

AYGAZ Investor Presentation

May 2012

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AYGAZ; A Well Diversified Energy Holding

•Leader in its core business: Fully integrated LPG services

- #1 in Turkey, #5 in Europe
- Market leader since foundation
- 28% market share as Aygaz Group
- 1.7 m tons sales – 2011
- \$3.3 b revenue - 2011
- 7th in top industrial enterprises of TR

AYGAZ



Mogaz

akpa



•Diversified investments in energy

- Refinery
- Power generation
- Natural gas

Tüpraş

AESEntek

AYGAZ
DOĞALGAZ

Keeping its solid performance

Strong financials;
(Cons. in m\$)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>YoYchange</u>
Revenue	3,267	3,105	2,431	5 %
EBITDA	140	204	252	-31%
EBITDA Margin	4%	10%	10%	-6
Net Profit	227	160	203	-42%
Net Profit Margin	7%	5%	8%	2

Volume (000 tons)	1,660	1,604	1,574	3%
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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



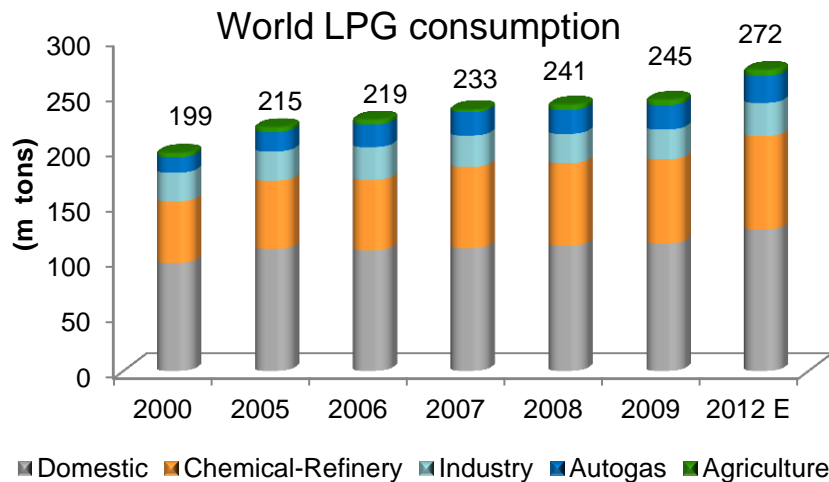
For business

On the road

In your home

For business

LPG consumption is increasing in the world

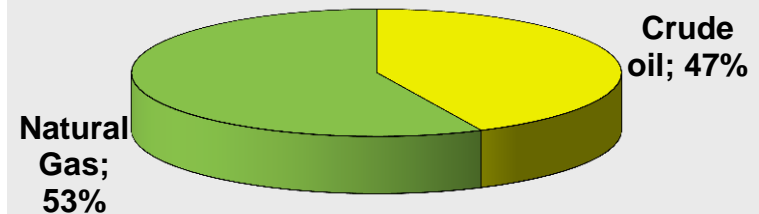


- Mixtures of hydrocarbons in which butane or propane are predominant
- LPG market is supply oriented
- Supply is secure as LPG is extracted from related natural gas facilities or as refinery gases

Why LPG? Anytime+Anywhere

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

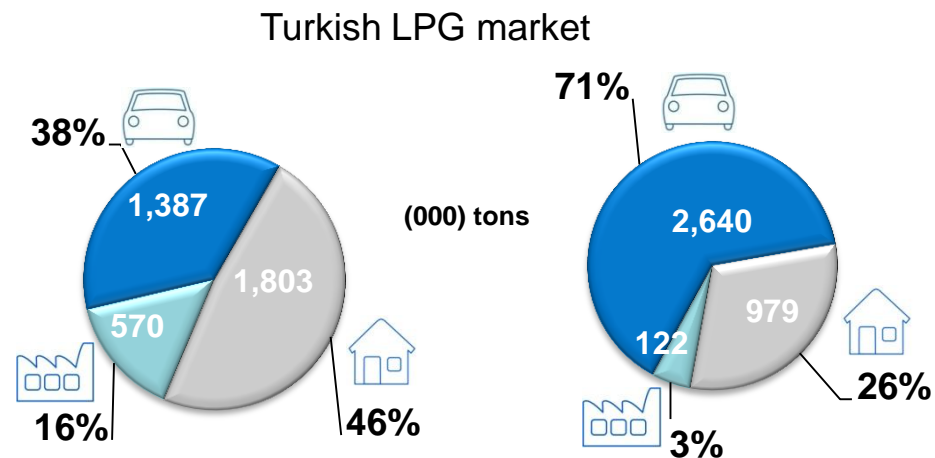
Sources of LPG production



*WLPGA Statistical Review of Global LP Gas Report, 2010

Turkish LPG Market is evolving

- 3.7 m tons, #2 in Europe
- 71 distribution companies
- Serving; 10 m houses
3 m cars
- Liberal market with regulatory body-EMRA



