

AYGAZ Investor Presentation

July 2011

Table of Contents

- Aygaz Overview
- LPG from A to Z = AygaZ
- Aygaz as an Energy Player
- Strategies and Key Takeaways
- Financial Highlights
- Appendix
 - Summary Financial Statements

A Well Diversified Energy Holding

•Leader in its core business: Fully integrated LPG services

- #1 in Turkey, #5 in Europe
- Market leader since foundation
- 29% market share as Aygaz Group
- 1.6 m tons sales – 2010
- \$3.1 b revenue - 2010
- 8th in top industrial enterprises of TR

AYGAZ



Mogaz

akpa



•Diversified investments in energy

- Refining
- Power generation
- Natural gas

Tüpraş

Entek

AYGAZ
DOĞALGAZ

Keeping its solid performance

Strong financials;
(Cons. in m\$)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>YoYchange</u>
Revenue	3,105	2,431	2,768	28%
EBITDA	204	252	261	-19%
EBITDA Margin	7%	10%	9%	-3
Net Profit	160	203	20	-22%
Net Profit Margin	5%	8%	1%	-3

Volume (000 tons)	1,601	1,574	1,321	2%
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- ✓ Outstanding cash generation ability
- ✓ Solid financial position
- ✓ Strong contribution from participations

LPG from A to Z

AygaZ



On the road



In your home



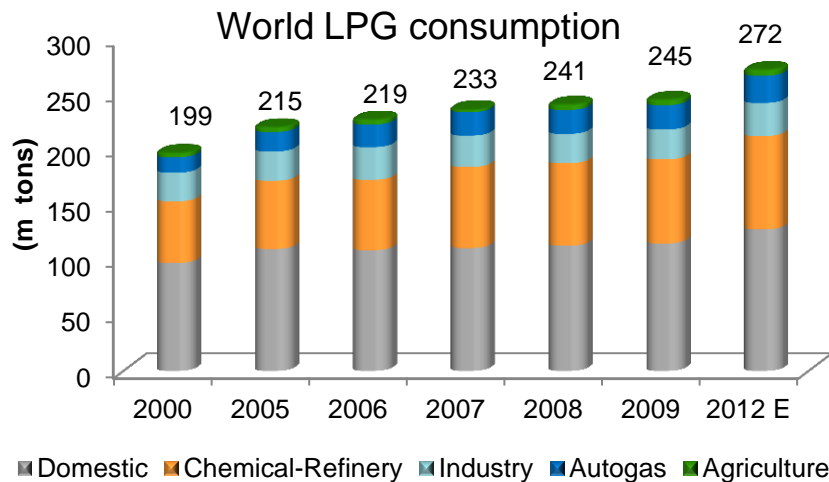
For business

On the road

In your home

For business

LPG consumption is increasing in the world

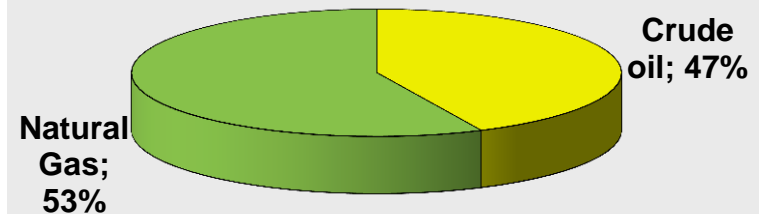


- Mixtures of hydrocarbons in which butane or propane are predominant
- LPG market is supply oriented
- Supply is secure as LPG is extracted from related natural gas facilities or as refinery gases

Why LPG? Anytime+Anywhere

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

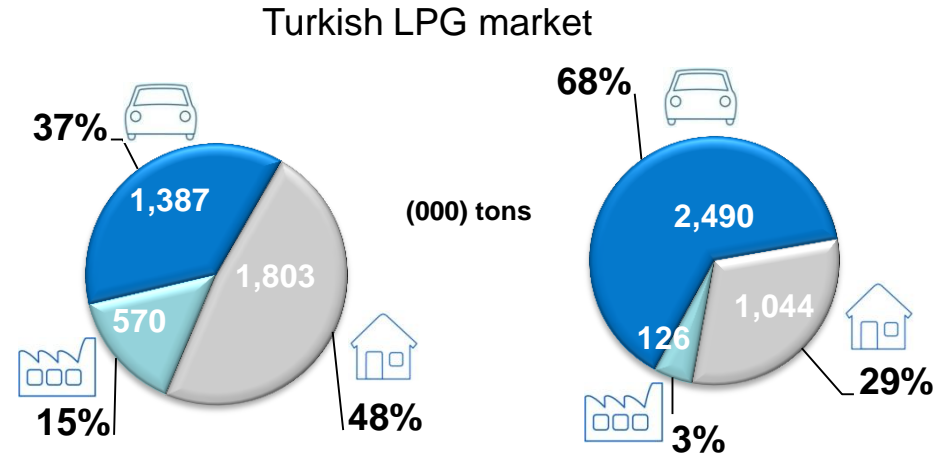
Sources of LPG production



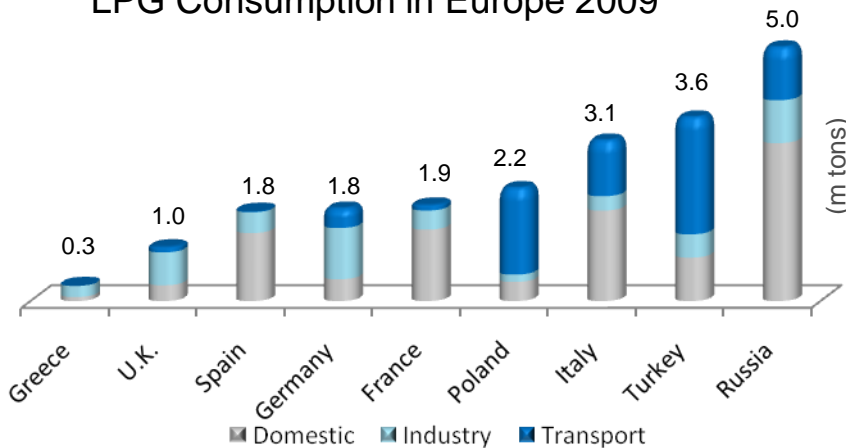
*WLPGA Statistical Review of Global LP Gas Report, 2010

Turkish LPG Market is evolving

- 3.6 m tons, #2 in Europe
- 65 distribution companies
- First 6 players share 73% of the market
- Serving; 12 m houses
2.9 m cars
- Liberal market with regulatory body-EMRA



