

# AYGAZ Investor Presentation

March 2012

# 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

## 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



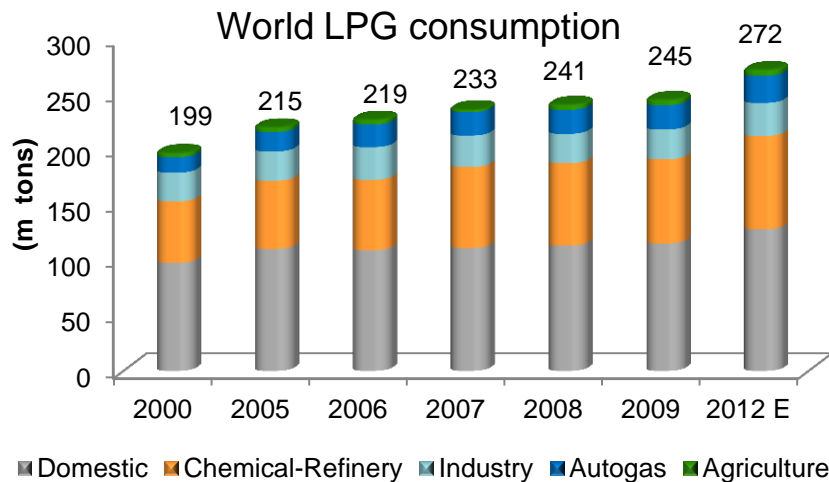
For business

On the road

In your home

For business

# LPG consumption is increasing in the world

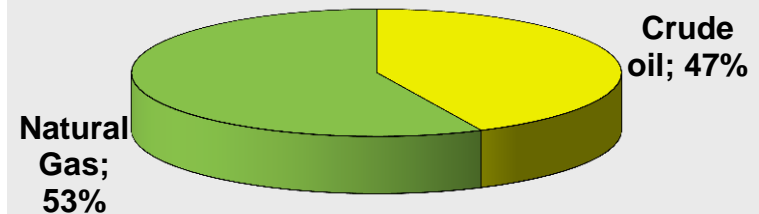


- Mixtures of hydrocarbons in which butane or propane are predominant
- LPG market is supply oriented
- Supply is secure as LPG is extracted from related natural gas facilities or as refinery gases

## Why LPG? Anytime+Anywhere

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

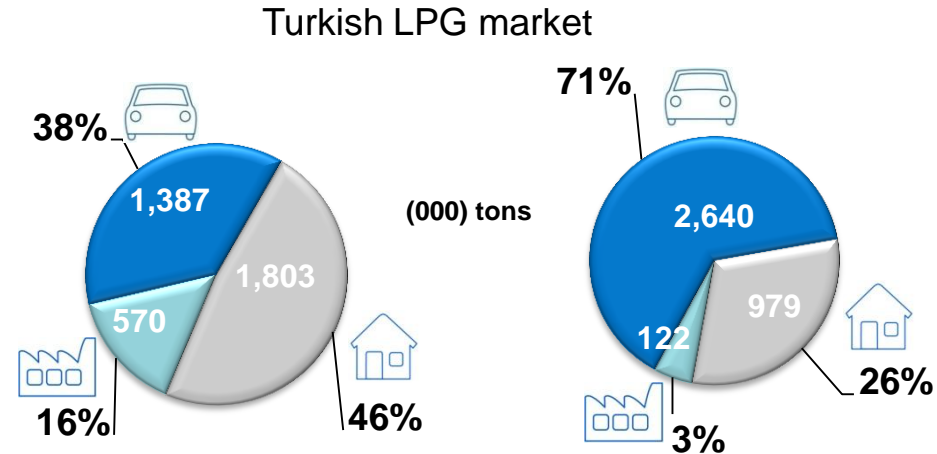
Sources of LPG production



\*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

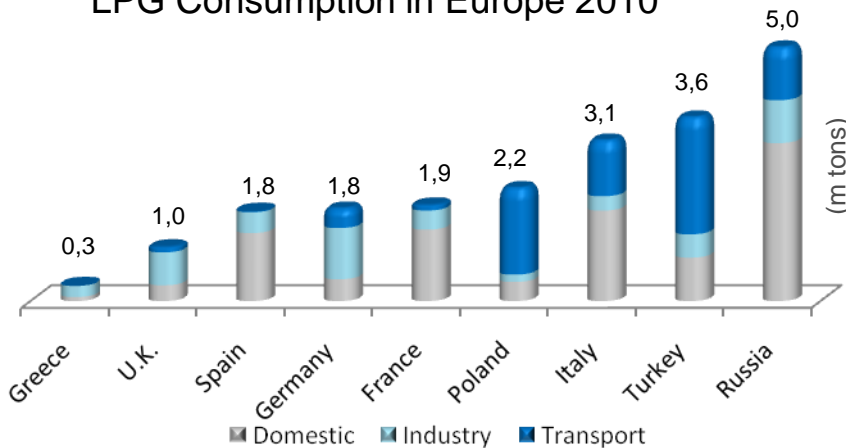
Evolving from cylinder to auto

EMRA LPG Sector Report 2011

**Pricing**

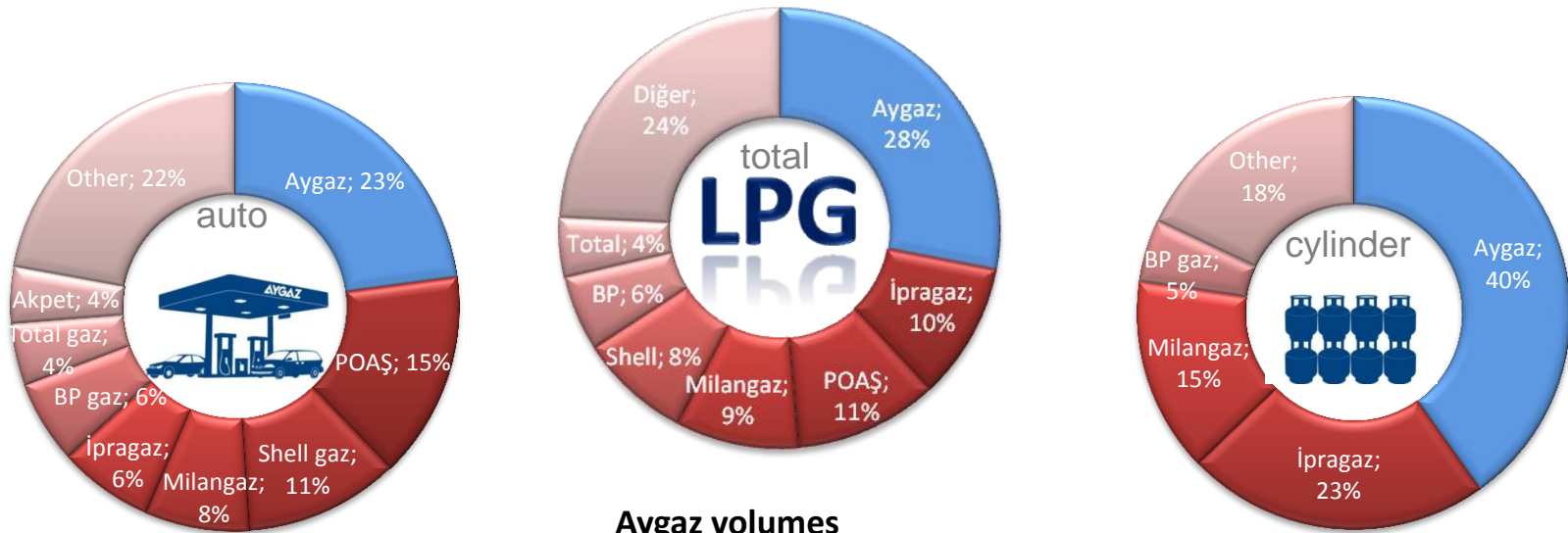
Final selling price  
= commodity price  
+ excise tax  
+ distribution margin  
+ VAT

