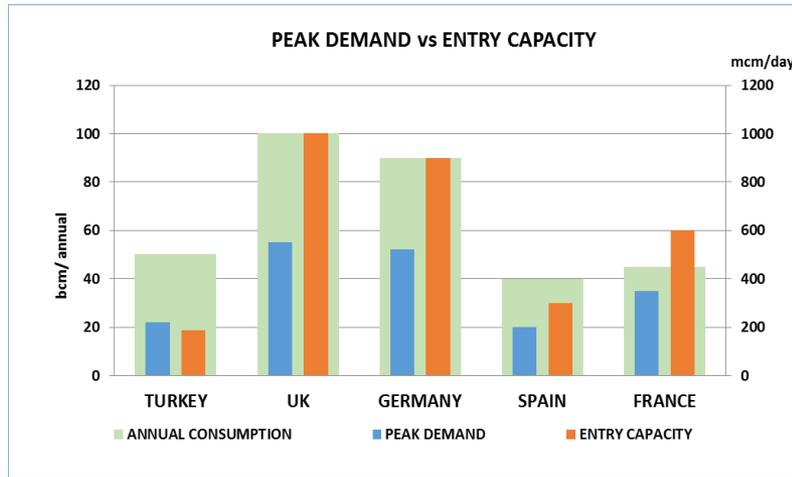


# Turkey's Natural Gas Supply-Demand



- Natural gas consumption of Turkey is expected to reach 60 bcm in 2020 and 65 bcm in 2023
- Turkey needs additional gas entry for the following 10 years

# Natural Gas Import



European markets depend on flexible entry capacities to manage interruptions and to ensure gas to gas competition

LNG is widely used to ensure supply diversity, supply security and flexibility in Europe

- LNG import is a hot topic not only to solve entry capacity issue but also for diversification of supply
- Turkey needs new LNG regasification terminal and underground storage investments
- Aygaz is interested in importing both LNG and pipeline gas

## Other Participations

### Power Generation

**Entek**

- İzmit NGCC : **160 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 liberalization in the market