LPG Consumption in Europe 2009



2004



2010

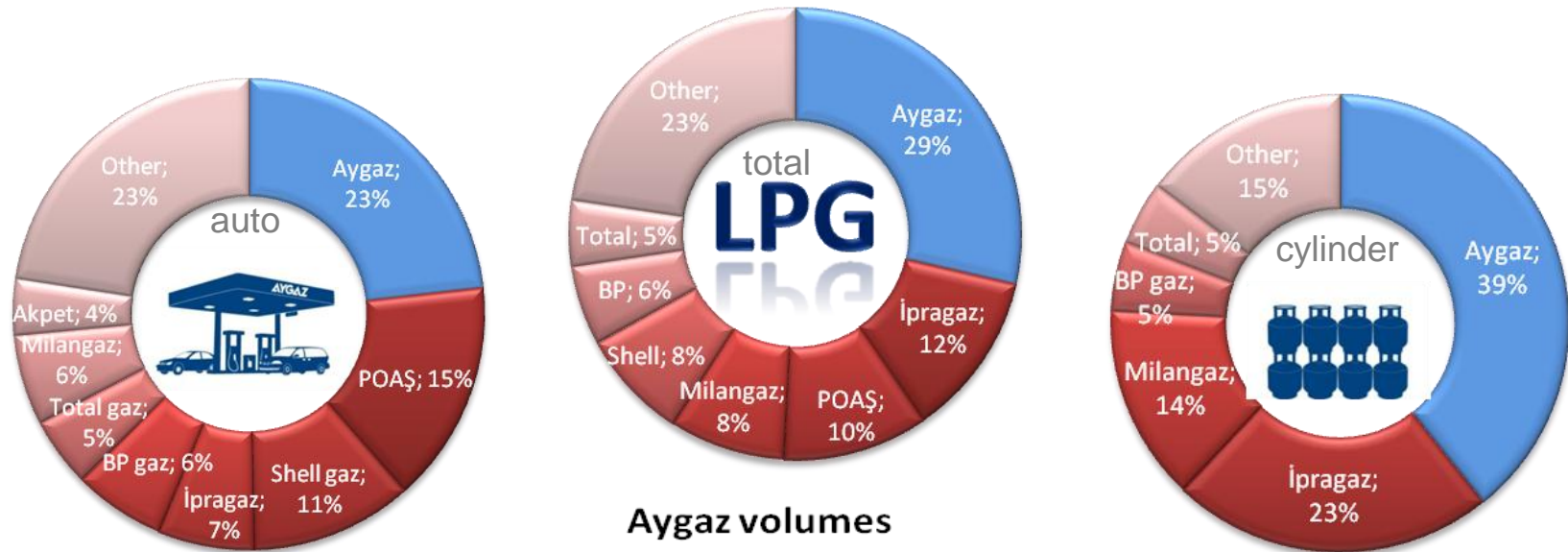
Evolving from cylinder to auto

EMRA LPG Sector Report 2010

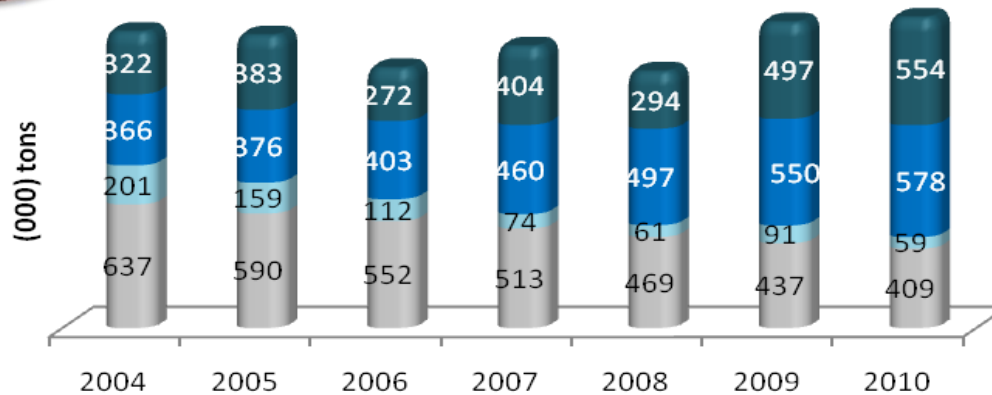
Pricing

Final selling price
= commodity price
+ excise tax
+ distribution margin
+ VAT

Aygaz Volumes and Market Shares

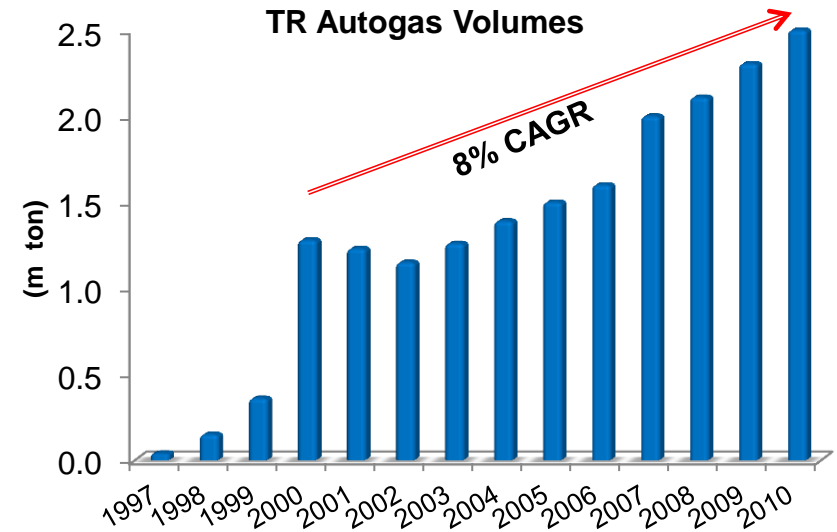


Aygaz volumes



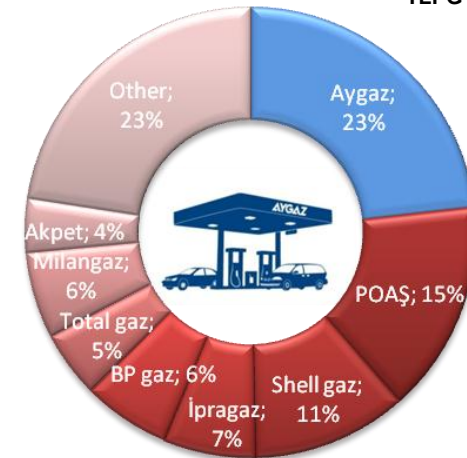
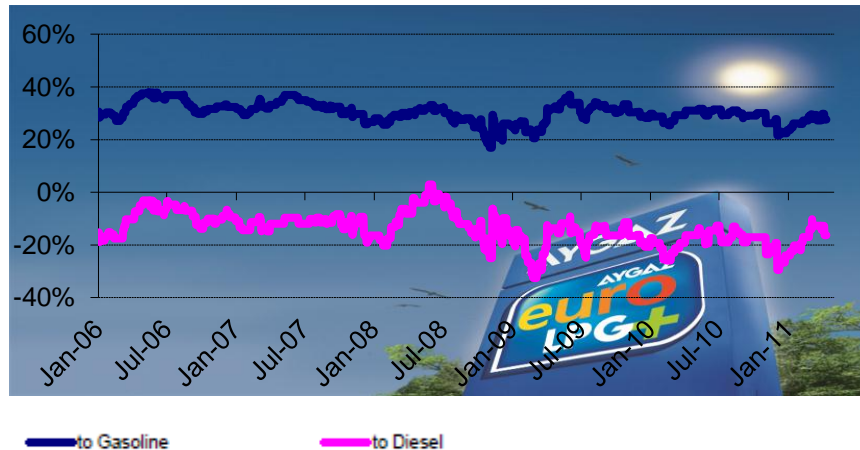
Turkish autogas market; growth story

- 2.5 m tons, #2 in the world
- Fuel distributors are main players
- 30% price advantage to gasoline
- 2.9 m cars in Turkey -2010E
 - ~37% of passenger car park
- 8700+ autogas stations - 2010



TLPG Association Report, EMRA

Price Advantage of Autogas



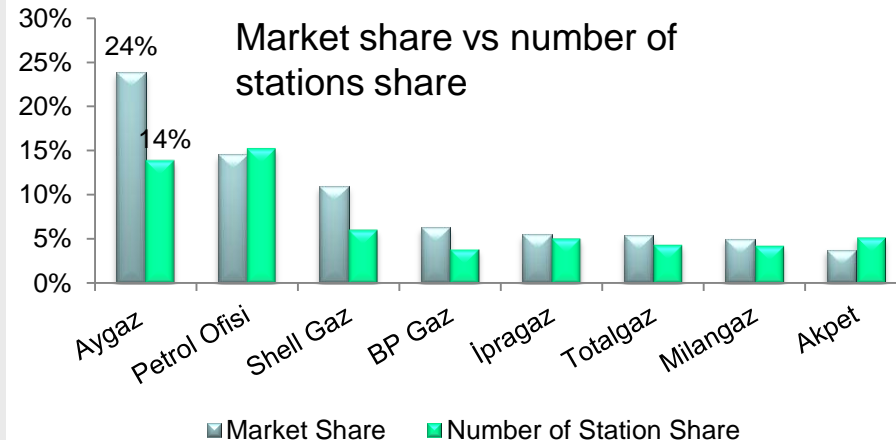
Market share 2010

EMRA LPG Sector Report 2010

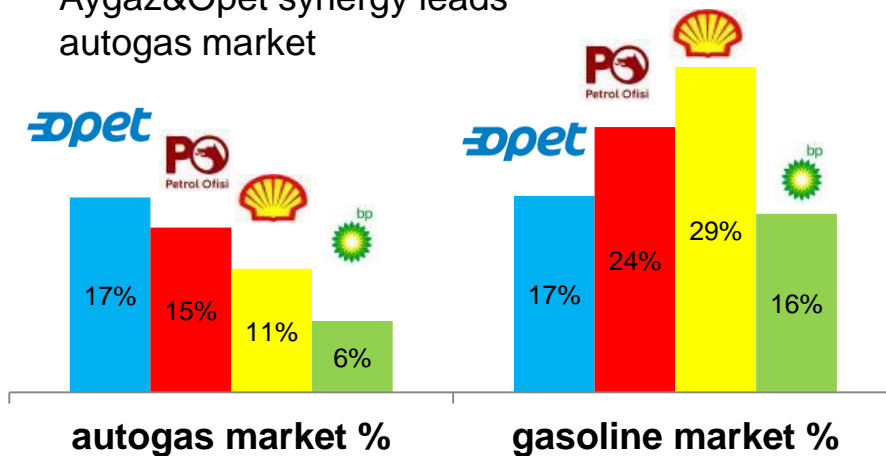
Adaptation to change as market leader



- Long-term strategy builder
 - Opet partnership
- LPG is core business unlike fuel distributors
 - Pioneering R&D and innovation
- Brand power cultivated over 50 years
 - Highest efficiency per station
- 1,226 Aygaz autogas stations- 2010