2004



2011

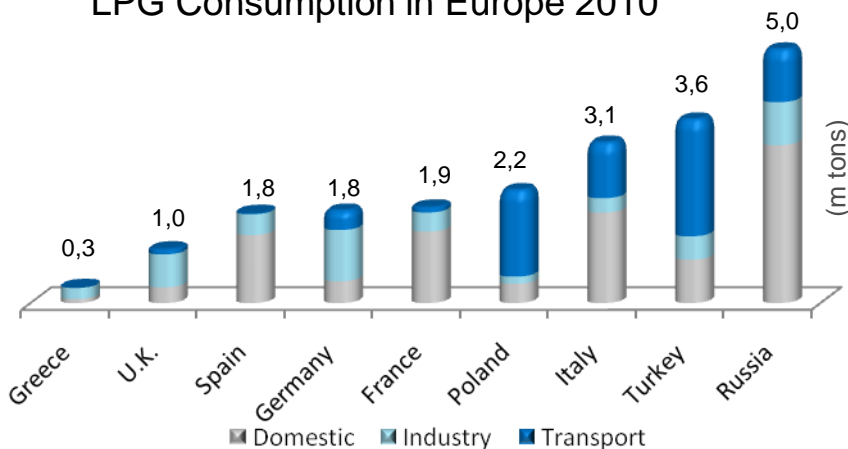
Evolving from cylinder to auto

EMRA LPG Sector Report 2011

Pricing

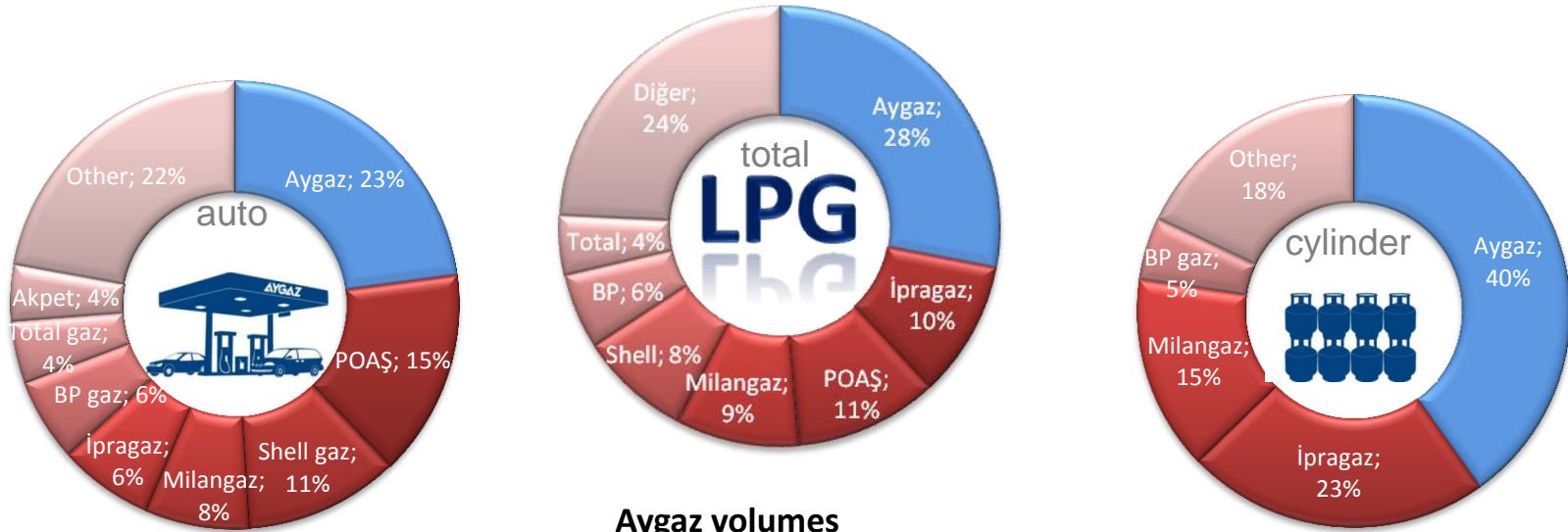
Final selling price
= commodity price
+ excise tax
+ distribution margin
+ VAT

LPG Consumption in Europe 2010

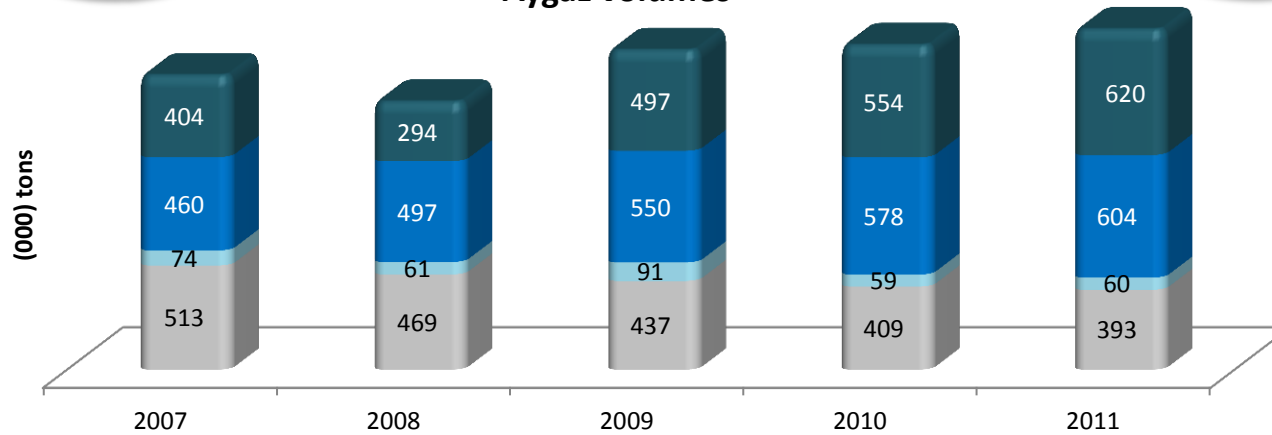


WLPGA Statistical Review of Global LP Gas Report, 2010

Aygaz Volumes and Market Shares

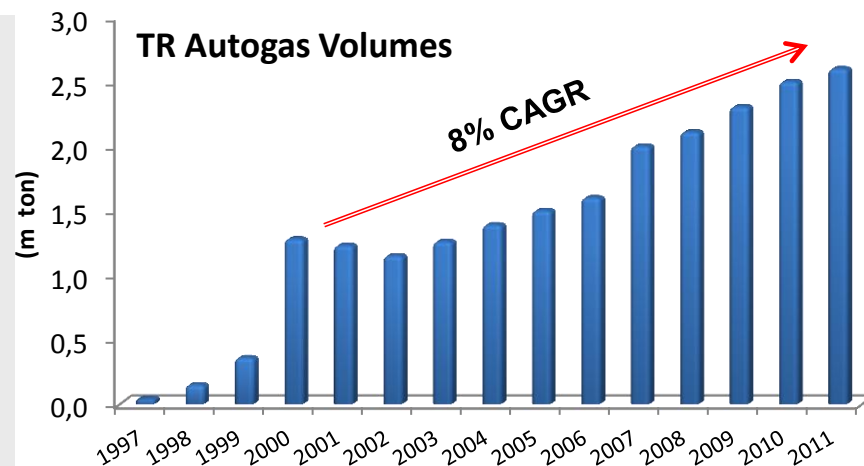


Aygaz volumes

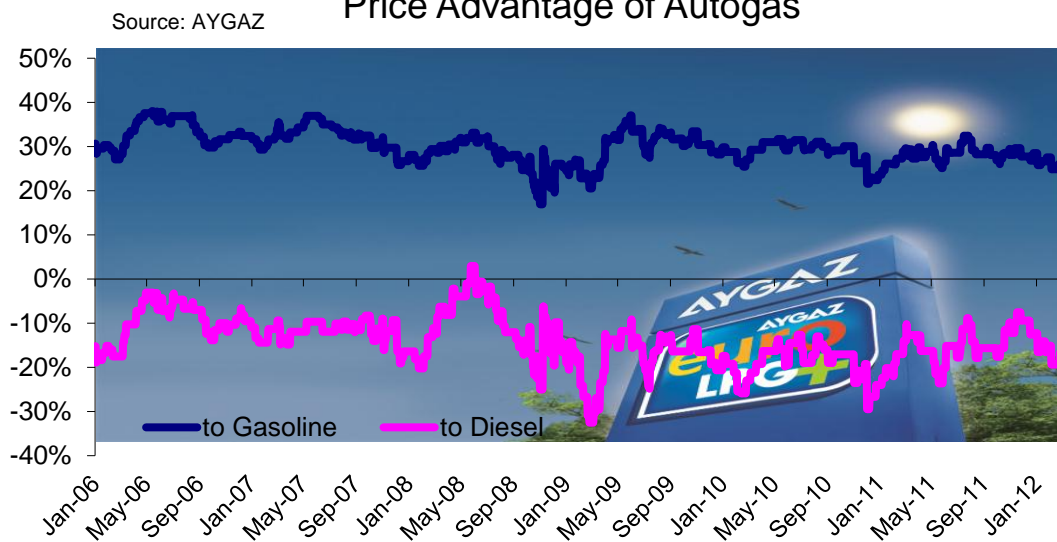


Turkish autogas market; growth story

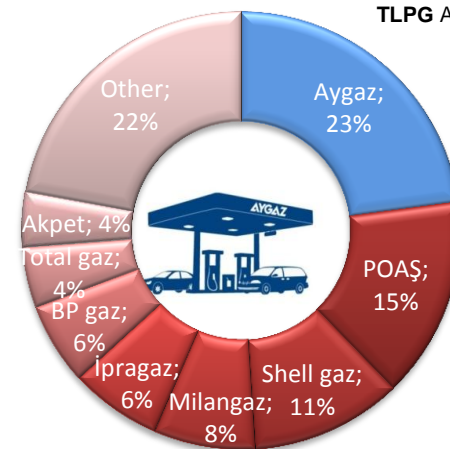
- 2.6 m tons, #2 in the world
- Fuel distributors are main players
- 30% price advantage to gasoline
- 3 m cars in Turkey -2011E
 - ~40% of passenger car park
- 9,300+ autogas stations - 2011