### Project

AYAS IMPORTED COAL

**625 MW** Coal Power Plant

### Sales and Marketing

**akpa**

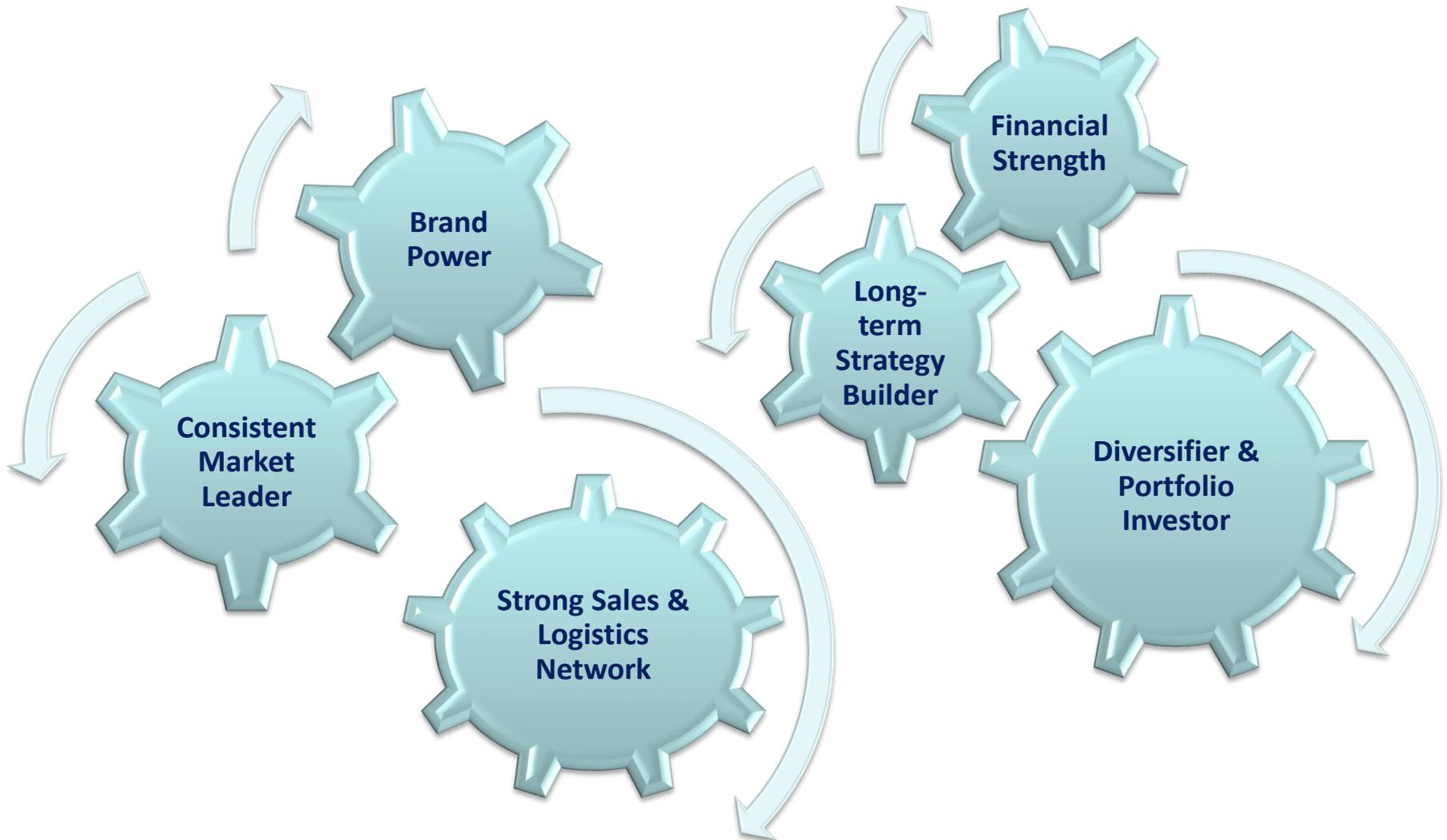
- Direct sale of cylinder gas and carboy water throughout Turkey
- Fuel trade at its fuel stations
- Sales of durable consumer goods to hotels

### Opet Aygaz Gayrimenkul

**ODA**  
OYUNCAK GAYRİMENKUL

- Founded in 2013 as a 50-50 partnership with Opet to purchase real estate and manage or lease these properties as fuel or autogas stations
- Currently owns 18 stations