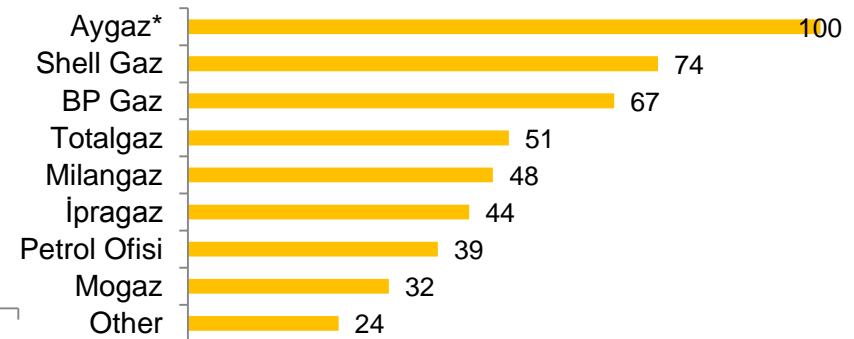


Aygaz&Opet synergy leads autogas market



* 2009 PETDER and EMRA data

Sales per station efficiency index



* Aygaz solo figure

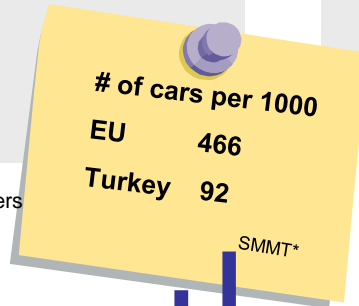
Autogas market dynamics

Conversion

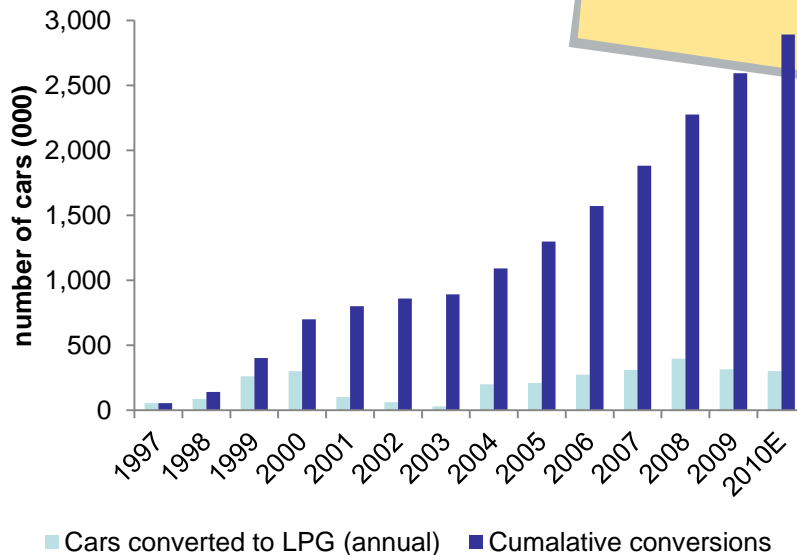
- 300,000+ conversions per year
- 1,000+ conversion points
- \$700 average cost
- Pay back in 15,000 km

OEM

- Guaranteed conversion provided by 12 car manufacturers (34% passenger car market share) including:



* SMMT: The Society of Motor manufacturers & Traders



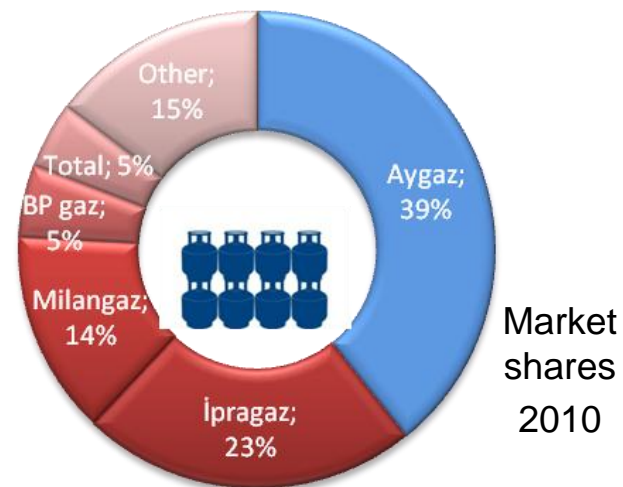
CNG versus LPG comparison

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

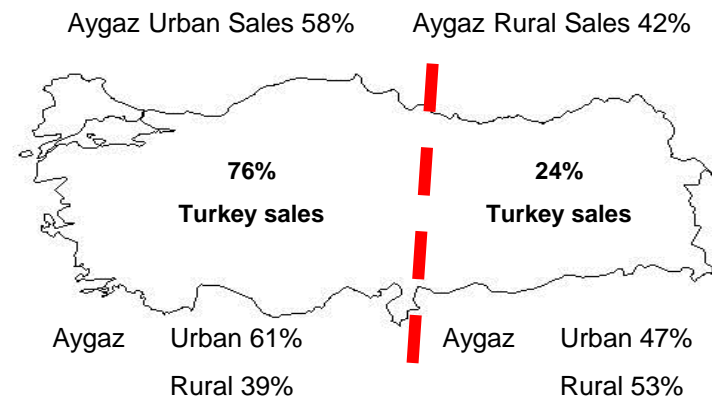
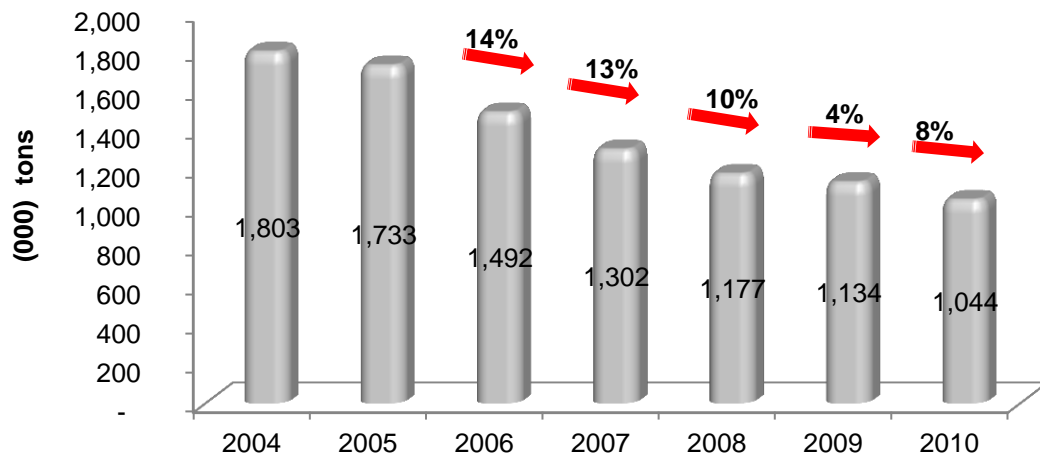
Source: TURKSTAT; AYGAZ

Turkish Cylinder market; always here

- Fragmented market; 68 players
 - Acquisition of Totalgaz's cylinder LPG distribution business
- Contraction slowing down
- Potential growth in rural areas
- Conventional areas of use
 - Residential (heating, bathroom, cooking)
 - Commercial
 - Camping
- New areas of use
 - Leisure market (outside heating, barbecues)
 - Forklift