LPG Consumption in Europe 2010

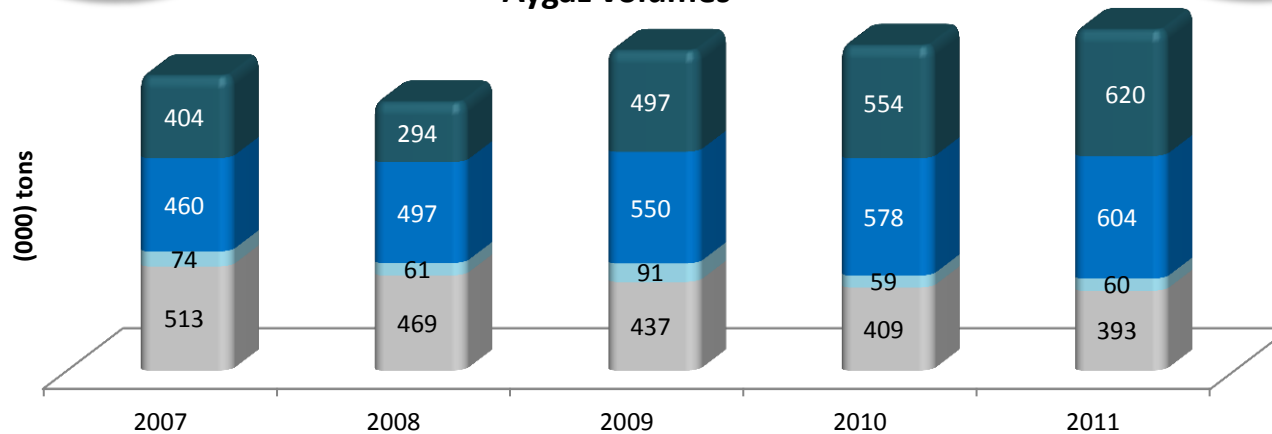


WLPGA Statistical Review of Global LP Gas Report, 2010

## Aygaz Volumes and Market Shares



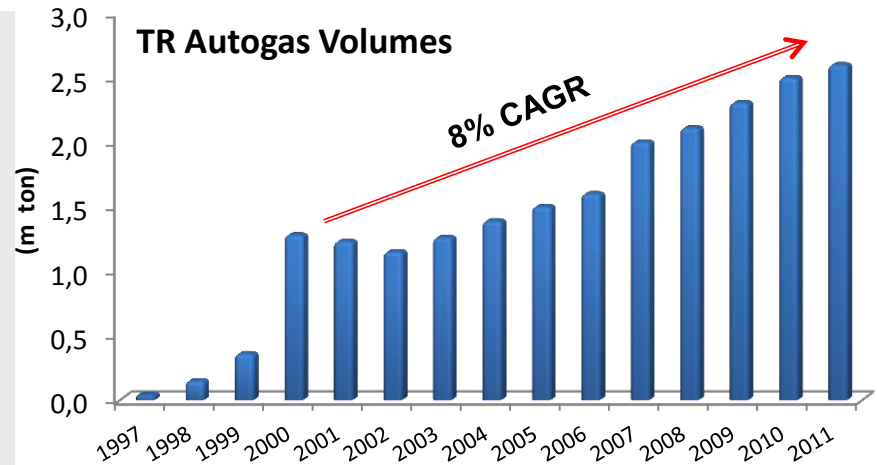
**Aygaz volumes**



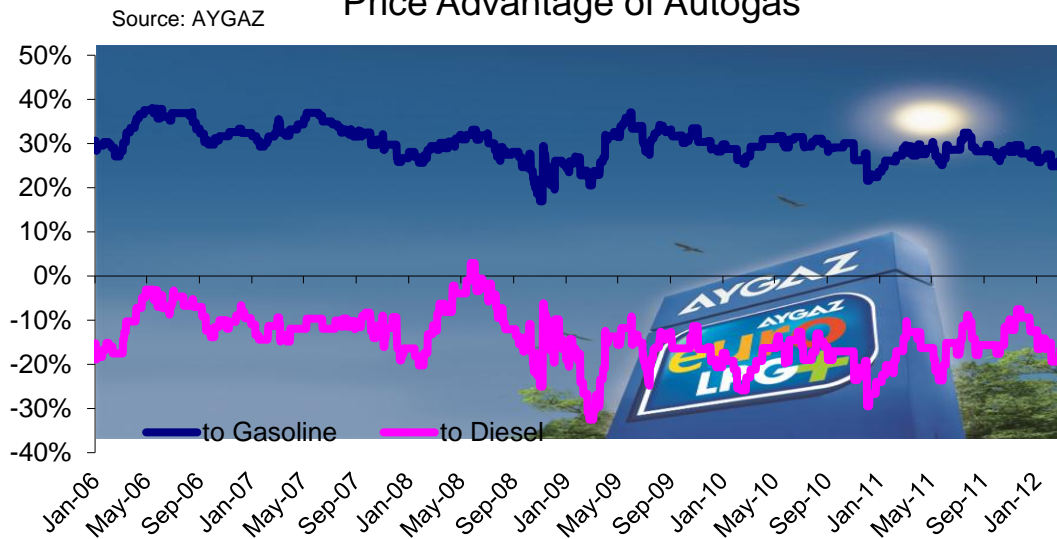


## Turkish autogas market; growth story

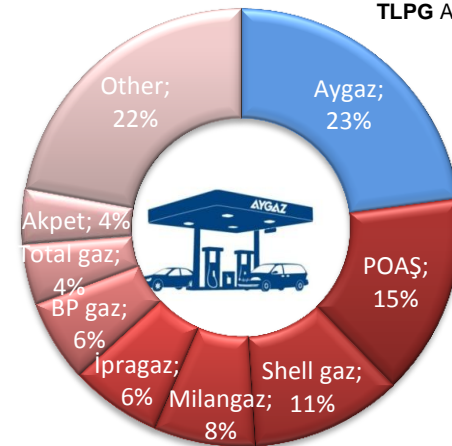
- 2.6 m tons, #2 in the world
- Fuel distributors are main players
- 30% price advantage to gasoline
- 3 m cars in Turkey -2011E
  - ~40% of passenger car park
- 9,300+ autogas stations - 2011