Price Advantage of Autogas



TLPG Association Report, EMRA

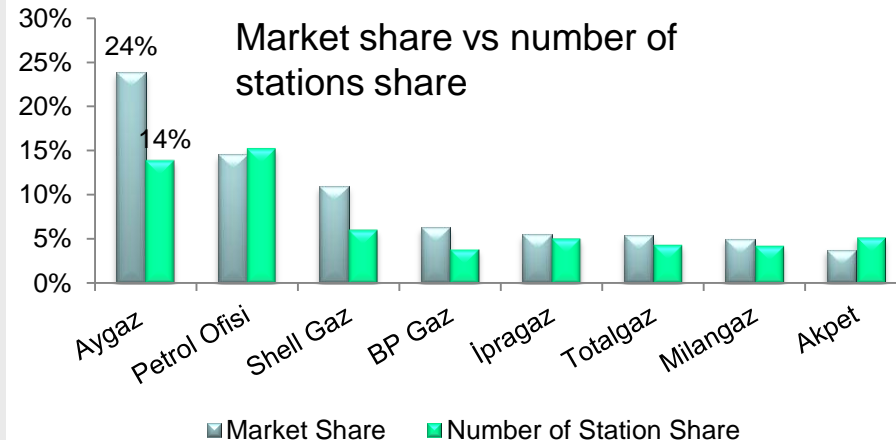


Market share 2011

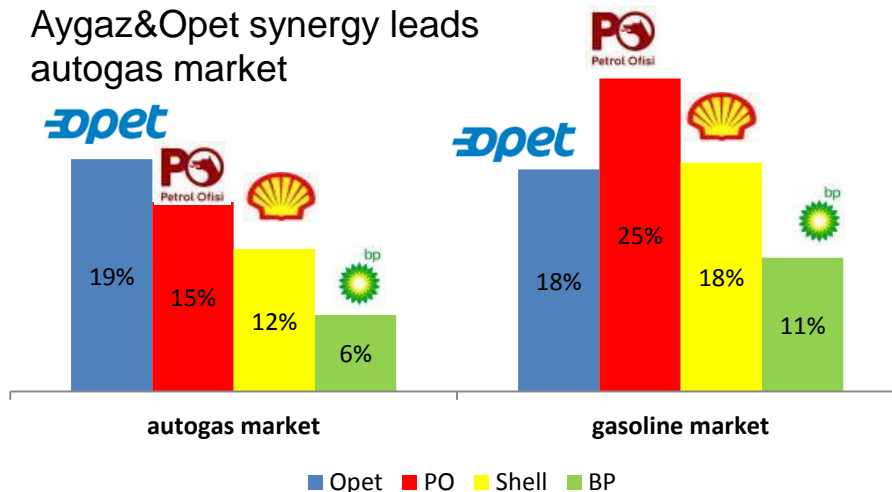
Adaptation to change as market leader



- 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
- 1,341 Aygaz autogas stations- 2011

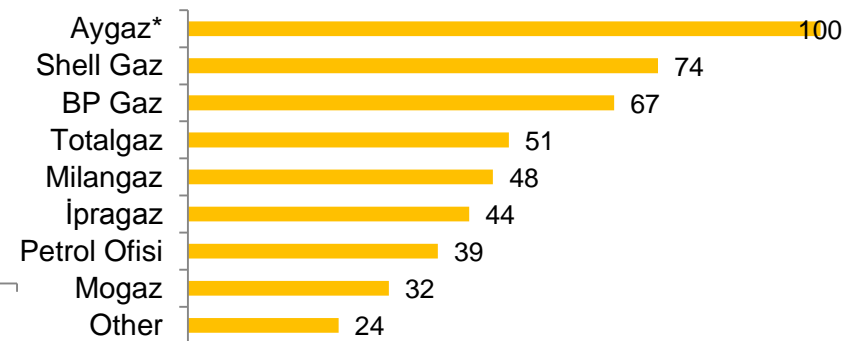


Aygaz&Opet synergy leads autogas market



* 2011 PETDER and EMRA data

Sales per station efficiency index



* Aygaz solo figure

Autogas market dynamics

Conversion

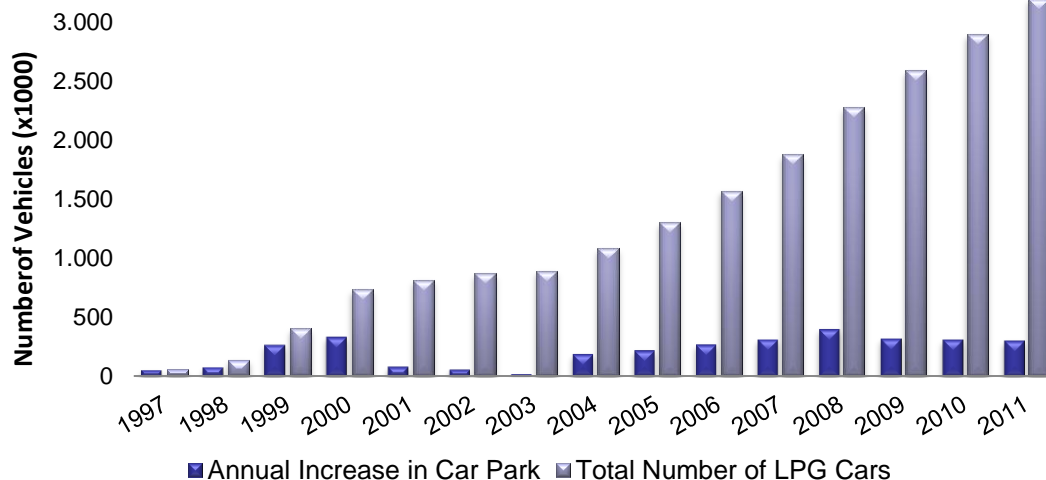
- 300,000+ conversions per year
- 1,000+ conversion points
- \$700 average cost
- Pay back in 15,000 km