EMRA LPG Sector Report June 2010



Source: AYGAZ

Unique expertise in cylinder market

- Strong penetration
 - 12,300+ points of sale
- Different brands for different segments



- Brand power
 - 60% share in residential market
- Market maker
 - CRM activities
 - Innovative marketing approach
- Fully integrated production cycle; Gebze Plant
 - Cylinders, gas appliances



Cylinder product family

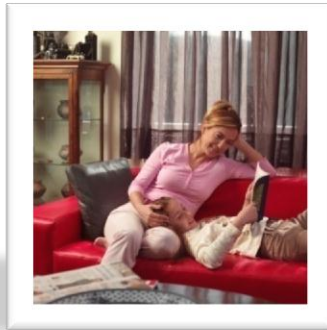
Residential



bathroom



cooking

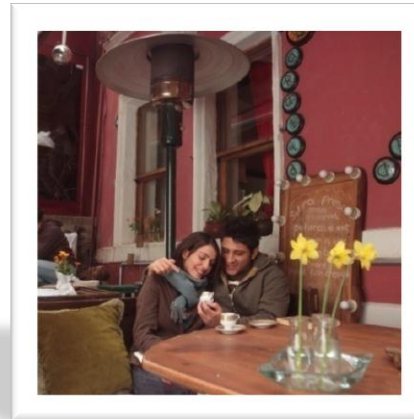


heating

Camping



Outside heating



Barbecue



Bulk LPG

- Where natural gas infrastructure is infeasible
 - Residential
 - Commercial - Industrial
- Petrochemical sector started using LPG in Turkey
 - Aygaz became first and only seller to the sector



Strong distribution & transportation network

- 2,086 cylinder dealers/market total 12,000+
- 1,226 autogas stations/market total 8,700+
- 5,000+ service trucks
- 224 tanker trucks
- 15,000+ employees (Aygaz+dealers)

2010 figures



Incomparable brand value

- Most preferred LPG brand in Turkey since its foundation – 50 years

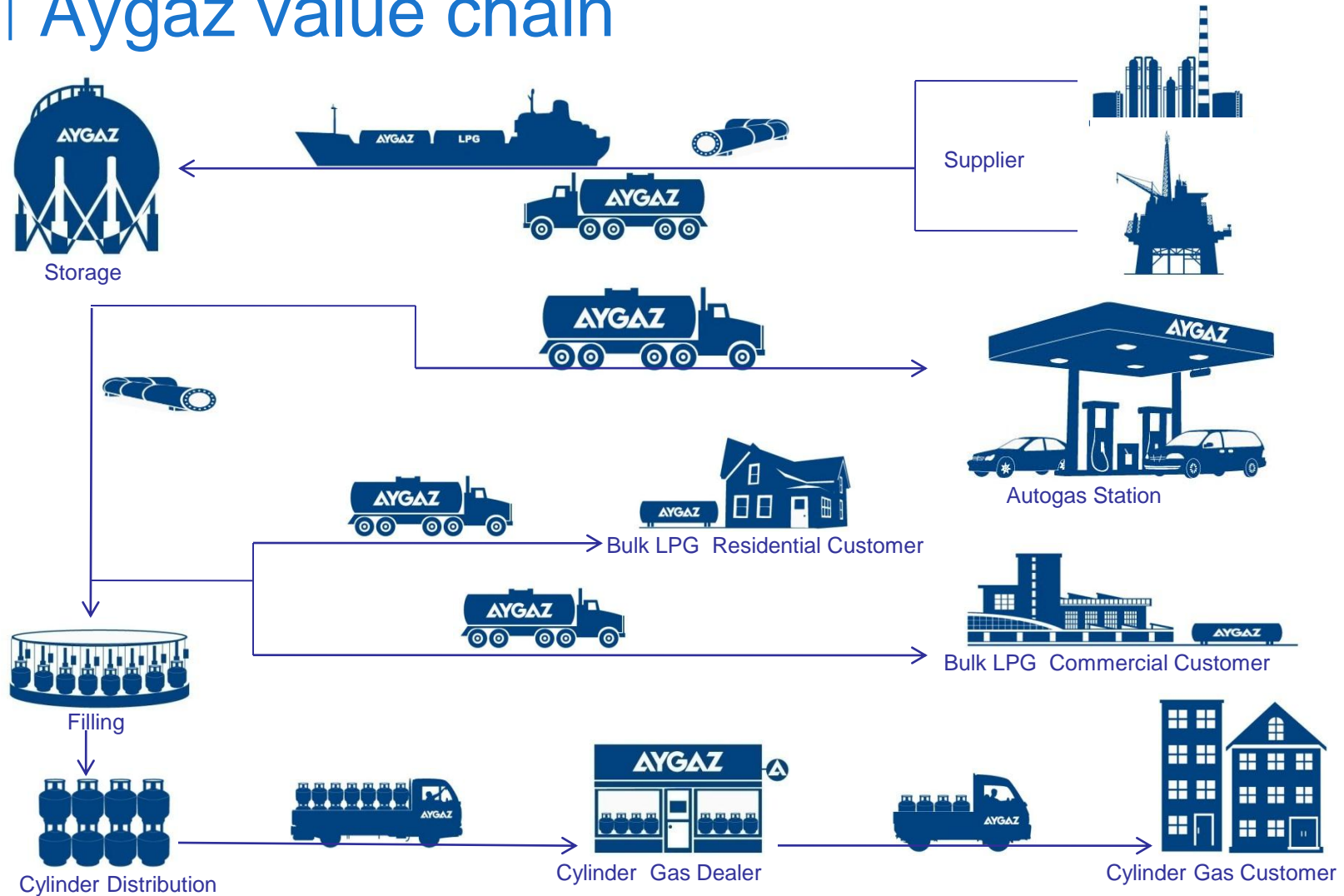
AYGAZ = LPG in Turkey

- Best Brands 2010 by GFK
 - Best Brand in LPG sector
- Best Brands 2010 by KalDer
 - Best Brand in Cylinder LPG
- SAHA Ratings – Corporate Governance Rating
 - One of the most transparent companies in terms of corporate governance
- Listed in first 5 for;
 - Ethical accountability by Corporate Social Responsibility Institute of Turkey
 - Financially most transparent company by Sabancı University and Standard&Poor's Survey

AYGAZ
50th YEAR



Aygaz value chain

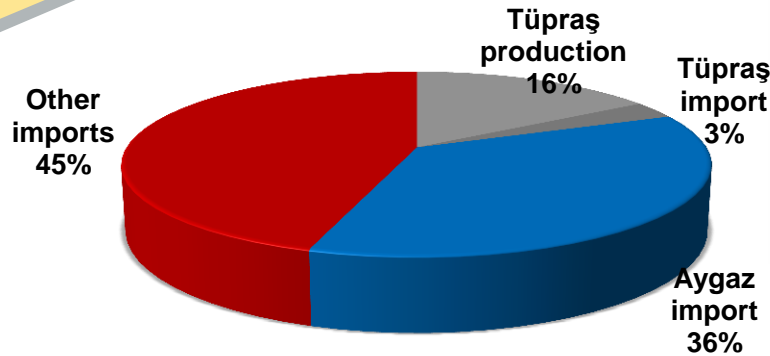


Smart solutions for supply

- Flexibility creates added value
- Diversification – supplier portfolio
- Primary access to supply info & market dynamics

#1 importer in Turkey
 #1 purchaser in Med.
 #1 in LPG handling in Europe
 #1 player in Black Sea
 #1 fob purchaser in Turkey

