

AYGAZ

INVESTOR PRESENTATION

June 2018



CONTENT

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B- World LPG market

C- Turkish LPG market & Aygaz

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A Aygaz overview



**LEADING
LPG
DISTRIBUTOR
of TURKEY**

2017

₺ 8.5 billion

REVENUE

2.2 m tons

SALES OF LPG

28%

LPG MARKET SHARE

**DIVERSIFIED
PARTICIPATION
PORTFOLIO
IN ENERGY**

NATURAL GAS

**AYGAZ
DOĞALGAZ**

REFINERY

Tüpraş

Entek

POWER GENERATION

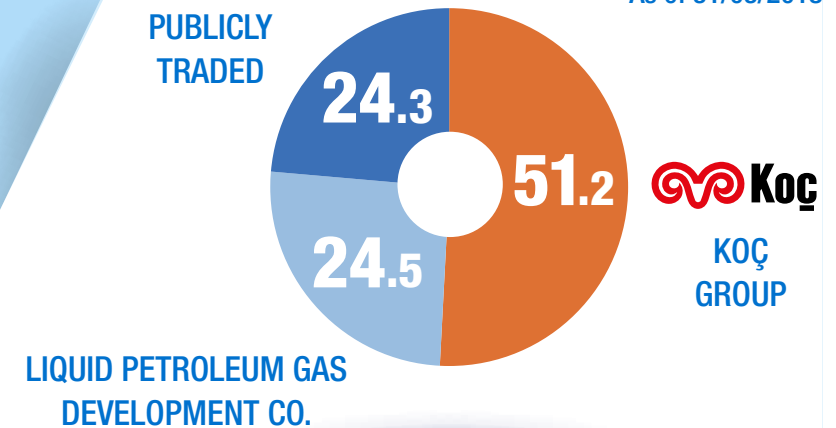
> Overview

SUMMARY FINANCIALS

(Cons. in m TL)	2017	2016	2015	2017-2016 Change
Revenue	8,469	6,749	6,420	25%
EBITDA	352	394	337	-11%
Net Profit	577	416	418	39%
EBITDA Margin	4%	6%	5%	-2
Net Profit Margin	7%	6%	7%	+1
Volume (000 tons)	2,154	2,109	2,057	2%

SHAREHOLDERS (%)

As of 31/03/2018



> Core business - LPG distribution

Generic brand for LPG

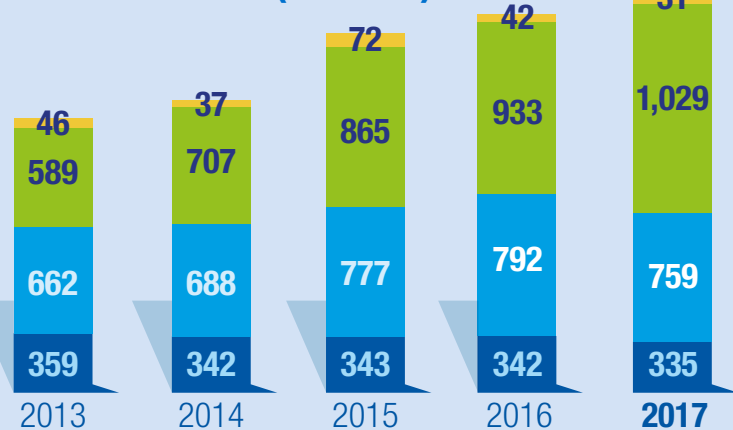
11th largest industrial company of Turkey, as of 2017