* SMMT: The Society of Motor manufacturers & Traders



OEM

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



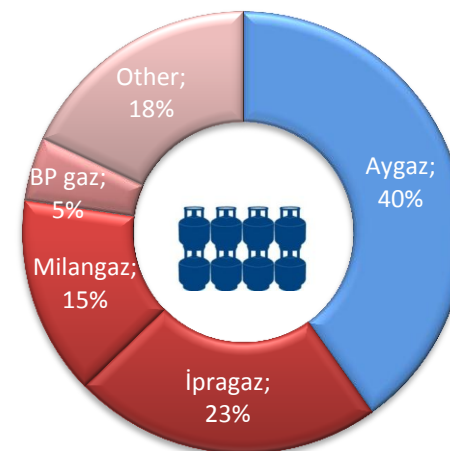
CNG versus LPG comparison

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

Source: TURKSTAT; AYGAZ

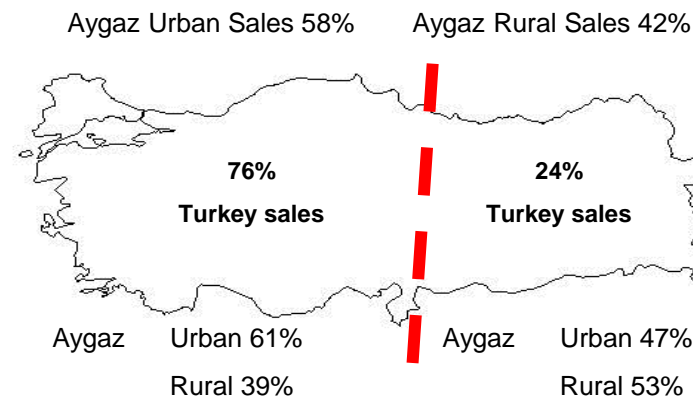
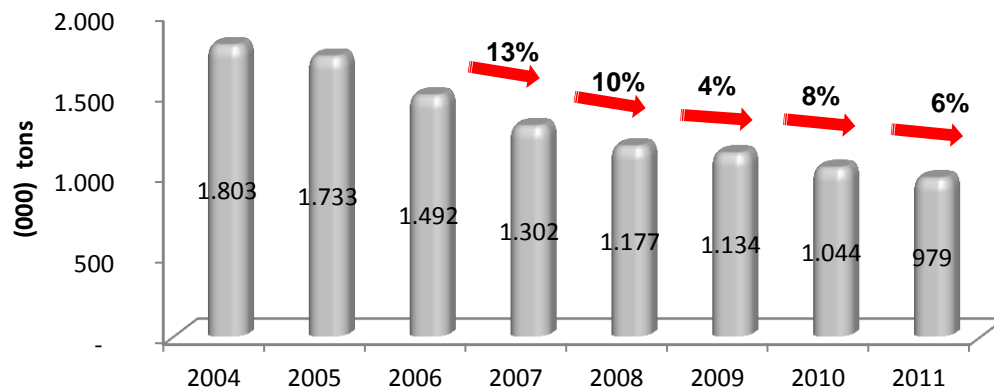
Turkish Cylinder market; always here

- Fragmented market; 71 players
- 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



Market shares 2011

EMRA LPG Sector Report 2011



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

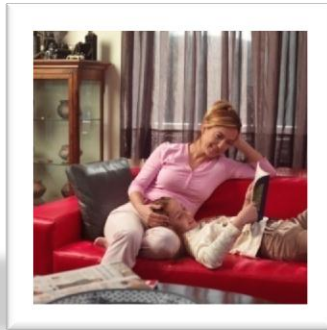
Residential



bathroom



cooking

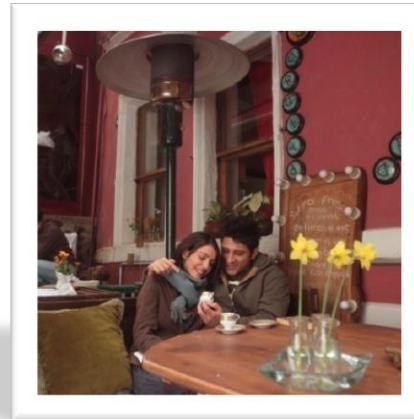


heating

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

- 2,459 cylinder dealers/market total 12,000+
- 1,341 autogas stations/market total 9,300+
- 5,000+ service trucks
- 300 tanker trucks
- 15,000+ employees (Aygaz+dealers)

2011 figures



Incomparable brand value

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

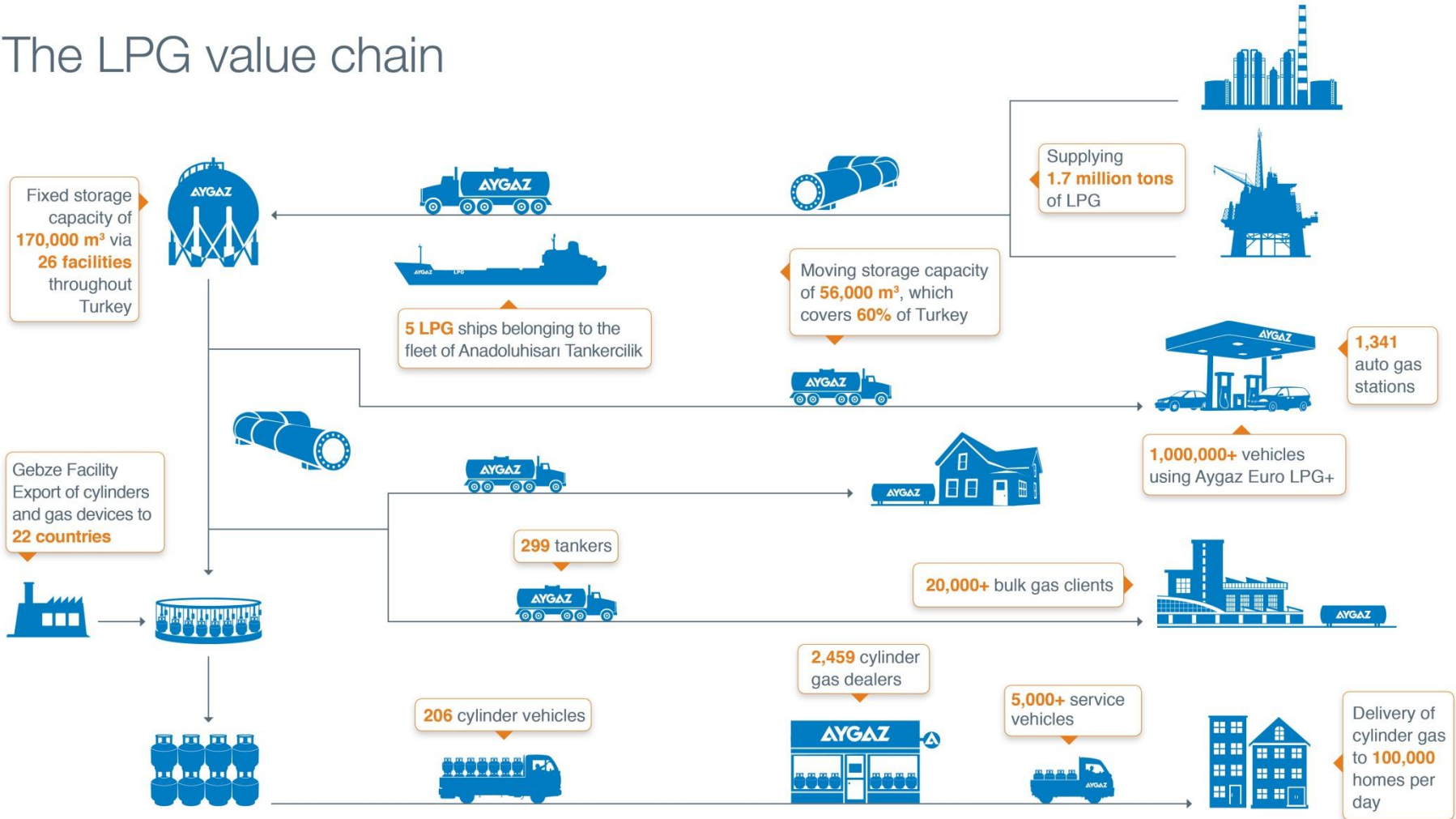
AYGAZ = LPG in Turkey

- Award for Being a Company Committed to Consumer Satisfaction 2010 by Turkish Ministry of Industry
- 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 —