Price Advantage of Autogas



TLPG Association Report, EMRA

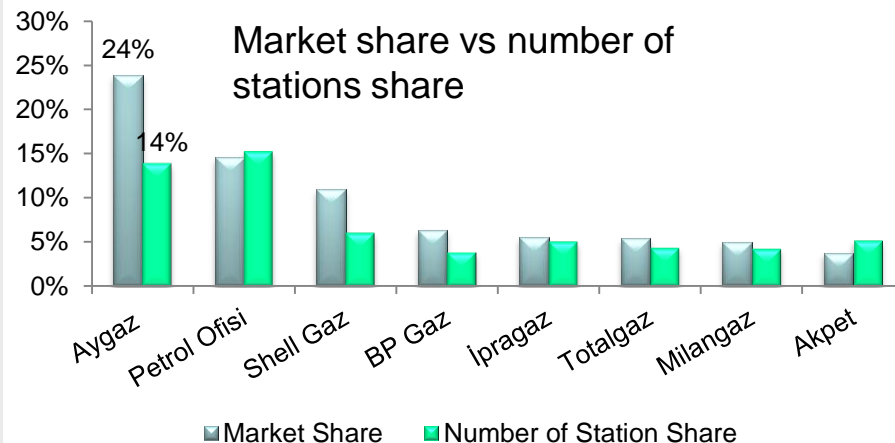


Market share 2011

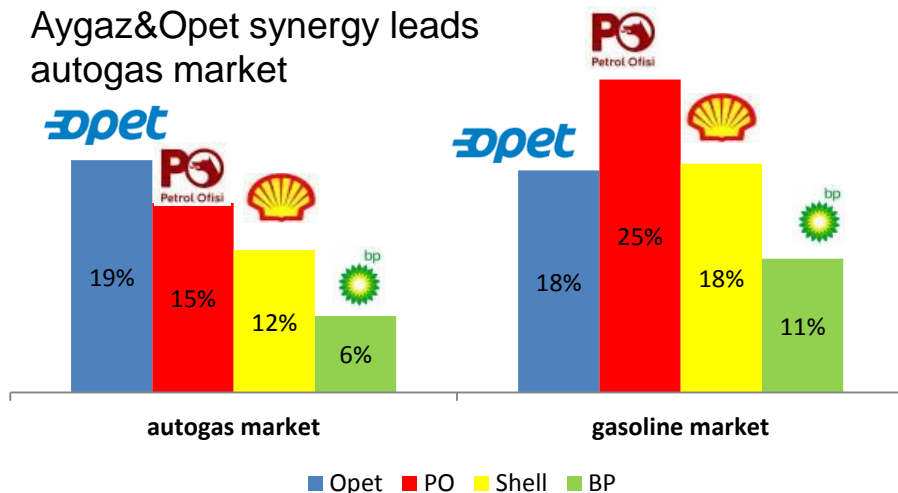
## Adaptation to change as market leader



- 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

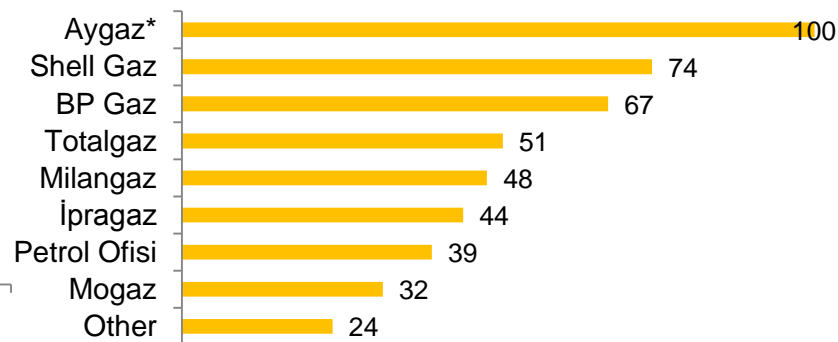


Aygaz&Opet synergy leads autogas market



\* 2011 PETDER and EMRA data

### Sales per station efficiency index



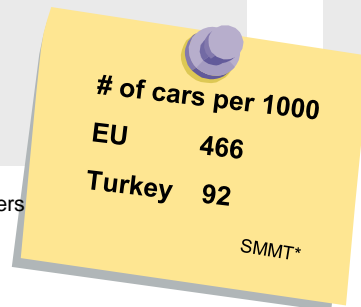
\* Aygaz solo figure

## Autogas market dynamics

### Conversion

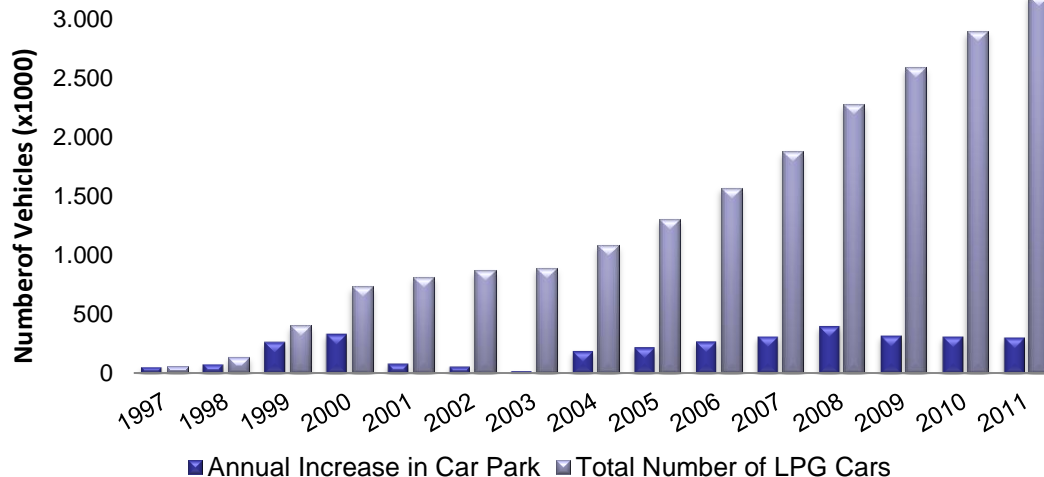
- 300,000+ conversions per year
- 1,000+ conversion points
- \$700 average cost
- Pay back in 15,000 km

\* SMMT: The Society of Motor manufacturers & Traders



### OEM

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



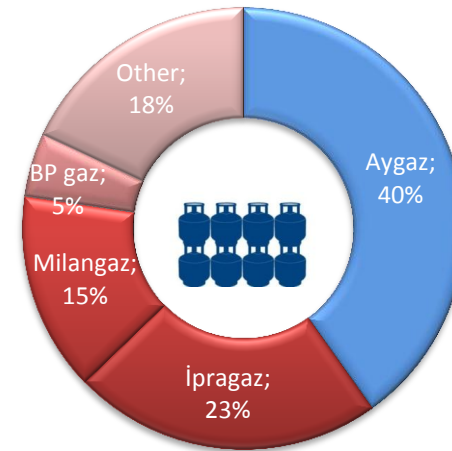
Source: TURKSTAT; AYGAZ

### CNG versus LPG comparison

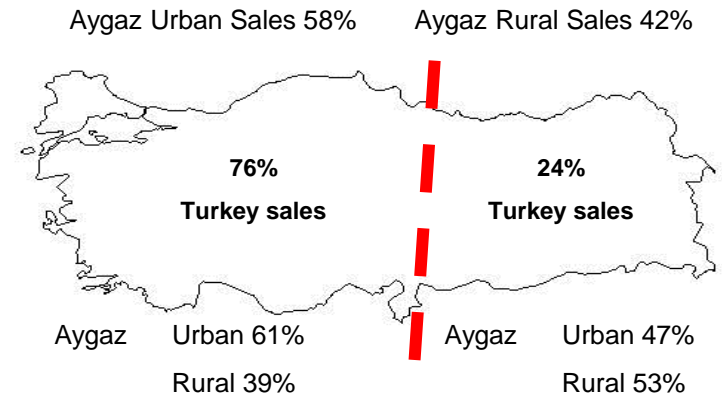
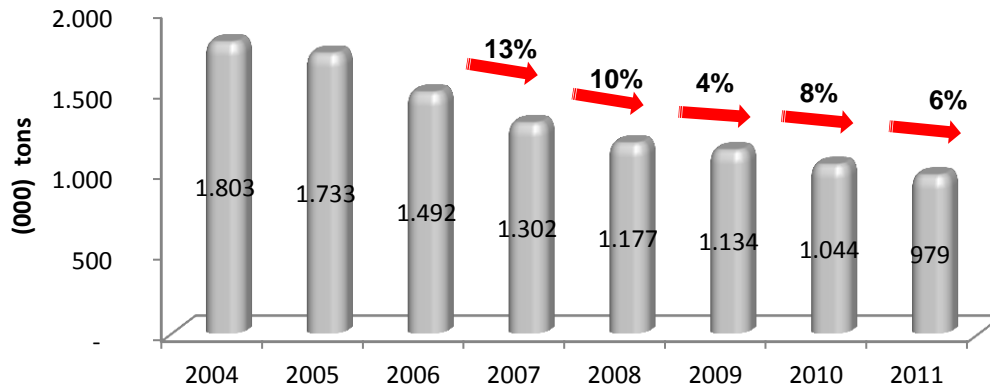
- initial investment (x10 times)
- conversion cost (x2 times)
- range per tank (x1/3)
- longer tank refill time