Most preferred LPG brand in Turkey since its foundation

Market leader with 3 brands

AYGAZ **Mogaz** **Lipetgaz**

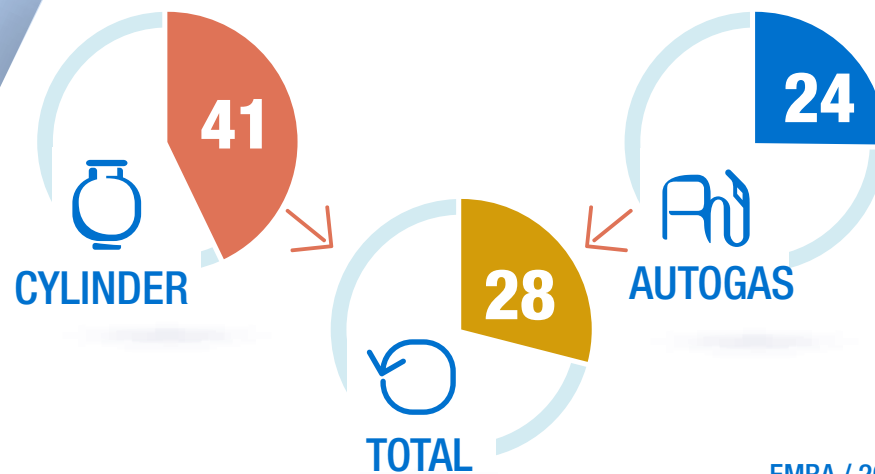
AYGAZ VOLUMES (000 tons)



■ CYLINDER ■ BULK GAS
■ AUTOGAS ■ OTHER (wholesale & export)

EMRA, Aygaz

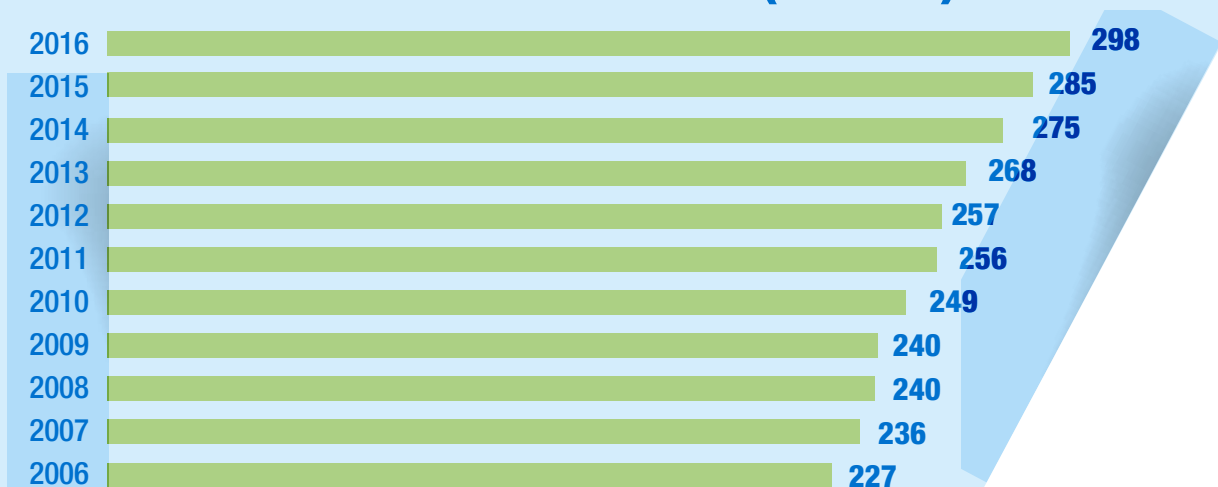
MARKET SHARES (%)



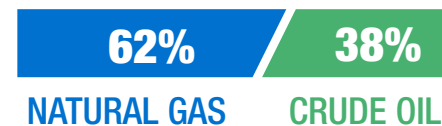
EMRA / 2017

B World LPG market

WORLD LPG CONSUMPTION (m tons)



- Fastest - growing energy source after renewable energy
- 300 billion USD business size worldwide
- Sources of LPG production;



LPG AS A COMMODITY



Mixture of hydrocarbons (Butane and Propane)