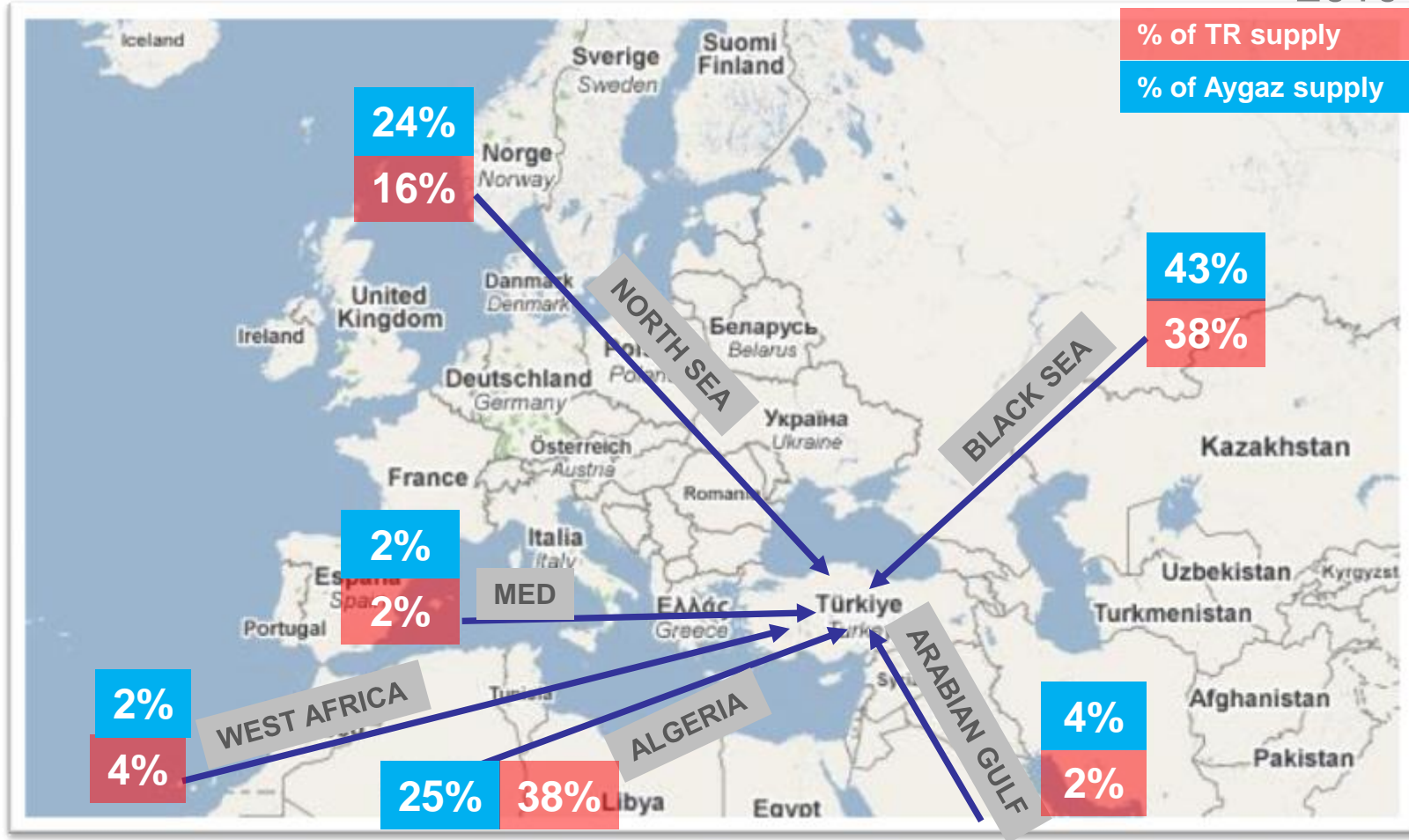
Turkish LPG supply 2010



Source: AYGAZ

Utilization of geographical advantage

2010



Sole fleet operator



Anadoluhisari
Kuzguncuk
Kandilli
Kuleli



- Reduces logistics costs
- Gives flexibility in sourcing and inventory management
- Provides competitive advantage for Black Sea supply

Total capacity: 40,500 cbm*

*2010 figure
including C&O

Effective logistics infrastructure

2010

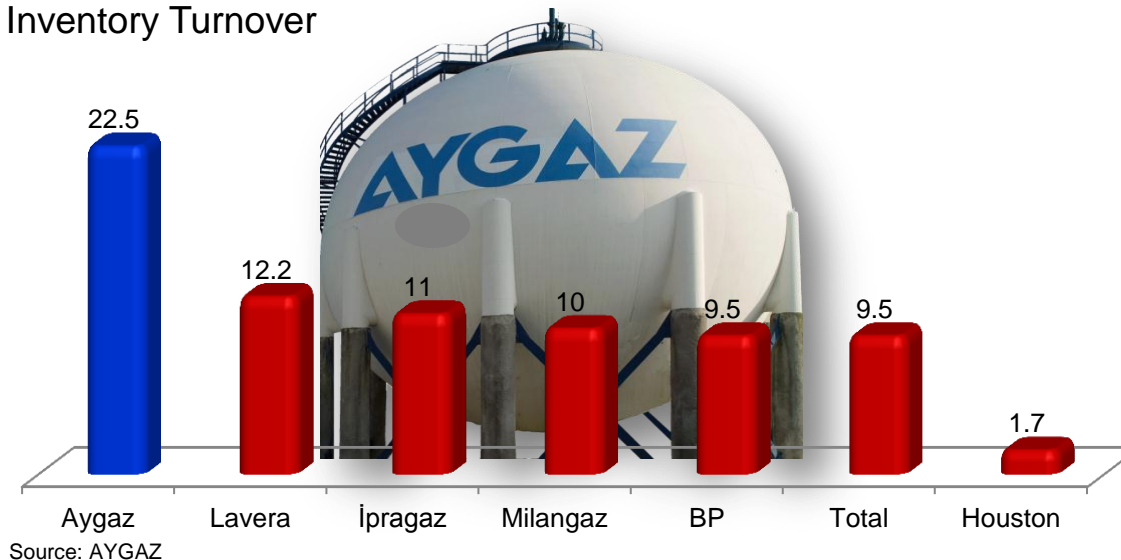
- 170,000 cbm fixed storage - 30% of TR
- 50,000 cbm moving storage - 60% of TR
- 1,040,000 tons filling capacity
- 28 plants all over Turkey