The LPG value chain

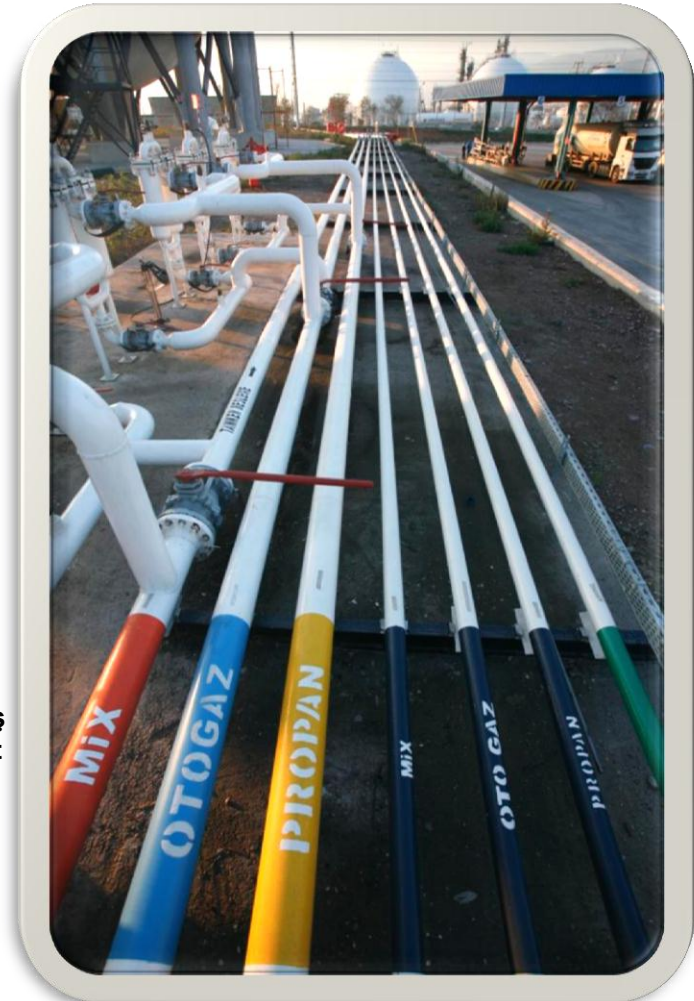
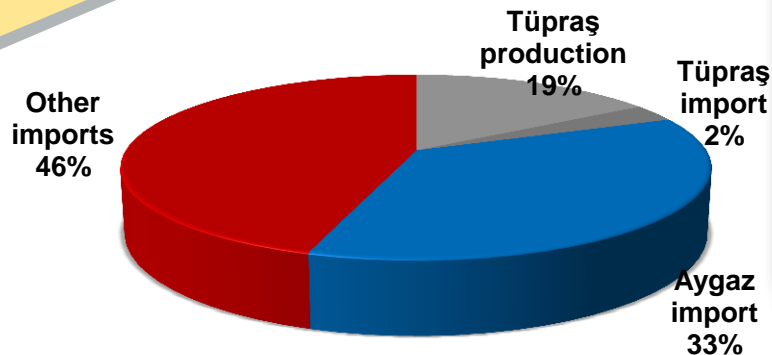


Smart solutions for supply

- 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

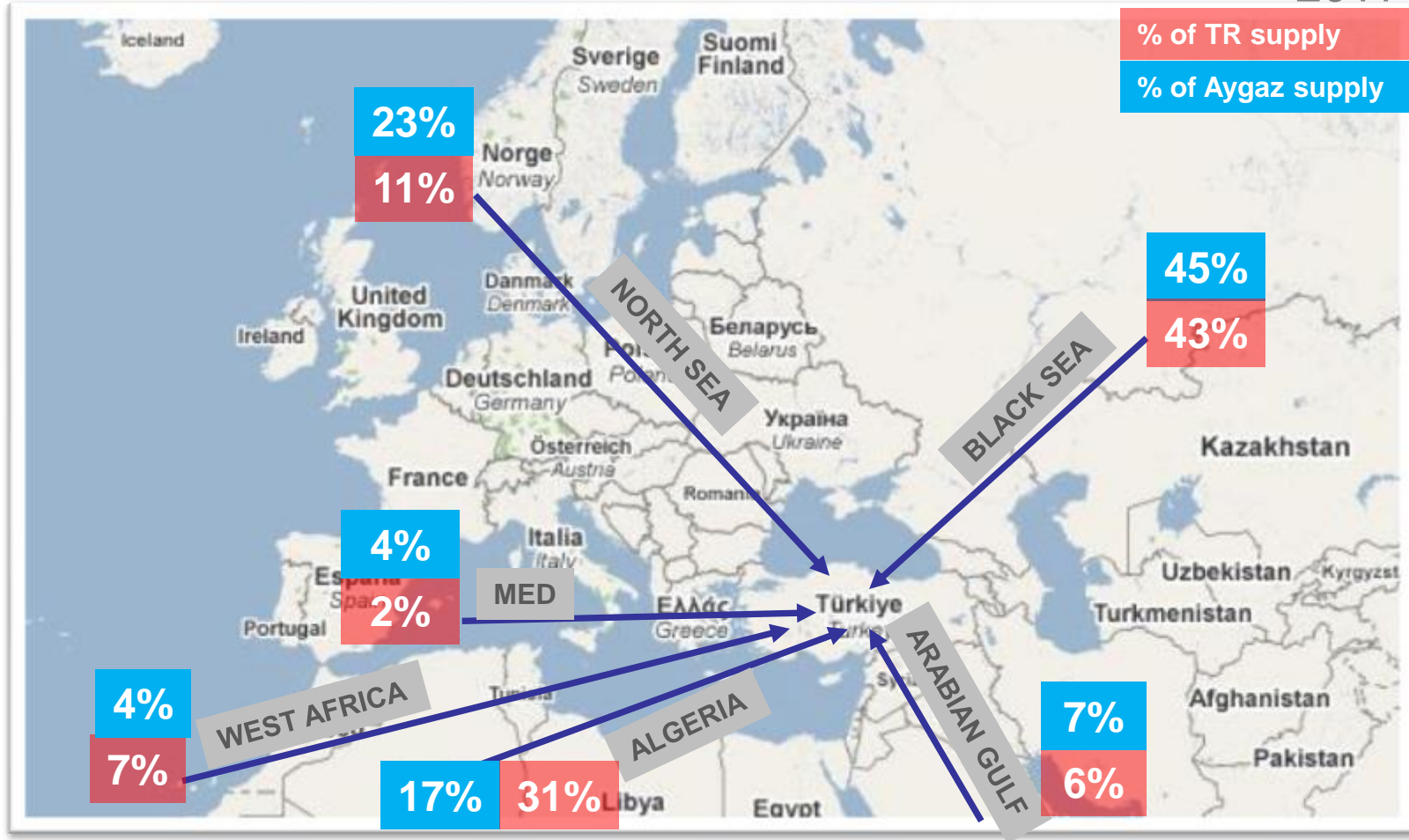
Turkish LPG Supply 2011



Source: AYGAZ

Utilization of geographical advantage

2011



Sole fleet operator



Anadoluhisari
Beylerbeyi
Anadoluhisari
Kuzguncuk
Kandilli
Kuleli



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

Total capacity: 16,500 tons*

*2011 figure including C&O

Effective logistics infrastructure

2011

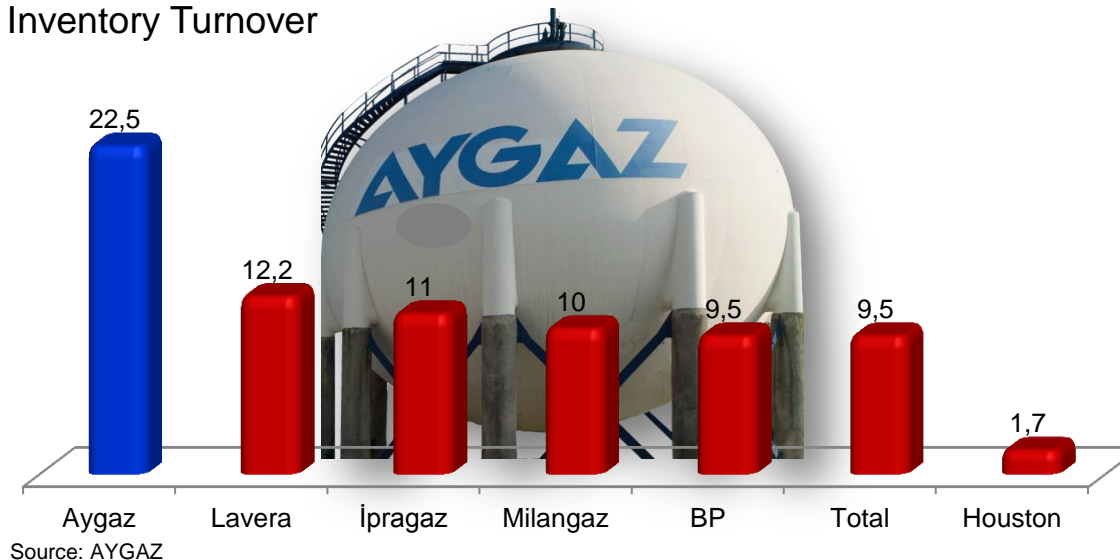
- 170,000 cbm fixed storage - 30% of TR
- 56,000 cbm moving storage - 60% of TR
- 1,110,000 tons filling capacity
- 26 plants all over Turkey