Portable and versatile



Low GHG emission; Eco-friendly



Diversity of supply sources; Abundant reserves

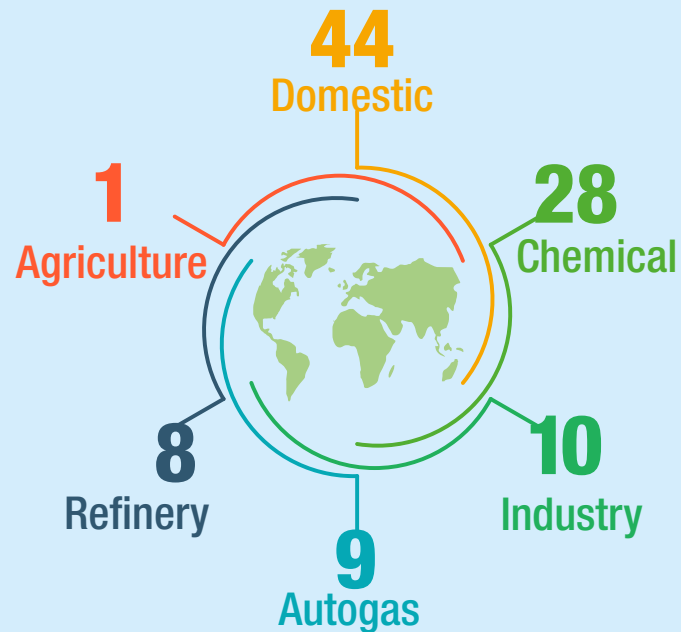


Cleaner, safer and cheaper at home & transportation

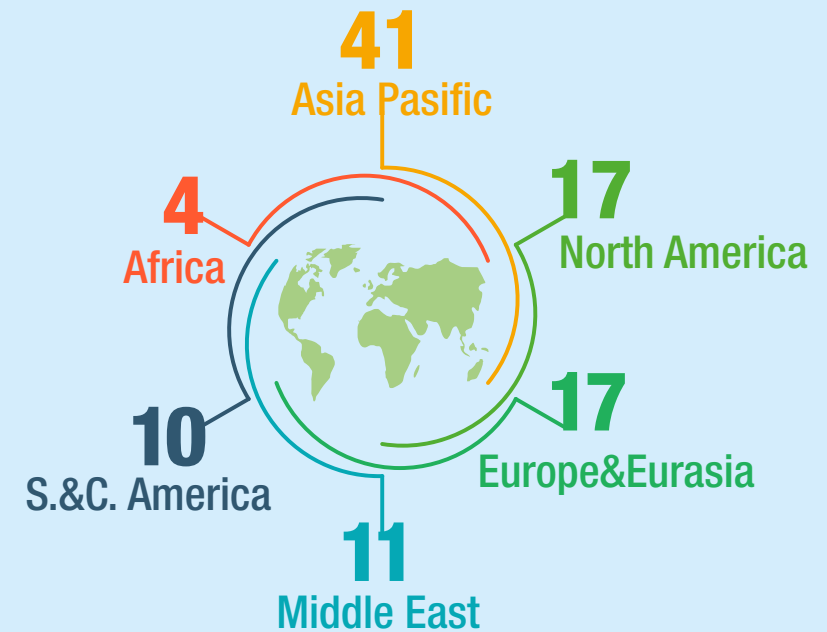
WLPGA Statistical Review of Global LP Gas Report, 2017