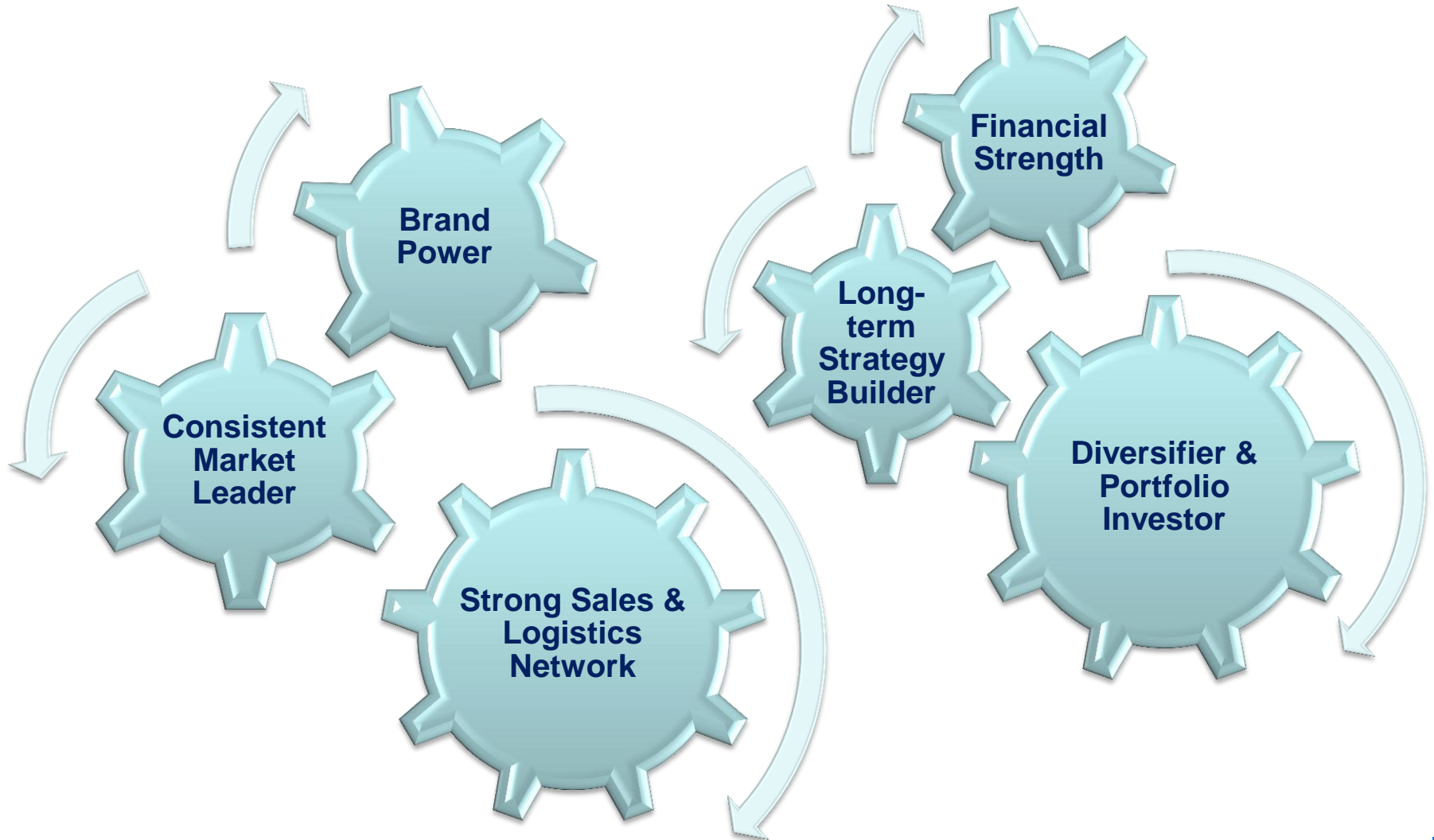
High logistics competency

- 3 different types of inventory management
 - LPG Mix, Autogas, Propane
- Direct import to 5 different locations
- Operational excellence in primary transportation
- Best inventory turnover globally

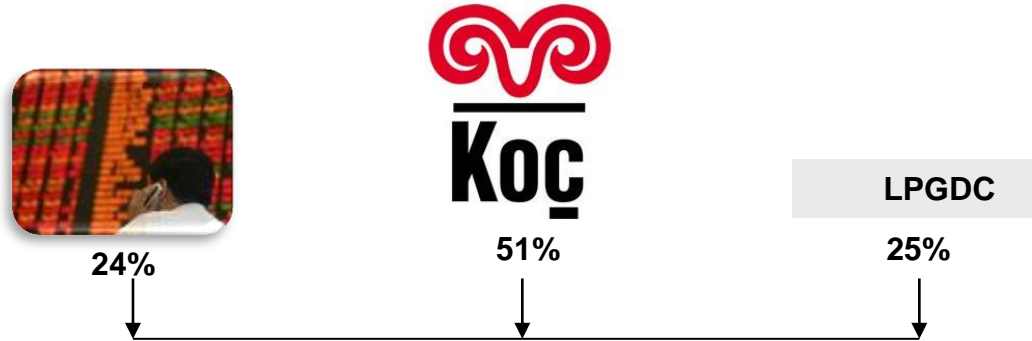
Inventory Turnover



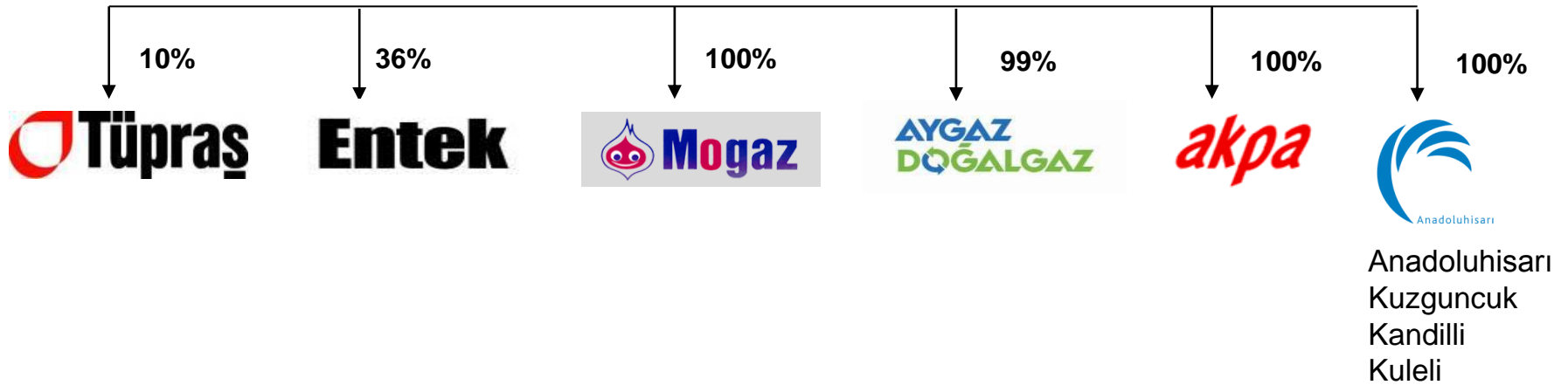
Aygaz Key Takeaways



Portfolio Architecture



AYGAZ





LNG Distribution

- Transportation and regasification
- 250 industrial customers, 107MCM, 20% market share
- 2011 Planned sales : 126 MCM
- Total natural gas market: 35-40 BCM; LNG market: 0.5BCM



CNG Distribution

- Antalya CNG plant / Capacity: 12MCM
- Sales: 3MCM - 2011 Planned sales: 3.6 MCM



Pipeline Natural Gas

- Started in 2010 - Sales: 66 MCM
- 2011 Planned sales: 193MCM



Strategies

- LNG import (near term)
- Pipeline
- Local Distribution

Entek



Capacity - 305MW NGCC

- İzmit : 160MW
- Bursa : 143MW
- Sales composition : 52% PMUM & 48% trade & direct customers



Production and Sales - 2010

- Electricity prod. : 1,890 Gwh
- Steam prod. : 122 Gwh
- Energy sales : 2,761 Gwh
- Revenue : 401 m TL

Strategies

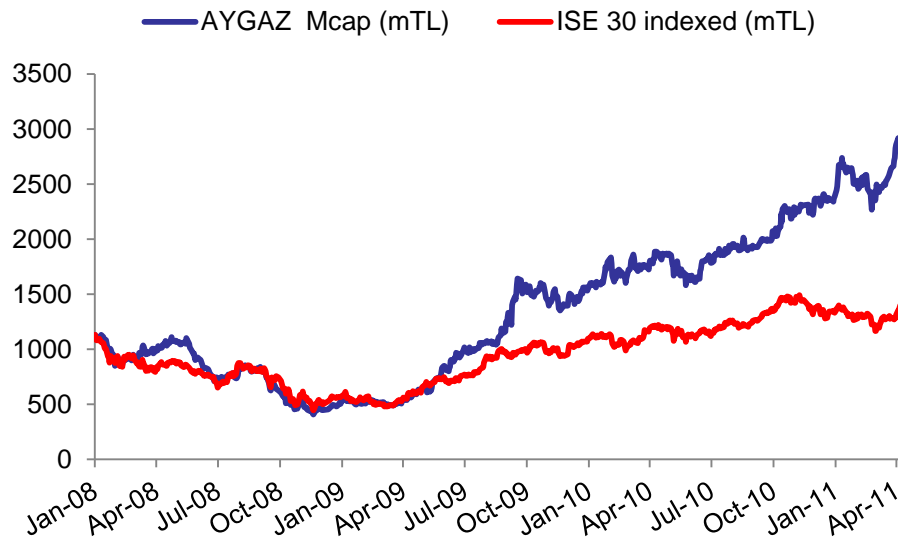


- Aygaz has signed a partnership agreement with US based 
- 49.62% stake in Entek sold for \$136.5m
- Parties have equal voting power
- Expansion plans by jointly investing in coal, hydro, renewable & other NG fired power plant projects (greenfield or through acquisitions)

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
 - Acquisition of Totalgaz's cylinder LPG distribution business
 - Geographical diversification in neighbouring countries
- Offset impact of diminishing bulk LPG sales through Aygaz Doğalgaz penetration in natural gas
- Utilize and expand existing holding structure through close monitoring of profit generating opportunities
 - Privatization in natural gas and electricity
 - New investments (greenfield / acquisition)

AYGAZ as an investment;