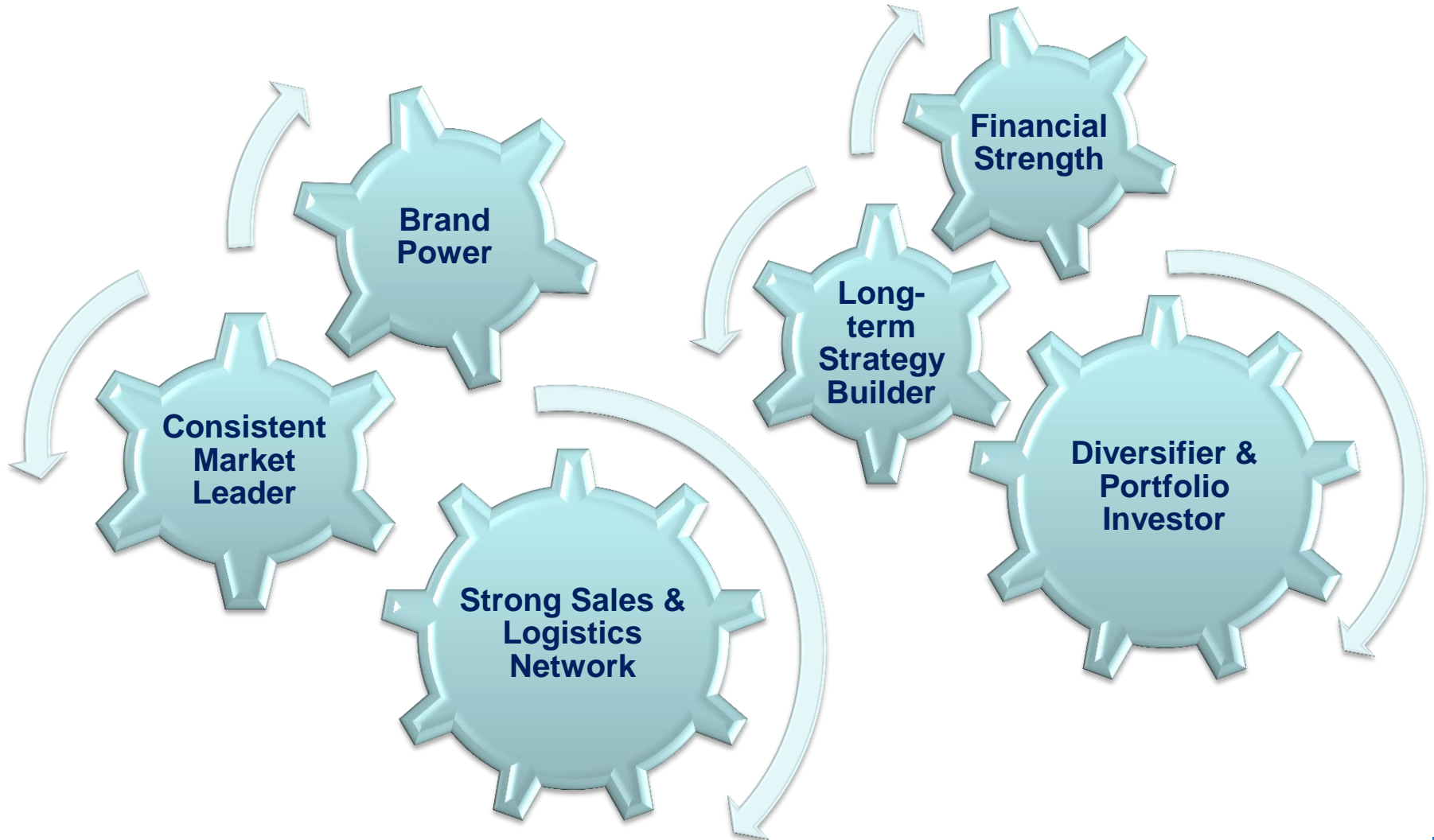
High logistics competency

- 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

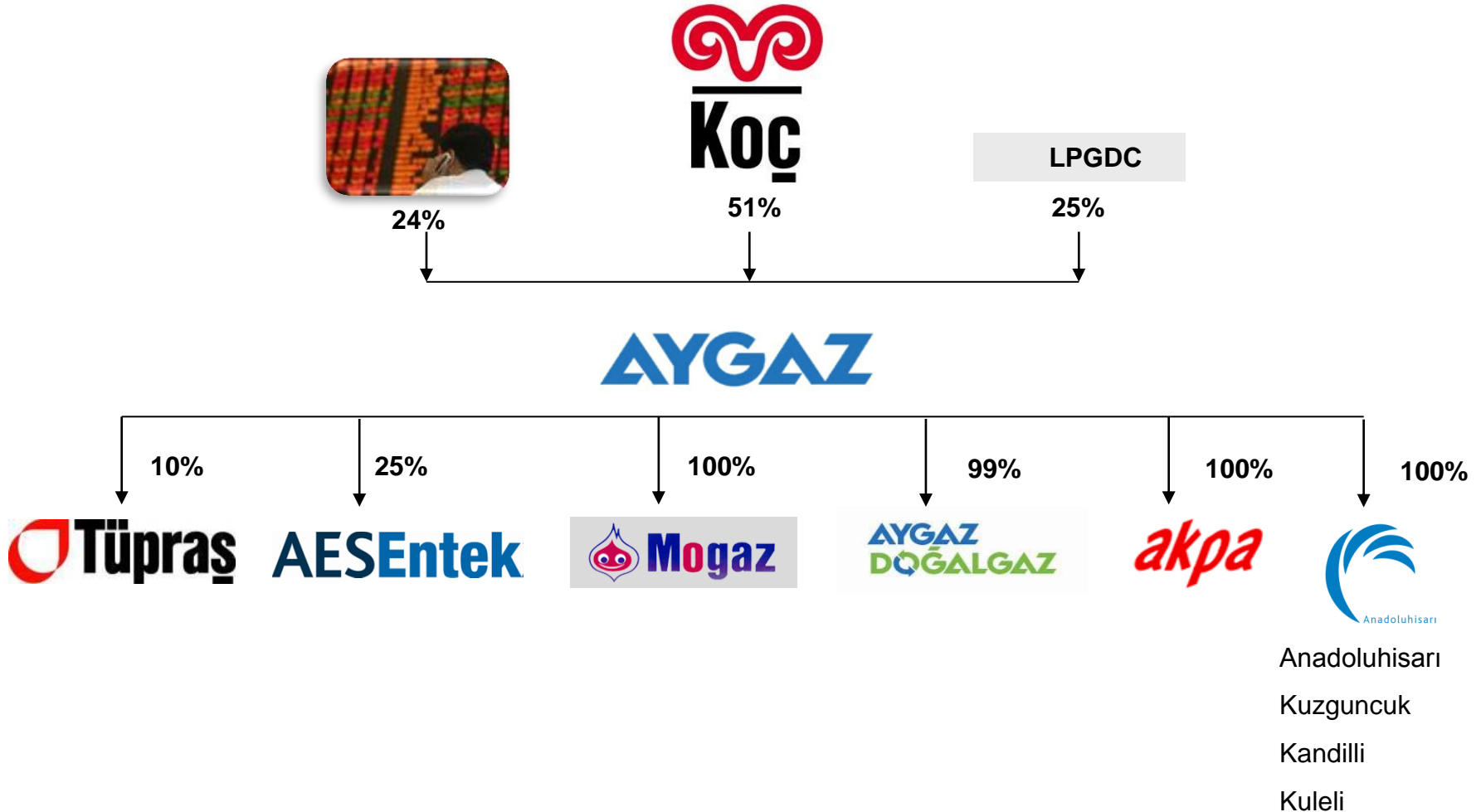
Inventory Turnover



Aygaz Key Takeaways



Portfolio Architecture



LNG Distribution



- Transportation and regasification
- 250 industrial customers, 20% market share
- 2012 planned sales : 130 mcm
- Total natural gas market: 48.5 bcm; LNG market: 0.7 bcm

Pipeline Natural Gas



- Started in 2010; Sales: 66 mcm
- 2011 sales: 220 mcm

Strategies



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

AESEntek



Capacity - 305MW NGCC

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



Production and Sales - 2011

- Electricity prod. : 1.632 Gwh Energy sales : 2.362 Gwh
- Steam prod. : 128 Gwh Revenue : 353 m TL



Strategies

- Aygaz has signed a partnership agreement with US based 
- 49,62% stake in Entek sold for \$150m
- 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
 - 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)

Creating shareholder value

How Aygaz creates shareholder value

- ▶ Structuring as an energy holding; LPG natural gas, electricity, refinery
- ▶ Sustainable operating profitability from core business; LPG