> World LPG consumption

**World LPG Consumption
By Sectors 2016 (%)**

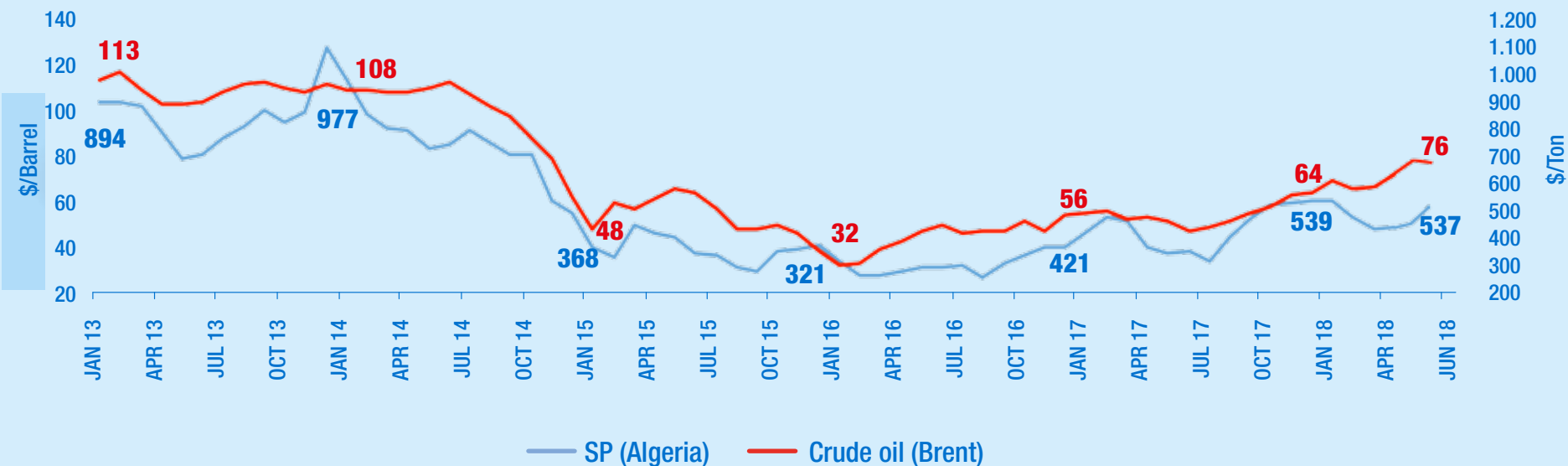


**World LPG Consumption
By Regions 2016 (%)**



WLPGA Statistical Review of Global LP Gas Report, 2017

> Prices of LPG and brent

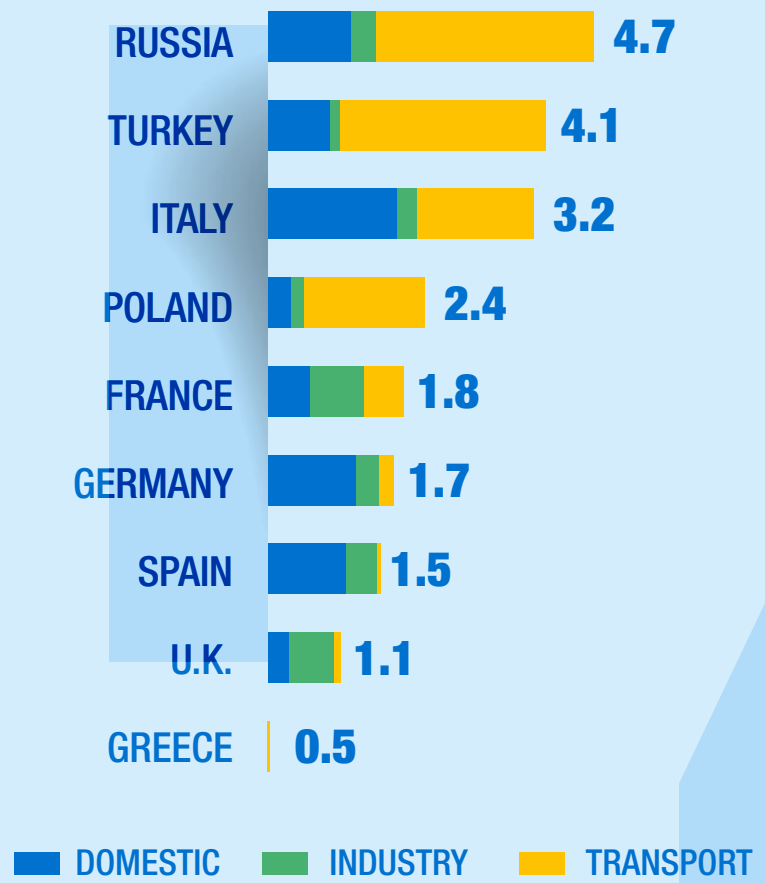


- There is a correlation between LPG and oil price
- Seasonality can also affect LPG price