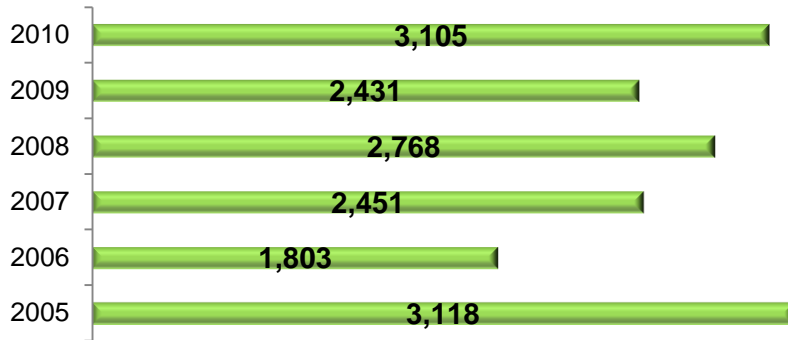


• ISE Ticker	:	AYGAZ
• Shares outstanding	:	300 m
• Free Float	:	24%

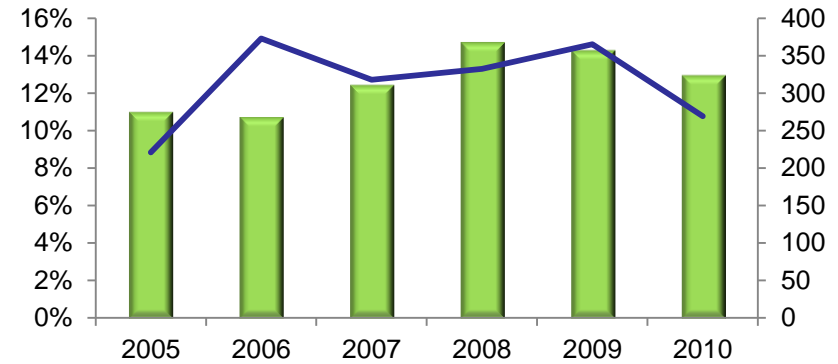
- Sustainable and long term cash generator
- Strong dividends
 - 255 m TL cash dividend paid for the last 3 years
 - 125 m TL cash dividend paid for 2010
- Aygaz intends to continue distributing dividends

Financial Highlights

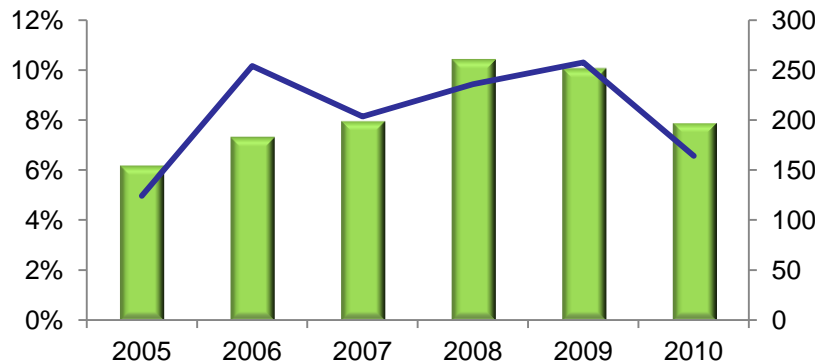
Net sales (m\$)



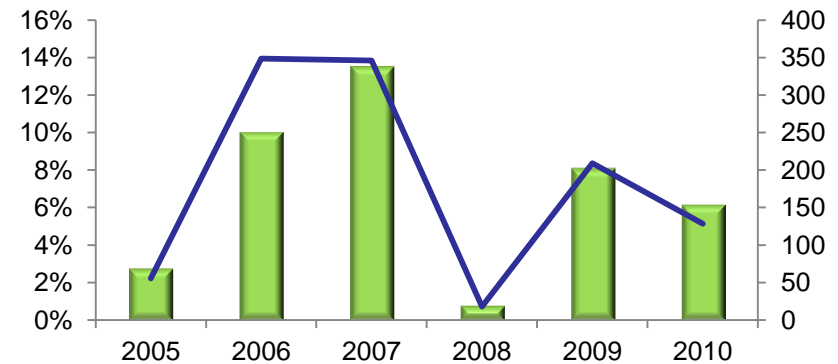
Gross Profit(m\$) and GPM*



EBITDA(m\$) and EBITDA Margin*



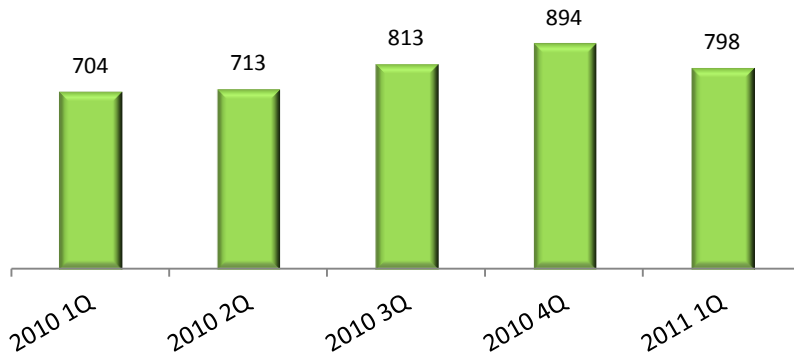
Net Profit(m\$) and NPM*



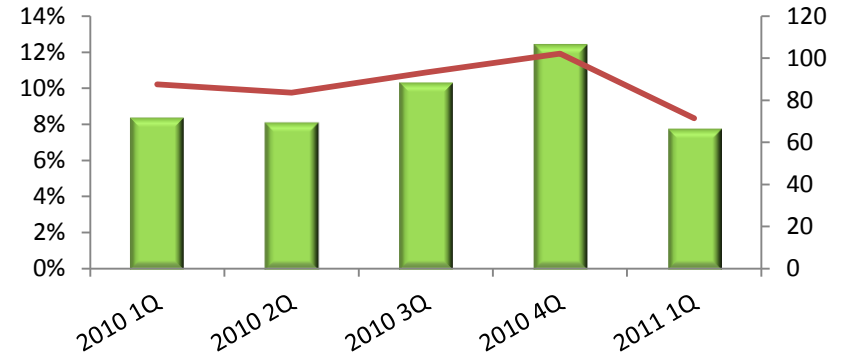
* bars: \$ figures & lines: % figures

Quarterly Financials

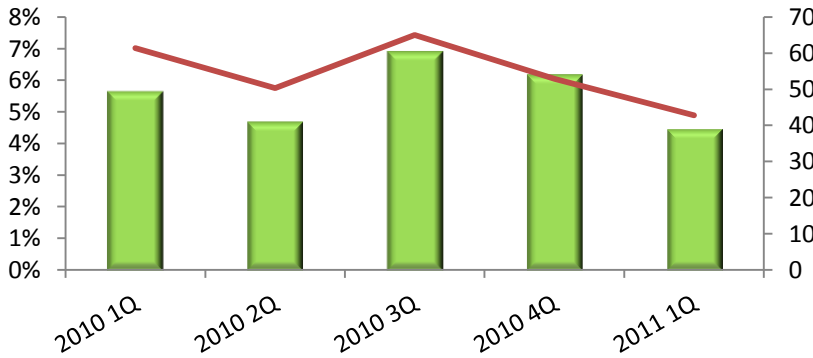
Net Sales(m\$)