- ▶ Growth plans in natural gas and electricity through privatizations and new investments
- ▶ Strong financials and cash position
- ▶ High profit distribution
- ▶ Investor relations and corporate governance practices that meet international standards



Average annual return compared to previous year

	2011	2010	2009	2008	2007
Aygaz	49%	96%	22%	-13%	28%
ISE 100	2%	58%	-1%	-22%	21%

Share information

Aygaz A.Ş. shares trade on the ISE National Market with the symbol AYGAZ.

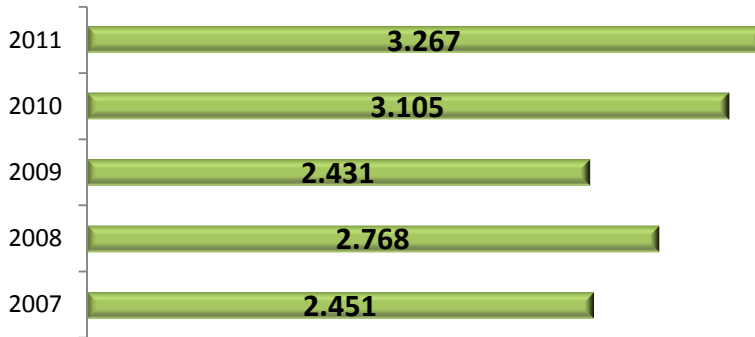
- ▶ Reuters Code : AYGAZ.TI
- ▶ Bloomberg Code : AYGAZ.IS
- ▶ IPO date : January 13, 1988
- ▶ Foreign investor ratio : 81% (December 31, 2011)

Share performance

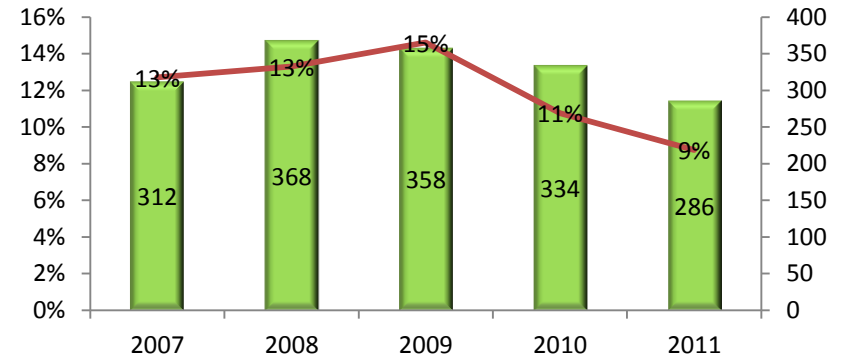
- ▶ As of December 31, 2011, the company was valued at 2,652 million TL (1,384 million USD).
- ▶ Aygaz achieved an all time high market value of 3,675 million TL at a price of 12.25 TL per share on May 13, 2011.
- ▶ The average value of shares in 2011 was 2,844 million TL while average transaction volume was 3,018 thousand TL.
- ▶ Share of foreign investors in the publically-traded portion of Aygaz increased by 4 points to 81%.

Financial Highlights

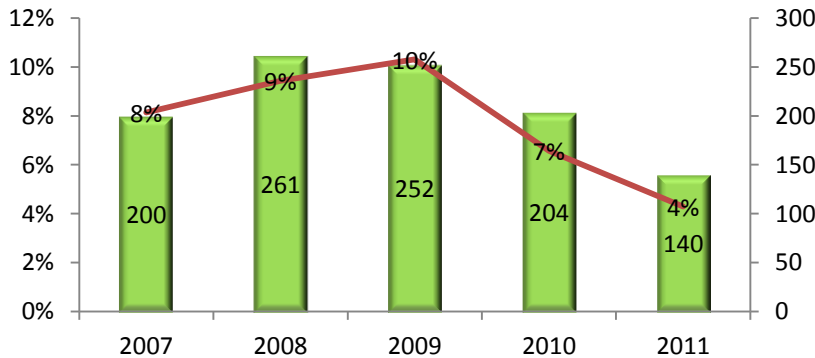
Net sales (m\$)