- June 2018 Sonatrach LPG price is at 537 USD and 51% higher than June 2017 price.

Sonatrach / Market data

C Turkish LPG market

LPG consumption in Europe (m ton)



WLPGA Statistical Review of Global LP Gas Report, 2017

4.1 m tons #2 in Europe #11* in the World

~90 distribution companies

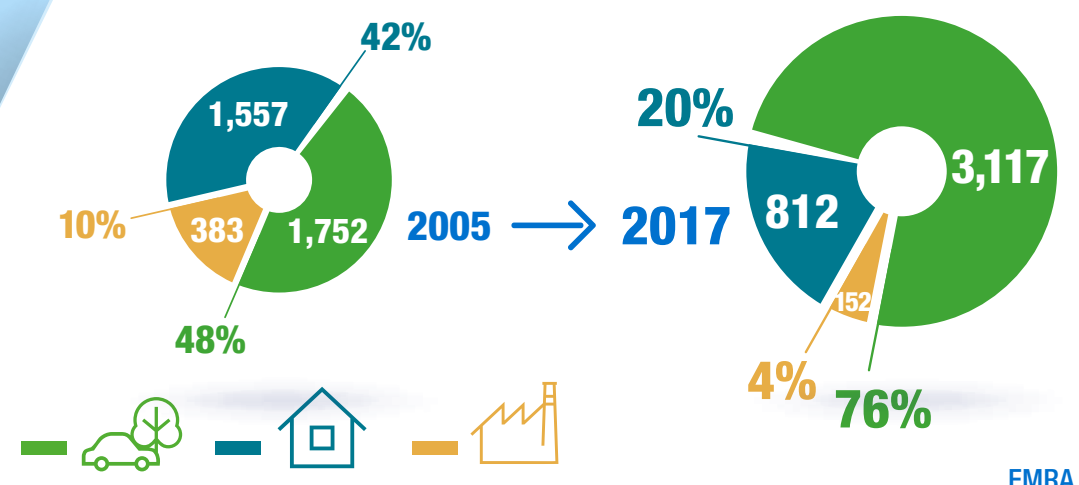
Leading 3 players in the cylinder market and first 8 players in the autogas market hold over 80% of the total market