# Aygaz Key Takeaways



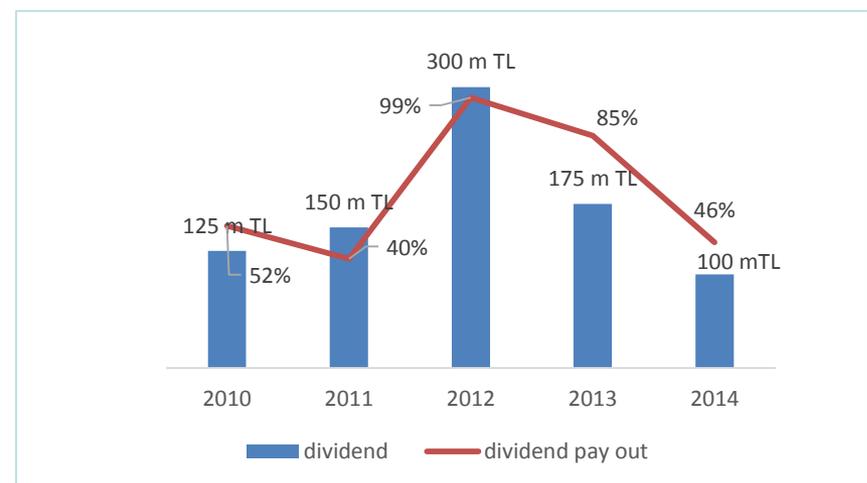
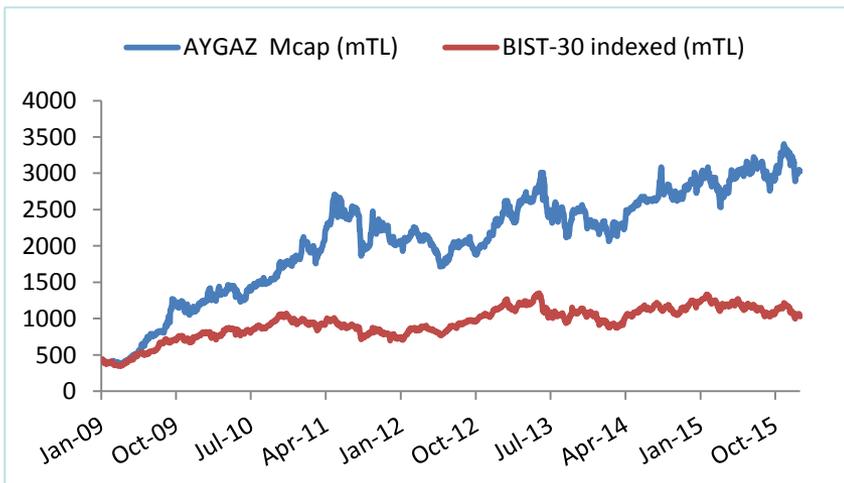
# Shareholder Value

## Continuous outperformer of BIST 30

- BIST Code: AYGAZ
- Bloomberg Code: AYGAZ.TI
- Reuters Code: AYGAZ.IS
- IPO Date: 13.01.1988
- Free float rate: 24.5 %

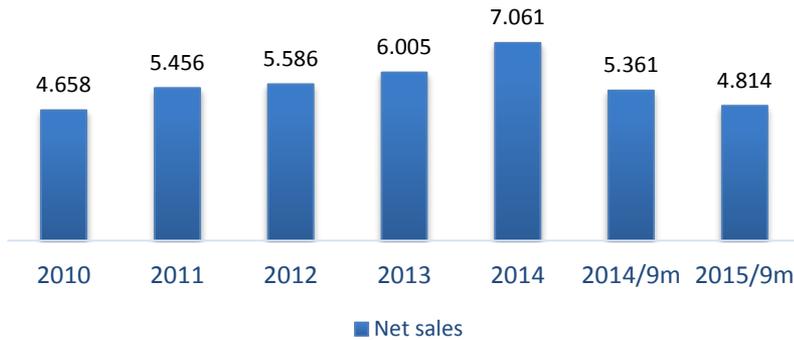
## Strengths

- Sustainable operating profitability from core business ; LPG
- Resistant to economic fluctuations and crises
- High dividend payments
- Corporate governance practices at international standards