## 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



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

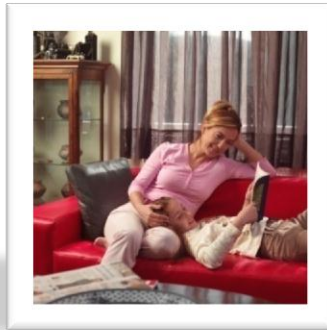
### Residential



bathroom



cooking

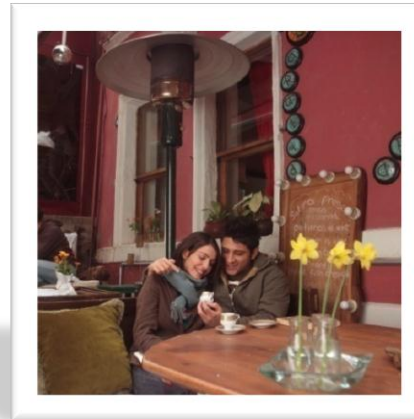


heating

### 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

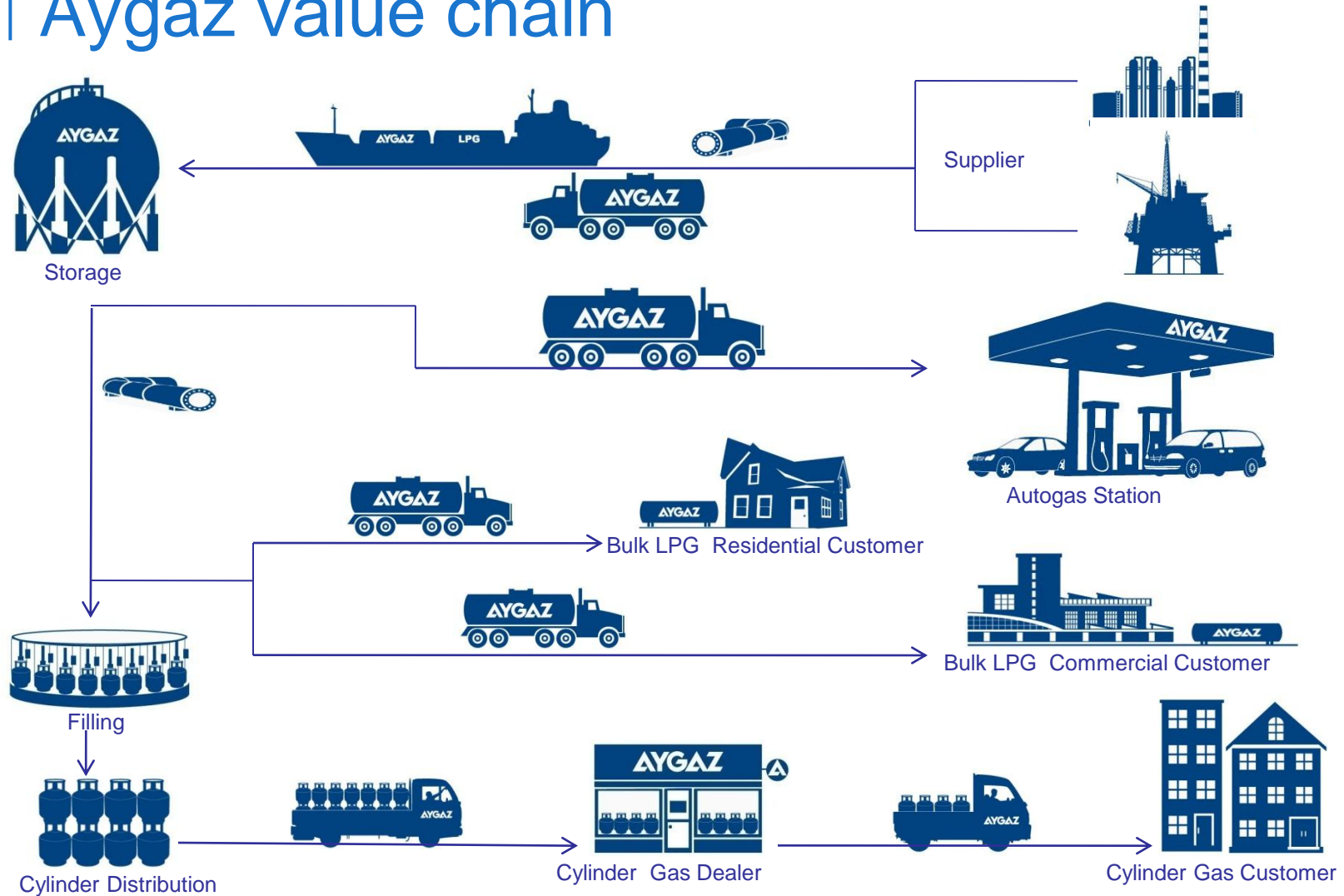
**AYGAZ = LPG in Turkey**

- 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**  
50<sup>th</sup> YEAR



## Aygaz value chain

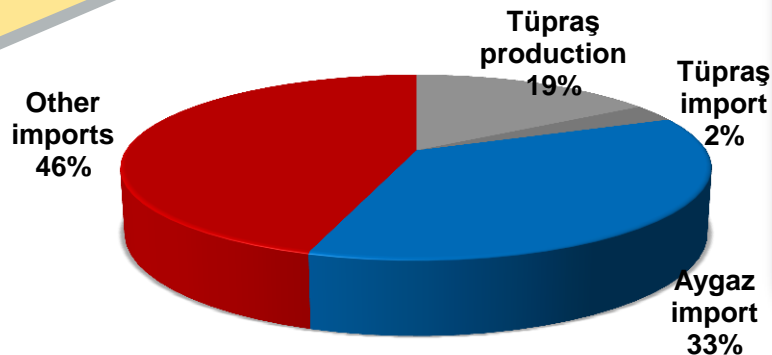