Serving; • 7.5 m houses • 4.6 m cars

Liberal market with regulatory body-EMRA

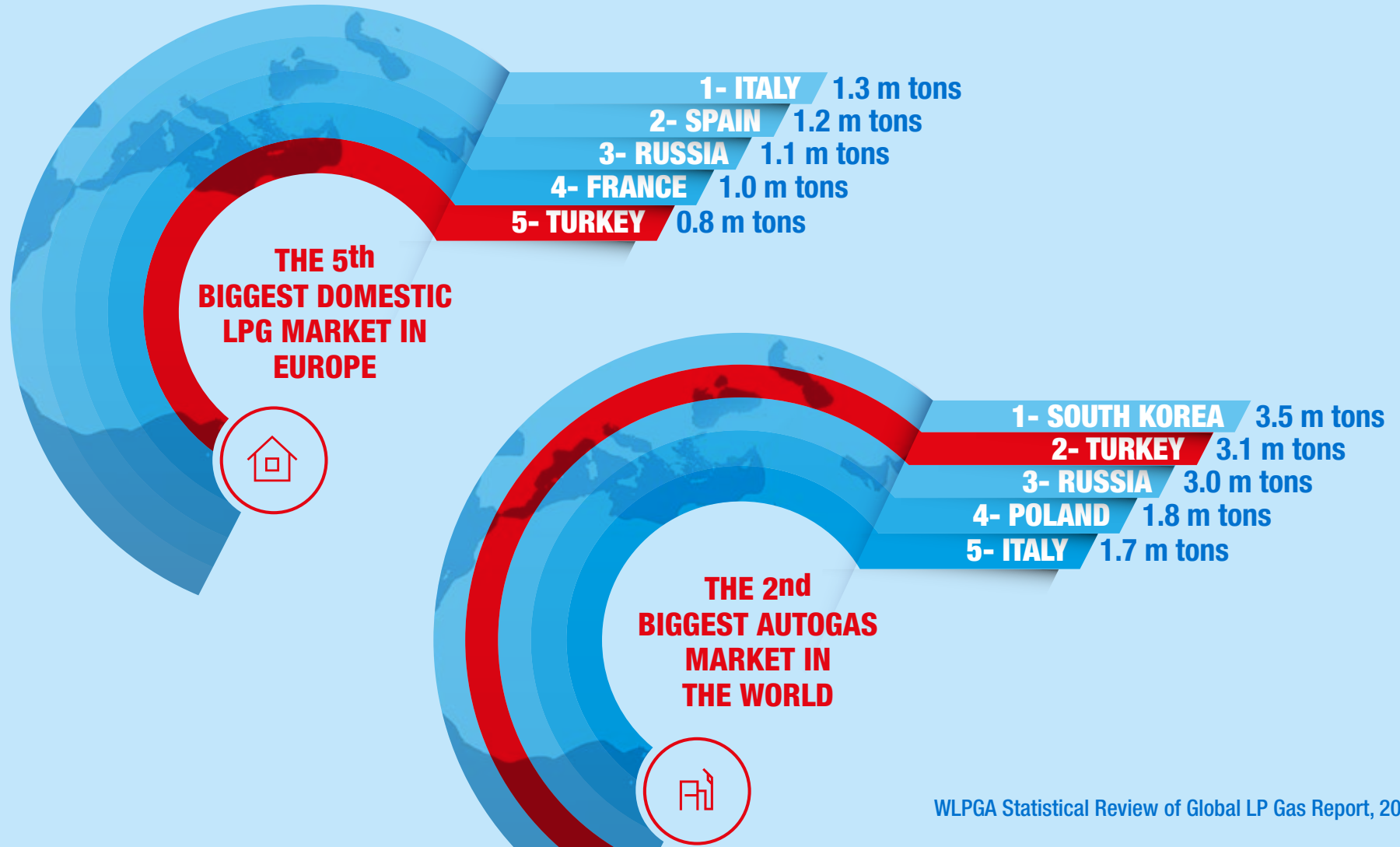
* when p. chemical and refinery is excluded

EVOLVING FROM CYLINDER TO AUTOGAS (000 tons)