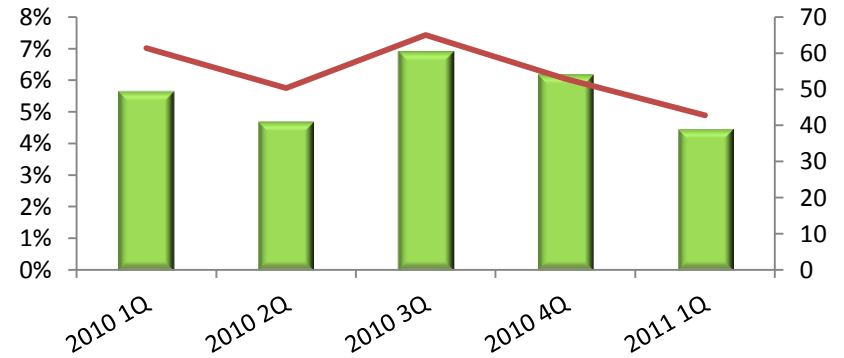
Gross Profit(m\$) and GPM*



EBITDA(m\$) and EBITDA Margin*



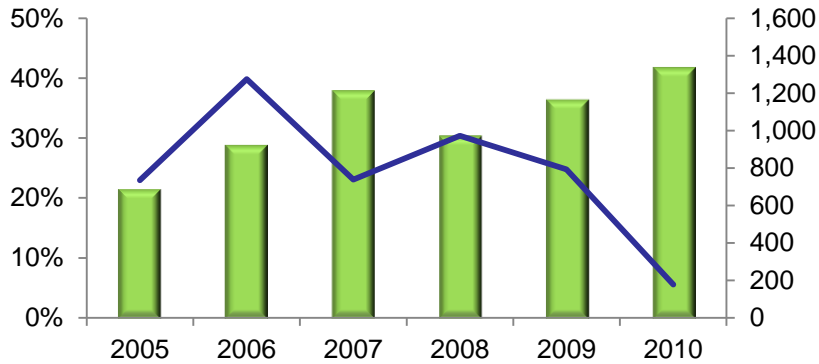
Net Profit(m\$) and NPM*



* bars: \$ figures & lines: % figures

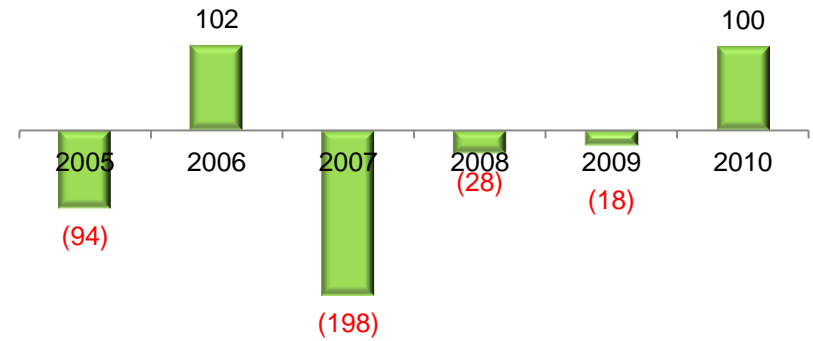
Financial Highlights

Equity (m\$) and Debt Ratio*

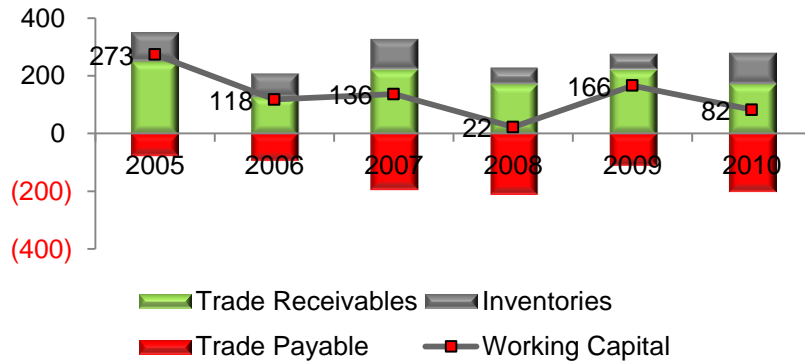


* bars: \$ figures & lines: % figures

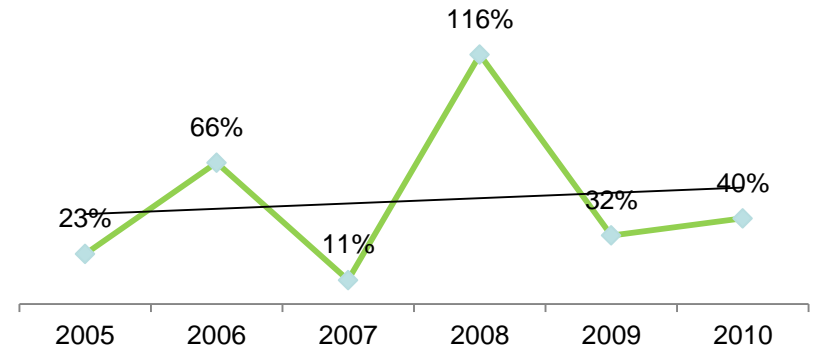
Net Cash (m\$)



Working Capital



Dividend Payout



Contacts

investor@aygaz.com.tr

Gökhan Tezel, CFO

E-mail: gokhan.tezel@aygaz.com.tr

Phone: +90 212 354 1733

Mehmet Özkan, Finance Manager

E-mail: mehmet.ozkan@aygaz.com.tr

Phone: +90 212 354 1657

Selin Sanver, Investor Relations

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

Phone: +90 212 354 1659

www.aygaz.com.tr

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

Appendix

Income Statement Summary

(m USD)	2005	2006	2007	2008	2009	2010
Net Sales	3,118	1,803	2,451	2,768	2,431	3,105
COGS	(2,842)	(1,534)	(2,140)	(2,400)	(2,073)	(2,770)
Gross Profit	276	269	312	368	358	334
Operating Profit	76	123	128	189	189	145
Profit Before Tax	85	85	317	49	242	189
Net Profit	69	252	339	20	203	160
EBITDA	155	183	200	261	252	204
GP margin	9%	15%	13%	13%	15%	11%
OP margin	2%	7%	5%	7%	8%	5%
PBT margin	3%	5%	13%	2%	10%	6%
NP margin	2%	14%	14%	1%	8%	5%
EBITDA margin	5%	10%	8%	9%	10%	7%

Balance Sheet Summary

(m USD)	2005	2006	2007	2008	2009	2010
Cash & Cash Eq.	65	470	83	268	271	174
Trade Receivables	252	132	224	175	224	176
Inventories	98	81	103	56	54	105
Participations	122	618	910	624	669	783
Prop. Plant & Eq.	461	378	610	444	472	316
Financial Debt	(158)	(368)	(281)	(296)	(289)	(74)
Trade Payable	77	95	191	208	(111)	(199)
Total Equity	690	924	1,218	974	1,167	1,338
Total Assets	1,185	1,703	1,970	1,630	1,730	1,862
Fin. Debt / T. Assets	13%	22%	14%	18%	17%	4%
Net Cash	(94)	102	(198)	(28)	(18)	100
Working Capital	273	118	136	22	171	82

Income Statement Summary

(million TL)	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	ΔQ	Q310/Q410
Net sales	811	810	955	1210	1,064	1,063	1,227	1,303	8%	6%
COGS	-644	-680	-823	-1,086	-956	-959	-1,094	-1,148	6%	5%
Gross profit	167	130	132	124	108	104	134	155	25%	16%
Operating profit	117	76	72	27	50	42	69	57	109%	-18%
Profit before tax	31	155	96	92	62	54	130	37	-60%	-72%
Net Profit	16	148	89	59	50	45	115	29	-51%	-75%
EBITDA	142	100	97	52	74	62	91	79	52%	-14%
GP margin	21%	16%	14%	10%	10%	10%	11%	12%	2	1
OP margin	14%	9%	8%	2%	5%	4%	6%	4%	2	-2
PBT margin	4%	19%	10%	8%	6%	5%	11%	3%	-5	-8
NP margin	2%	18%	10%	5%	5%	4%	9%	2%	-3	-7
EBITDA margin	17%	12%	10%	4%	7%	6%	7%	6%	2	1

Balance Sheet Summary

(million TL)	07	08	3M 09	6M 09	9M 09	09	3M 10	6M 10	9M 10	10	ΔY %
Cash & Cash Equivalents	97	405	232	236	244	408	302	246	302	262	-36%
Trade Receivables	261	264	327	313	344	337	280	295	326	265	-21%
Inventories	120	84	116	106	120	81	148	154	127	159	78%
Participations	1,060	944	895	978	1,024	1,007	1,007	1,081	1,136	1,180	17%
Prop. Plant & Equipment	710	672	692	708	710	711	693	687	680	475	-33%
Financial Debt	(327)	(448)	(455)	(363)	(378)	(435)	(198)	(199)	(173)	(111)	-74%
Trade Payables	223	314	162	178	188	168	229	233	239	300	79%
Total Equity	1,418	1,474	1,468	1,619	1,669	1,757	1,797	1,812	1,927	2,014	15%
Total Assets	2,294	2,465	2,348	2,414	2,502	2,604	2,510	2,523	2,631	2,804	7%
Fin.Debt/ Tot. Assets	14%	18%	19%	15%	15%	17%	8%	8%	7%	4%	-13
Fin.Debt/ Tot.Equity	23%	30%	31%	22%	23%	25%	11%	11%	9%	6%	-20
Net Cash (Debt)	(230)	(42)	(223)	(127)	(134)	(28)	105	47	129	151	-649%
Working Capital	159	34	281	241	276	258	199	216	214	124	-52%