## Smart solutions for supply

- 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

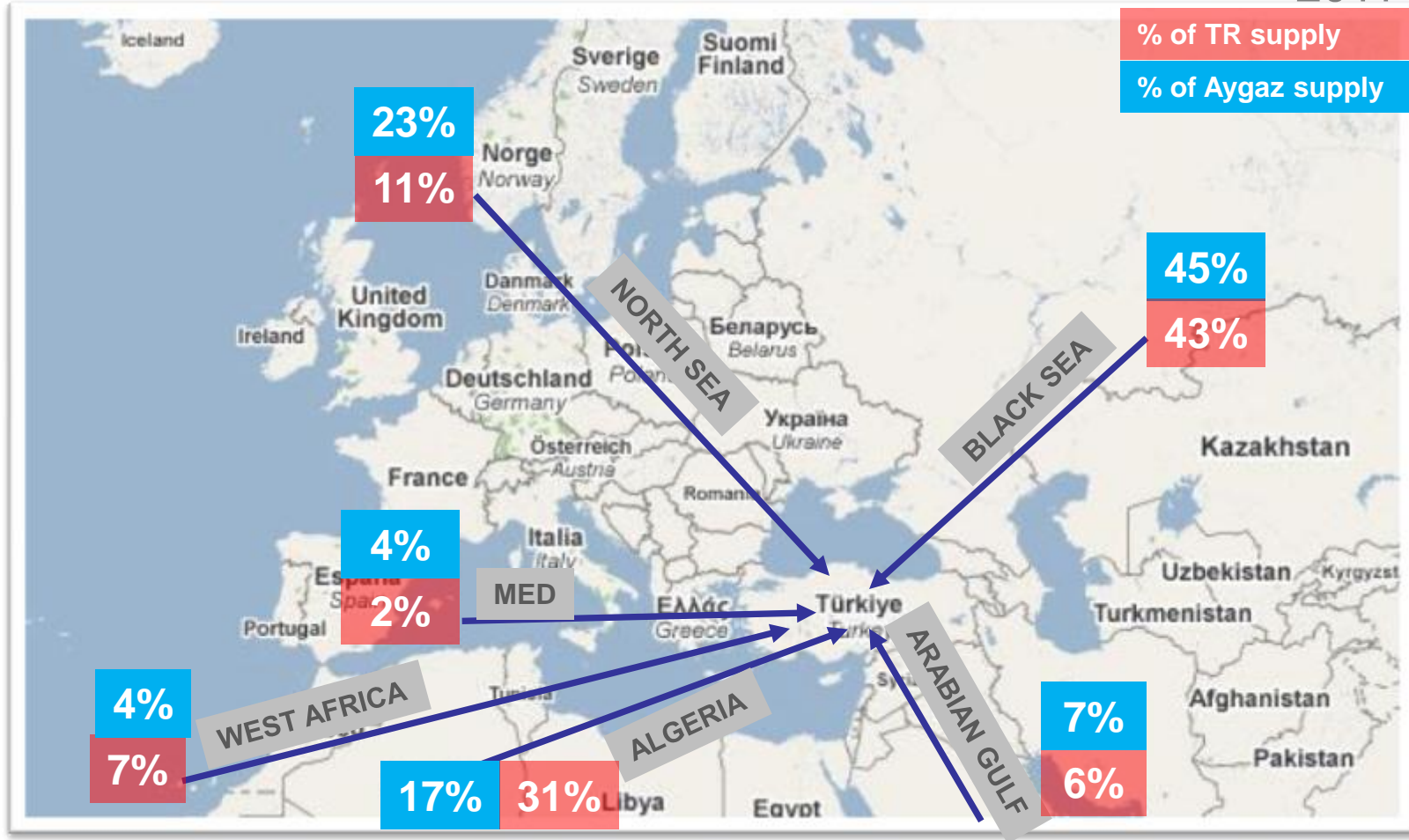
**Turkish LPG Supply 2011**



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\***

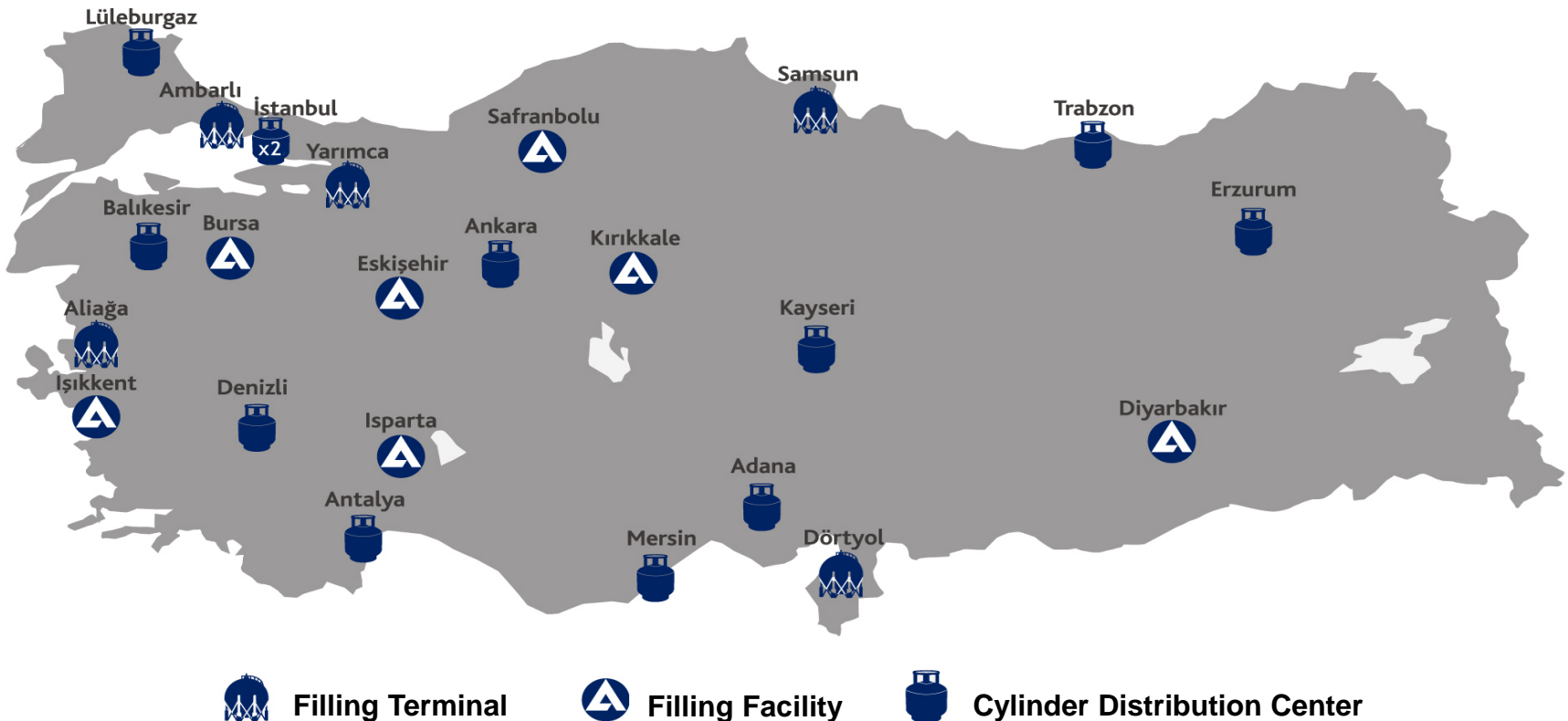
\*2011 figure including C&O



## Effective logistics infrastructure

2011

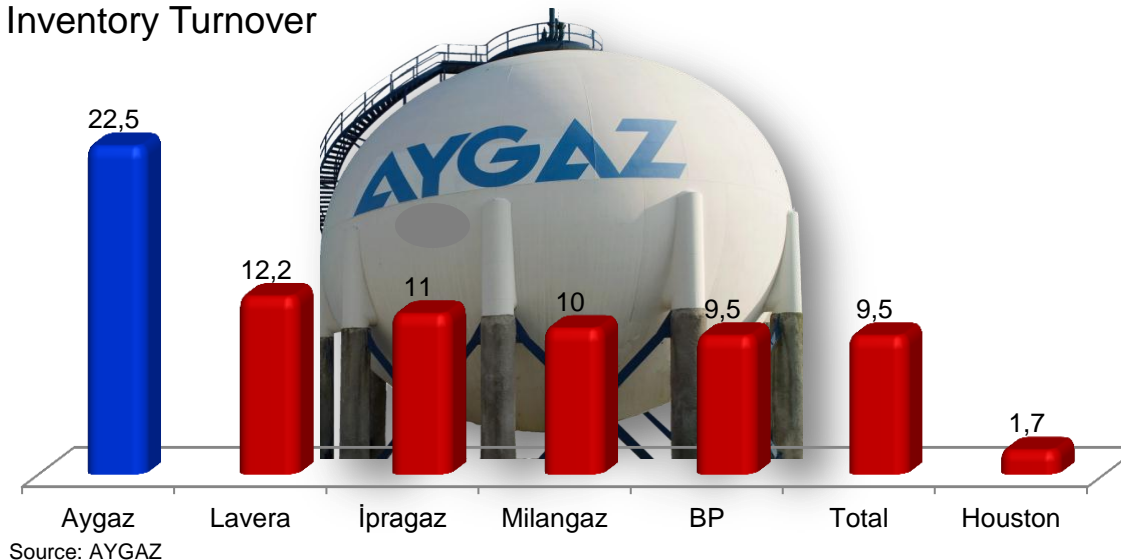
- 170,000 cbm fixed storage - 30% of TR
- 56,000 cbm moving storage - 60% of TR
- 1,110,000 tons filling capacity
- 26 plants all over Turkey