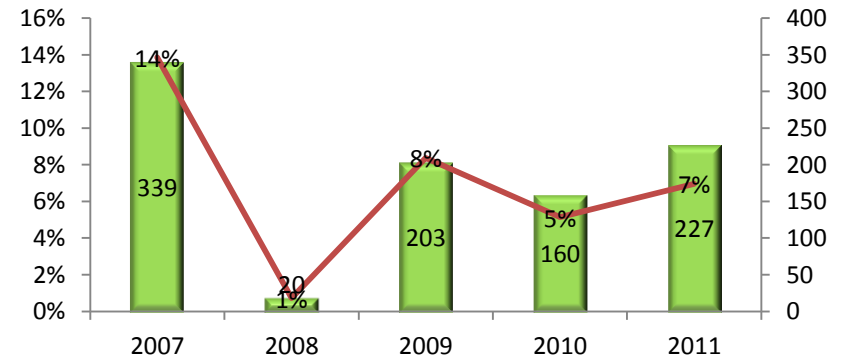
Gross Profit(m\$) and GPM*



EBITDA(m\$) and EBITDA Margin*



Net Profit(m\$) and NPM*

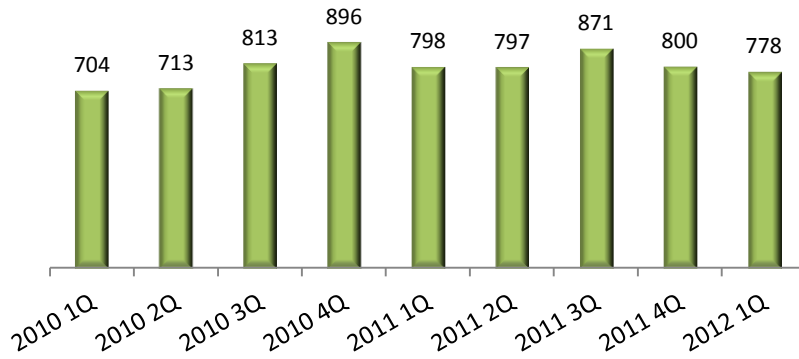


* bars: \$ figures & lines: % figures

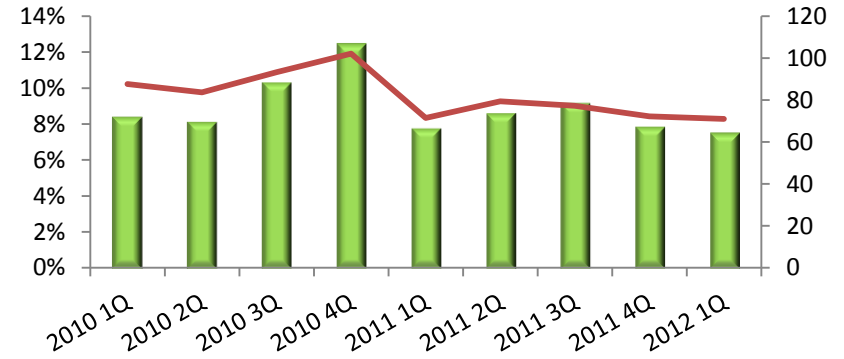
* Instability due to FX(TRY/USD) fluctuation

Quarterly Financials

Net Sales(m\$)



Gross Profit(m\$) and GPM*



EBITDA(m\$) and EBITDA Margin*



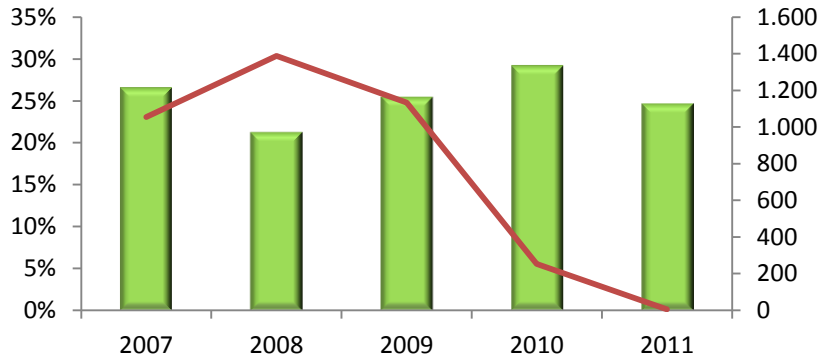
Net Profit(m\$) and NPM*



* bars: \$ figures & lines: % figures

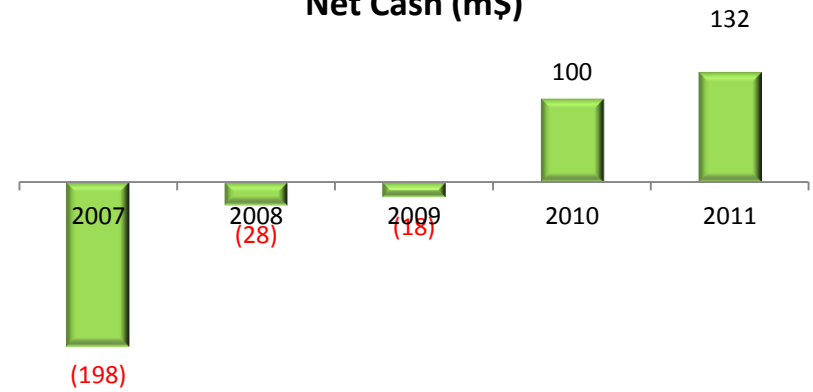
Financial Highlights

Equity (m\$) and Debt Ratio*

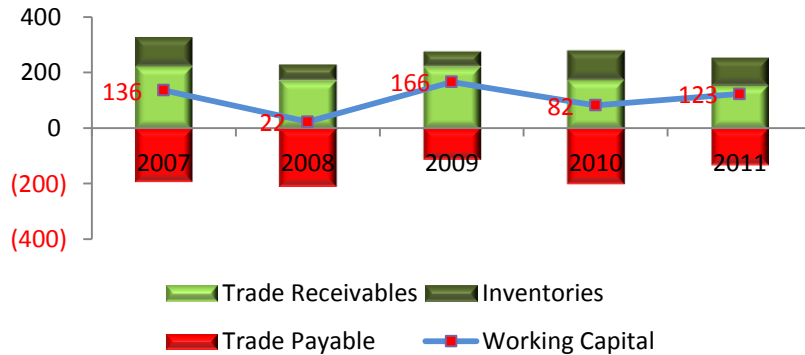


* bars: \$ figures & lines: % figures

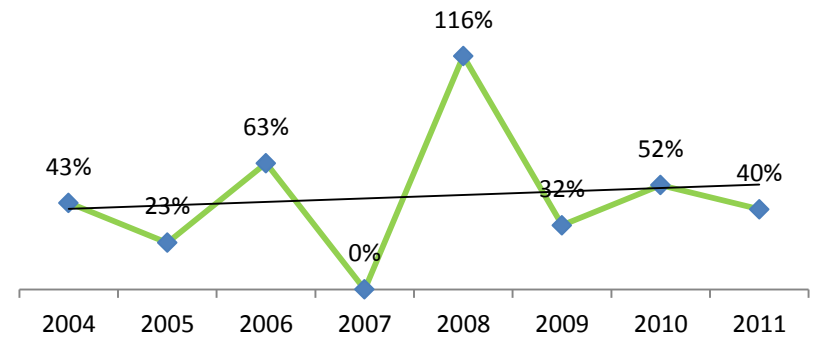
Net Cash (m\$)



Working Capital



Dividend Payout



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

Appendix

Income Statement Summary

(m USD)	2007	2008	2009	2010	2011
Net Sales	2,451	2,768	2,431	3,105	3,267
COGS	(2,140)	(2,400)	(2,073)	(2,770)	(2,981)
Gross Profit	312	368	358	334	286
Operating Profit	128	189	189	145	89
Profit Before Tax	317	49	242	189	251
Net Profit	339	20	203	160	227
EBITDA	200	261	252	204	140
GP margin	13%	13%	15%	11%	9%
OP margin	5%	7%	8%	5%	3%
PBT margin	13%	2%	10%	6%	8%
NP margin	14%	1%	8%	5%	7%
EBITDA margin	8%	9%	10%	7%	4%

Balance Sheet Summary

(m USD)	2007	2008	2009	2010	2011
Cash & Cash Eq.	83	268	271	174	133
Trade Receivables	224	175	224	176	157
Inventories	103	56	54	105	98
Participations	910	624	669	783	663
Prop. Plant & Eq.	610	444	472	316	300
Financial Debt	(281)	(296)	(289)	(74)	(1)
Trade Payable	191	208	(111)	(199)	131
Total Equity	1,218	974	1,167	1,338	1,130
Total Assets	1,970	1,630	1,730	1,862	1,423
Fin. Debt / T. Assets	14%	18%	17%	4%	0
Net Cash	(198)	(28)	(18)	100	132
Working Capital	136	22	171	82	123