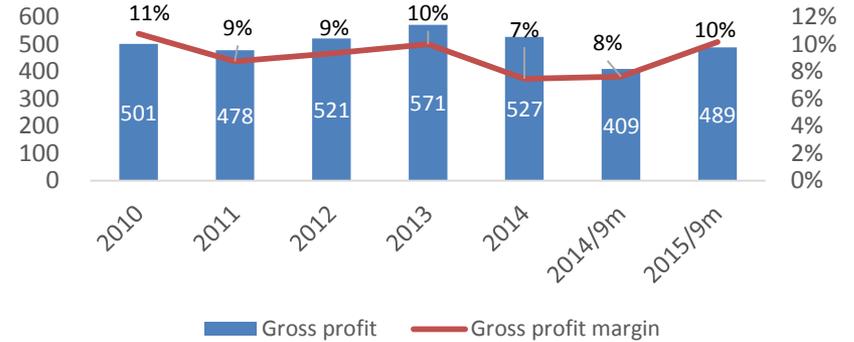


# Financial Highlights

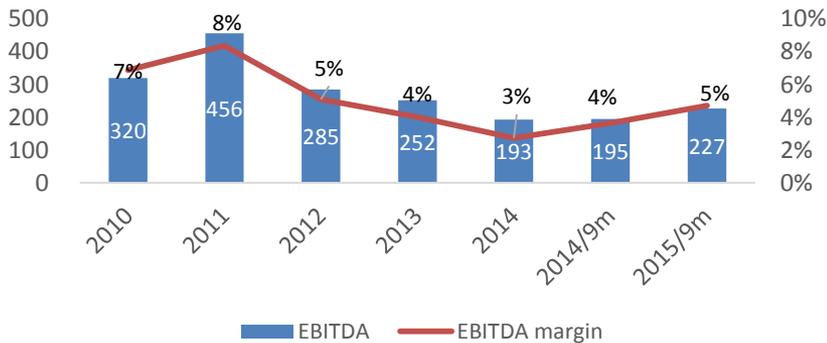
### Sales Revenue



### Gross Profit and GPM



### EBITDA and EBITDA Margin



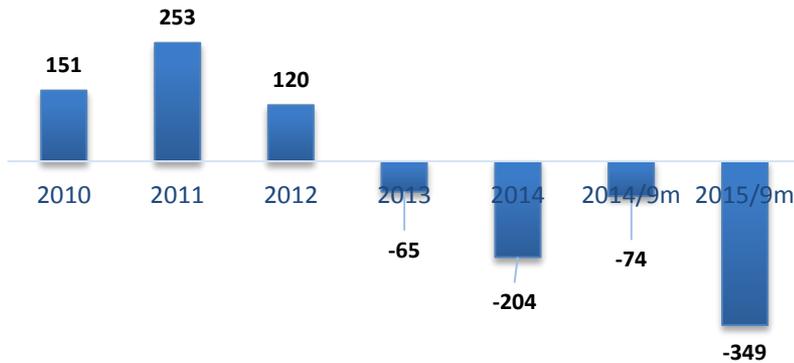
### Net Profit and NPM



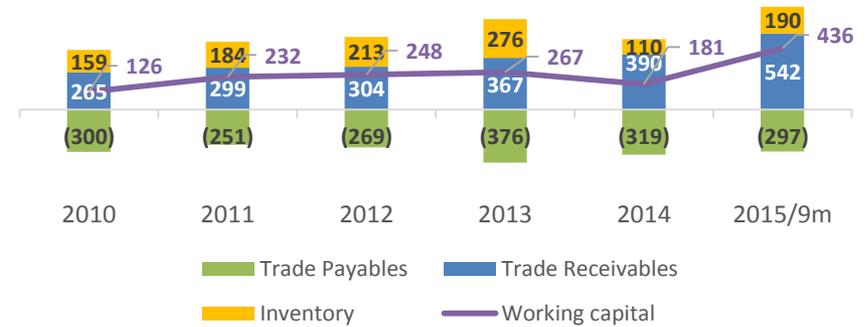
\* bars: m TRY figures & lines: % figures