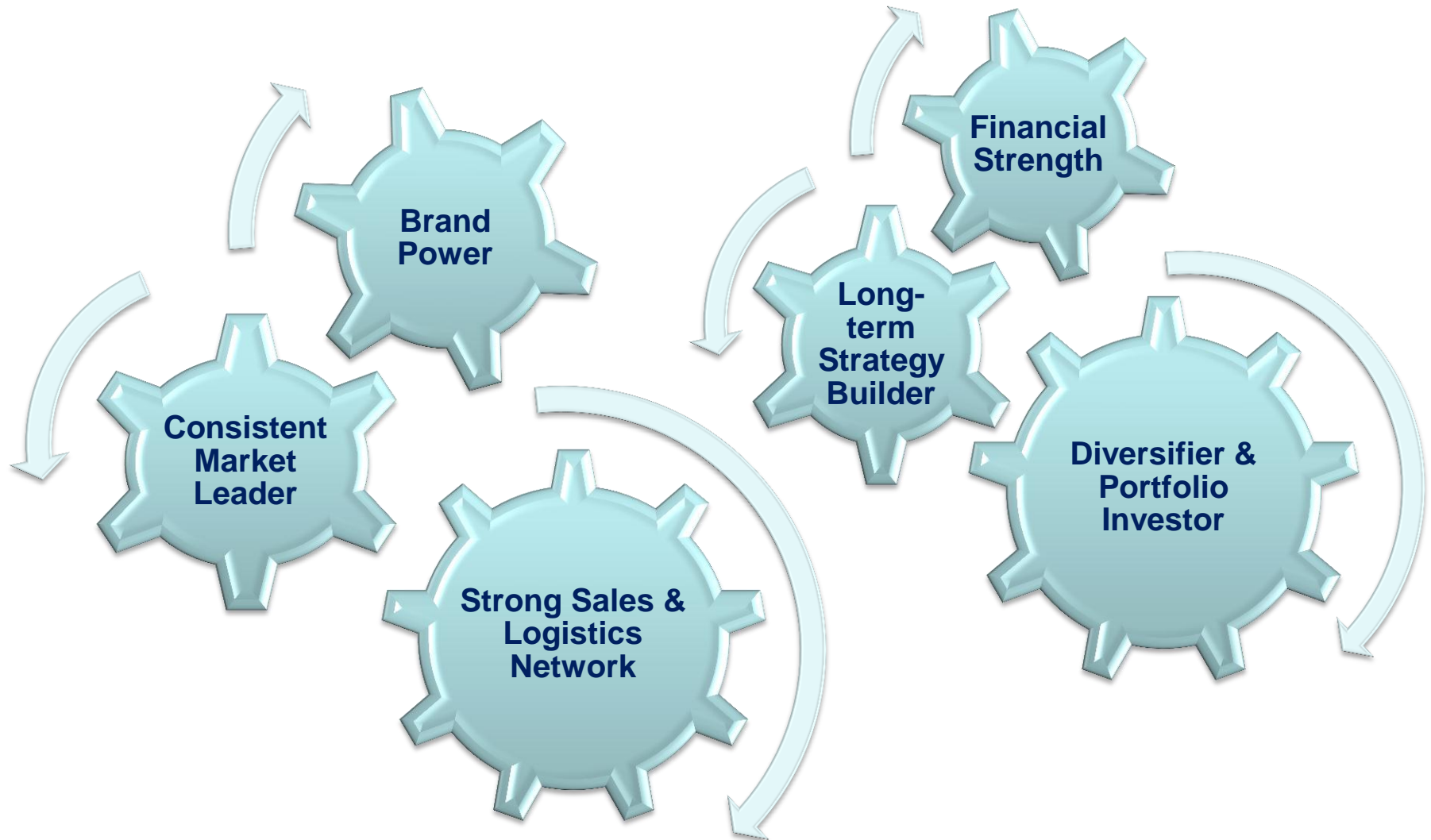
# High logistics competency

- 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

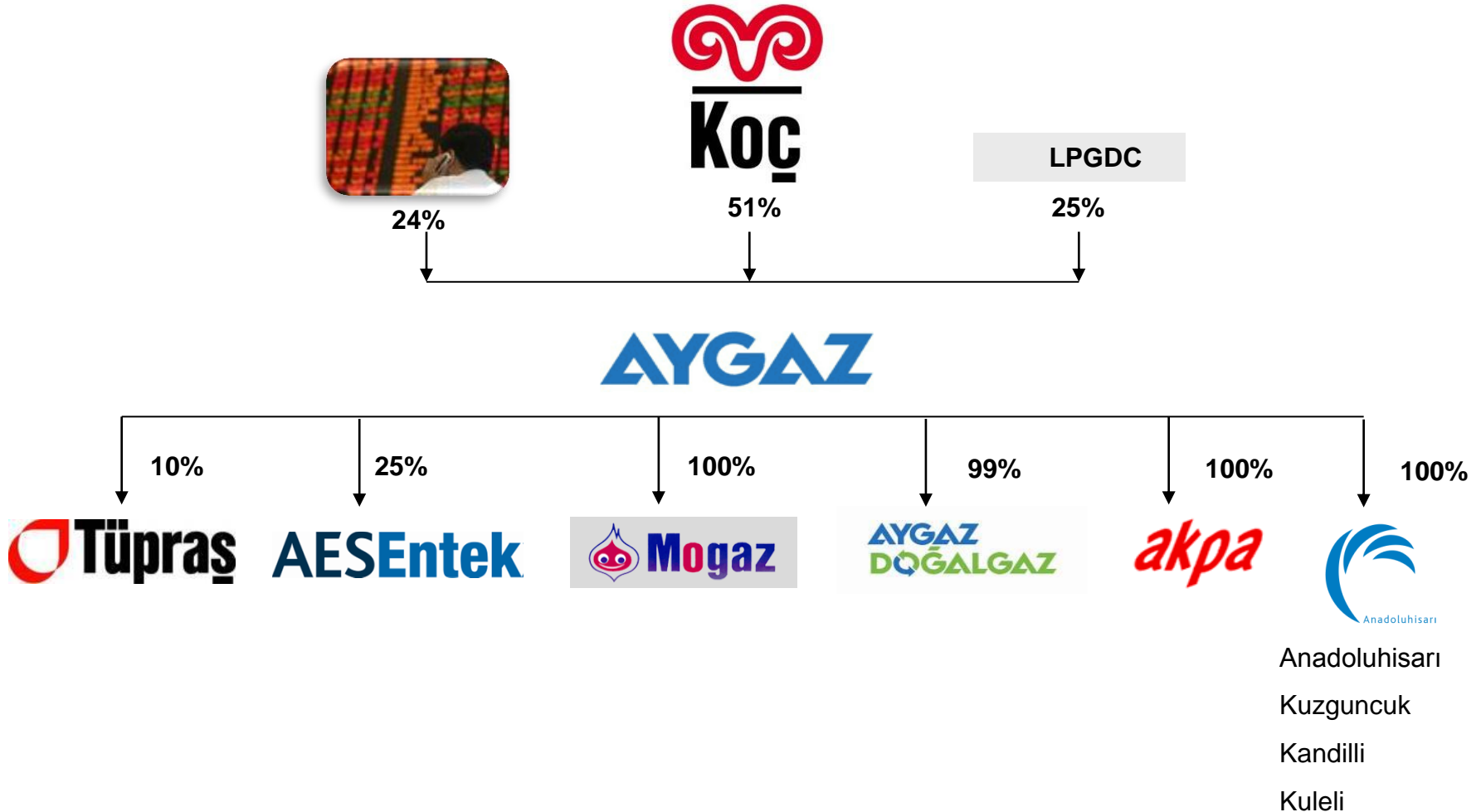


# Aygaz Key Takeaways





## Portfolio Architecture



## AYGAZ DOĞALGAZ



### LNG Distribution

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



### CNG Distribution

- Antalya CNG plant / Capacity: 12MCM
- Sales: 3MCM



### Pipeline Natural Gas

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



### Strategies

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

# AESEntek



## 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



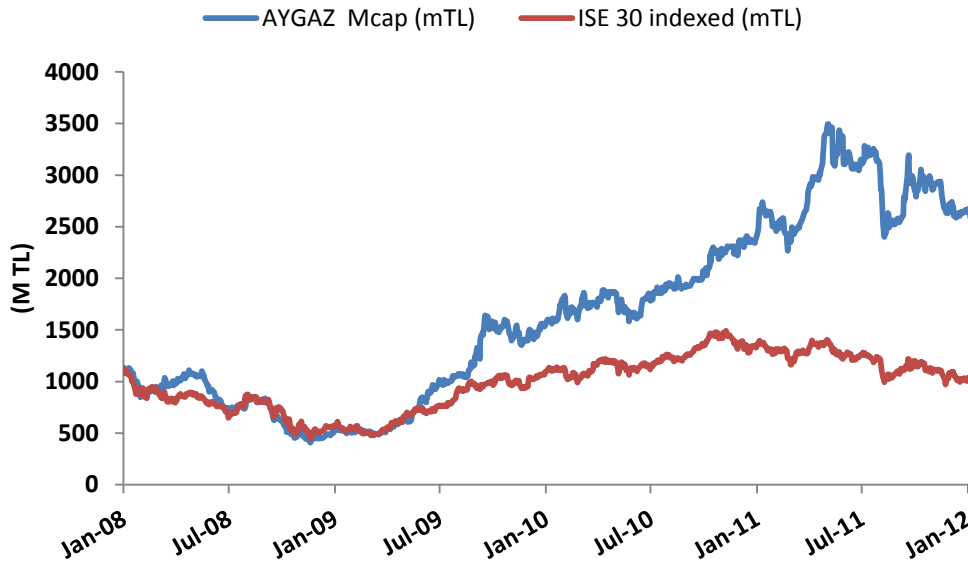
## Strategies

- 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
  - 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;

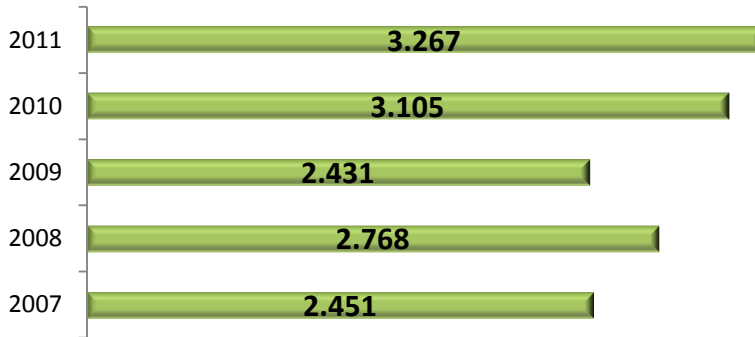


• ISE Ticker	:	AYGAZ
• Shares outstanding	:	300 m
• Free Float	:	24%

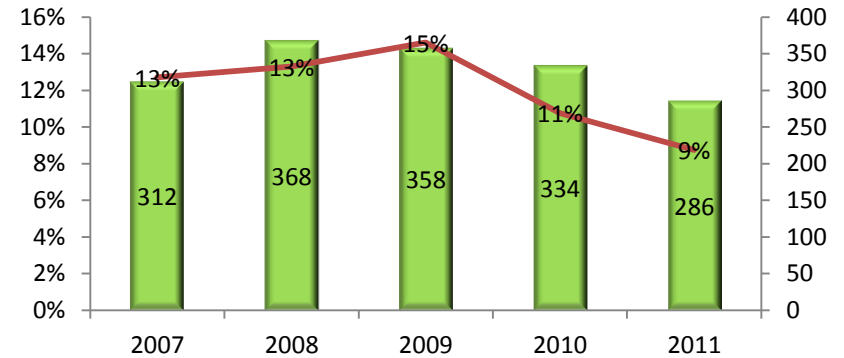
- Sustainable and long term cash generator
- Strong dividends
  - 255 m TL cash dividend paid during the last 3 years
  - 125 m TL cash dividend paid for 2010
- Aygaz intends to continue distributing dividends
  - 150 m TL cash dividends for 2011 is offered to the General Assembly to be held on April 5th, 2012

# Financial Highlights

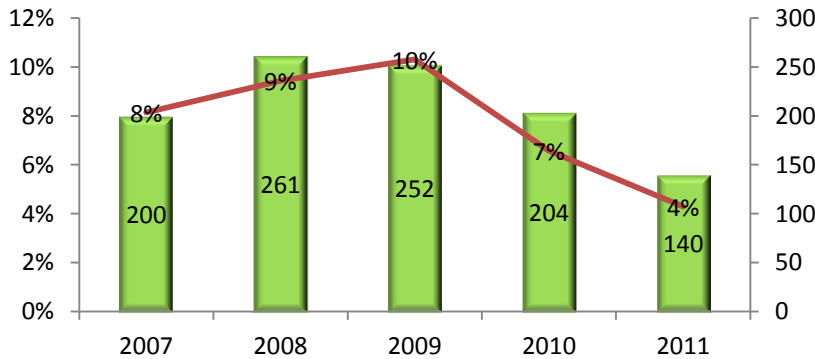
### Net sales (m\$)