# Financial Highlights

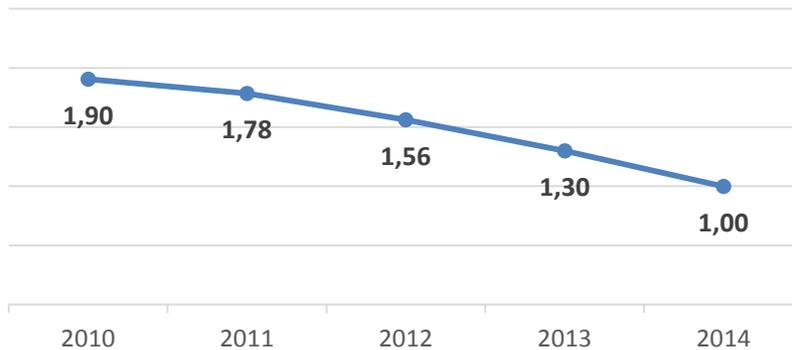
### Net Cash



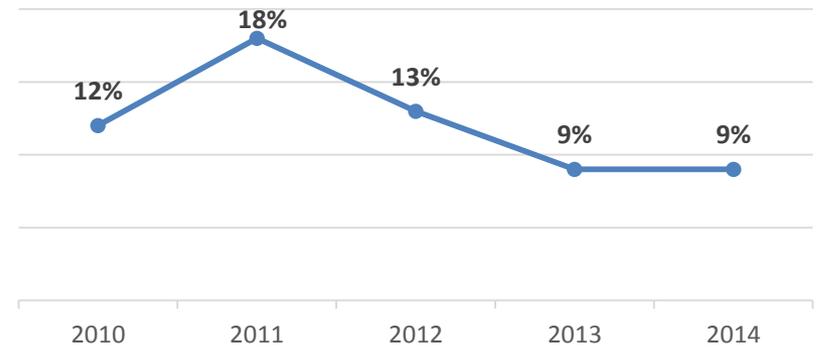
### Working Capital



### Current Ratio



### Return on Equity



\* bars: m TRY figures

## Disclaimer

This presentation contains forward-looking statements that reflect the company management's current views with respect to certain future events. Although it is believed that the expectations reflected in these statements are reasonable, they may be affected by a variety of variables and changes in underlying assumptions that could cause actual results to differ materially. Neither Aygaz nor any of its directors, managers or employees nor any other person shall have any liability whatsoever for any loss arising from use of this presentation.

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# Appendix

# Income Statement Summary

(m TRY)	2010	2011	2012	2013	2014	2015/9m
<b>Sales Revenue</b>	4,658	5,456	5,586	6,005	7,061	4,814
<b>COGS</b>	(4,156)	(4,978)	(5,065)	(5,434)	(6,534)	(4,325)
<b>Gross Profit</b>	501	478	521	571	527	489
<b>Operating Profit</b>	231	371	206	170	110	162
<b>Profit Before Tax</b>	283	419	345	237	237	294
<b>Net Profit</b>	239	380	305	205	218	273
<b>EBITDA</b>	320	456	285	252	193	227
<b>GP margin</b>	11%	9%	9%	10%	7%	10%
<b>OP margin</b>	5%	7%	4%	3%	2%	3%
<b>NP margin</b>	5%	7%	5%	3%	3%	6%
<b>EBITDA margin</b>	7%	8%	5%	4%	3%	5%

## Balance Sheet Summary

(m TRY)	2010	2011	2012	2013	2014	2015/9m
Cash & Cash Eq.	262	254	125	173	161	251
Trade Receivables	265	299	304	367	390	542
Inventories	159	184	213	276	110	190
Investments	853	1,020	1,230	1,377	1,677	1,765
Prop. Plant & Eq.	475	573	595	589	585	647
Financial Debt	(111)	(2)	(6)	(238)	(365)	(600)
Trade Payable	300	251	269	376	319	297
Equity	2,014	2,155	2,381	2,244	2,359	2,486
Total Assets	2,804	2,712	2,956	3,188	3,412	3,876
Net Cash	151	253	120	(65)	(204)	(349)
Working Capital	126	232	248	267	181	436

# Glossary

LPG:	Liquid Petroleum Gas
EMRA:	Energy Market Regulatory Authority
WLPGA:	World LPG Association
SP:	Sonatrach Price (slide #4)
PETDER:	Petroleum Industry Association
FOB:	Free On Board
CIF:	Cost, Insurance & Freight
Med:	Mediterranean
VLGC:	Very Large Gas Carrier (slide#13)
EYAŞ:	Enerji Yatırımları A.Ş.
LNG:	Liquid Natural Gas
Mcm:	Million Cubic Meters
Bcm:	Billion Cubic Meters
NGCC:	Natural Gas Combine-Cycle
MW:	Megawatt (one million watts)
BIST:	Borsa Istanbul (Istanbul Stock Exchange)
IPO:	Initial Public Offering