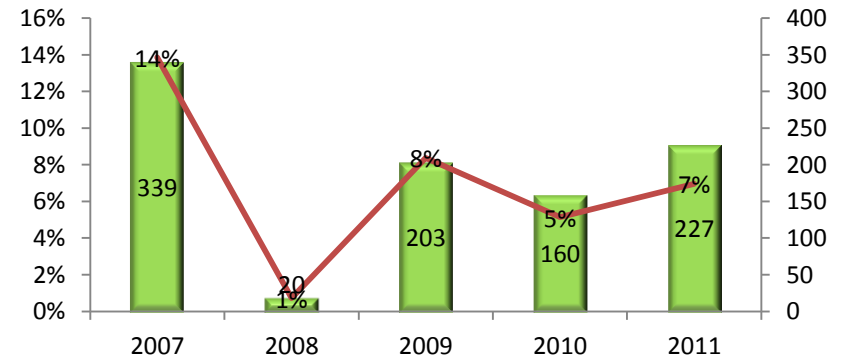
### Gross Profit(m\$) and GPM\*



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



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

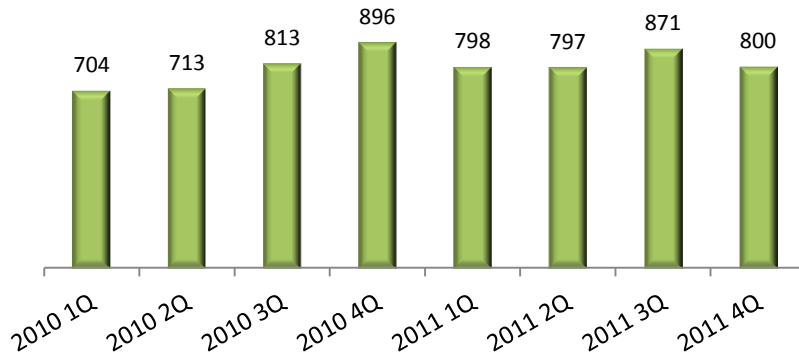


\* bars: \$ figures & lines: % figures

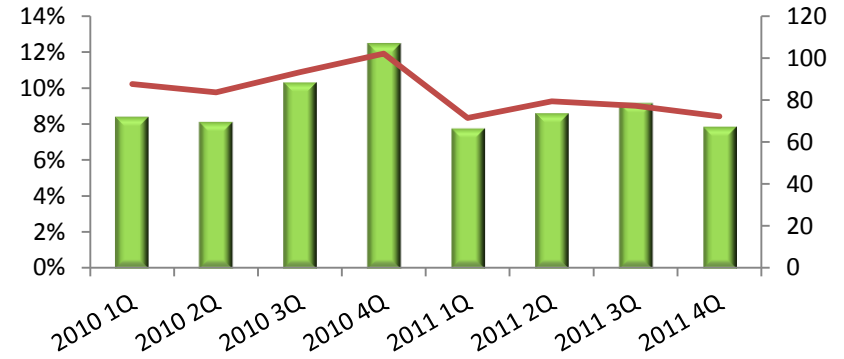
\* Instability due to FX(TRY/USD) fluctuation

# Quarterly Financials

### Net Sales(m\$)



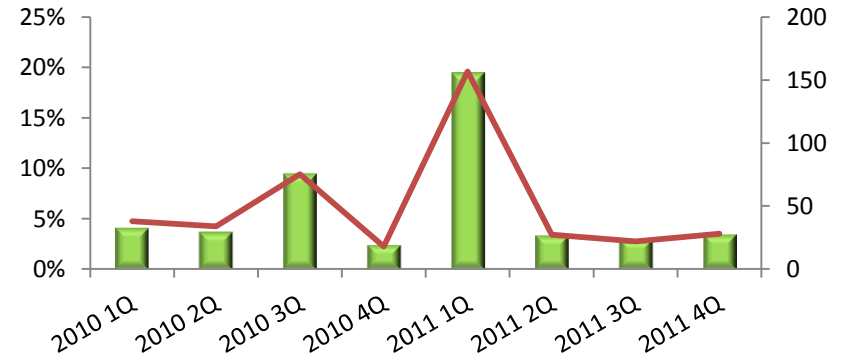
### Gross Profit(m\$) and GPM\*



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



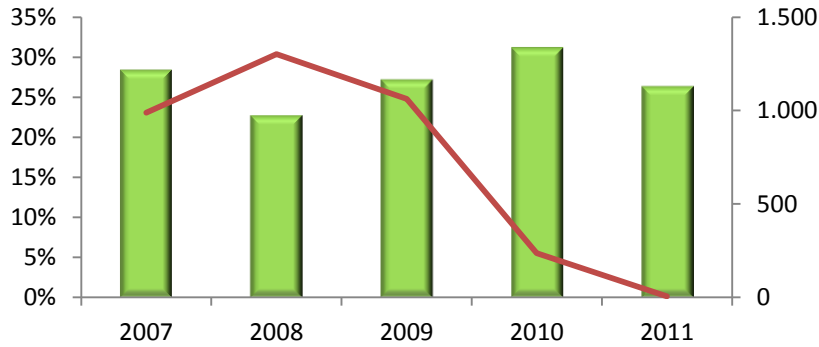
### Net Profit(m\$) and NPM\*



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

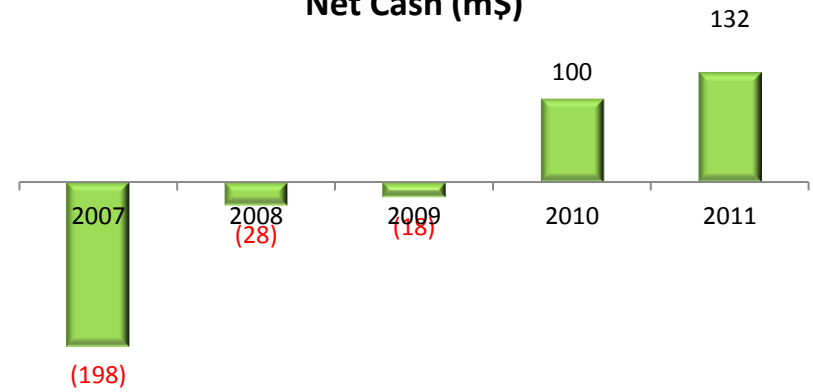
# Financial Highlights

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

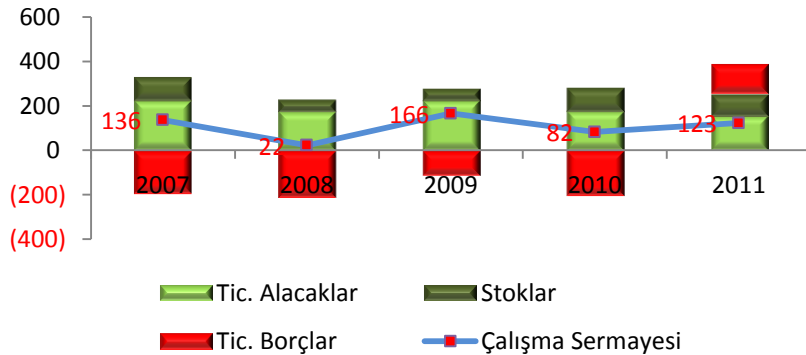


\* bars: \$ figures & lines: % figures

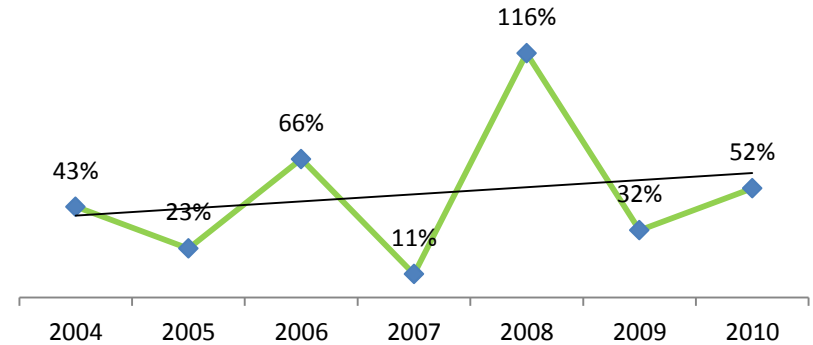
### Net Cash (m\$)



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