EMRA data

> LPG market ranking



WLPGA Statistical Review of Global LP Gas Report, 2017



AYGAZ

201

AYGAZ

202

202

TEHLİKELİ VE YANICI MADDE 2001
ATEŞLE YAKLAŞMA
SİGARA İÇİLMEZ



AYGAZ

3235

35 N 1172

Cylinder market starting to stabilize

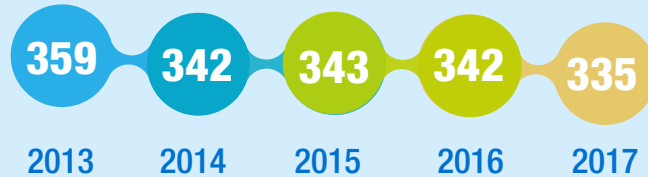
CYLINDER MARKET

Turkish market

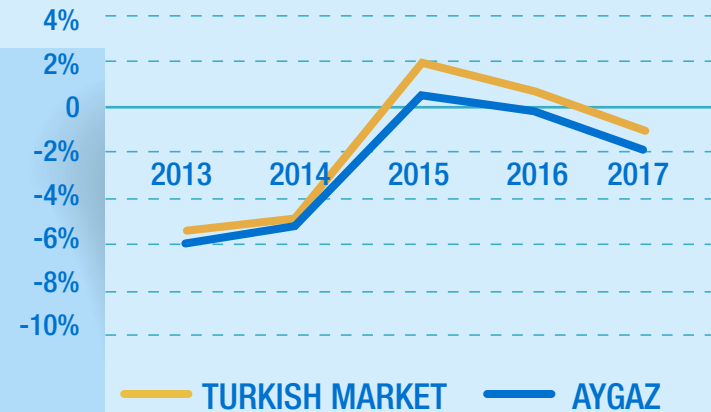


(000 tons)

Aygaz



RATES OF CHANGE (YoY)



Growth in 2015 and 2016 in the cylinder market is interrupted by the 1% contraction in 2017.

Factors affecting cylinder market;

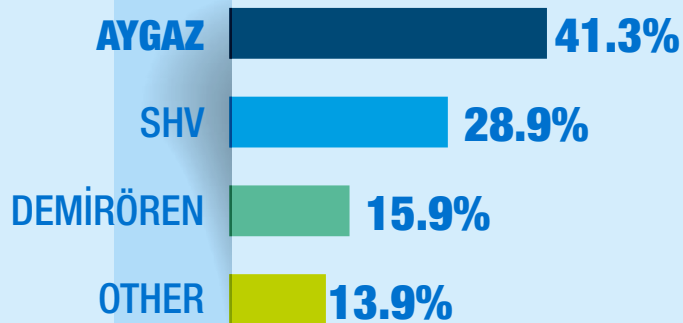
- Pressure on demand due to rising LPG prices
- Continuation of natural gas grid expansion despite deceleration

EMRA data

> Aygaz; leader in cylinder market since its foundation



CYLINDER MARKET SHARES



- Generic brand
 - Market maker
 - Largest dealer network with high sales efficiency
 - 60% market share in residential use
 - Fully integrated production cycle; Cylinder and gas appliances factory in Gebze plant
 - Aygaz Ekspres; digital solutions for optimizing dealers' business&delivery
- Aiming to maximize customer satisfaction&loyalty

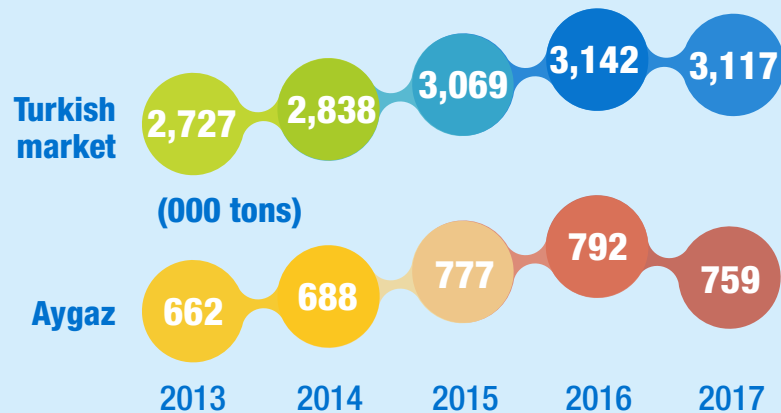
2017	Number of Dealers	Sales Volume (tons)	Avg dealer sales (tons)
Aygaz cylinder dealers	2,359	334,866	142
Total cylinder dealers	7,985	812,208	102

*EMRA data

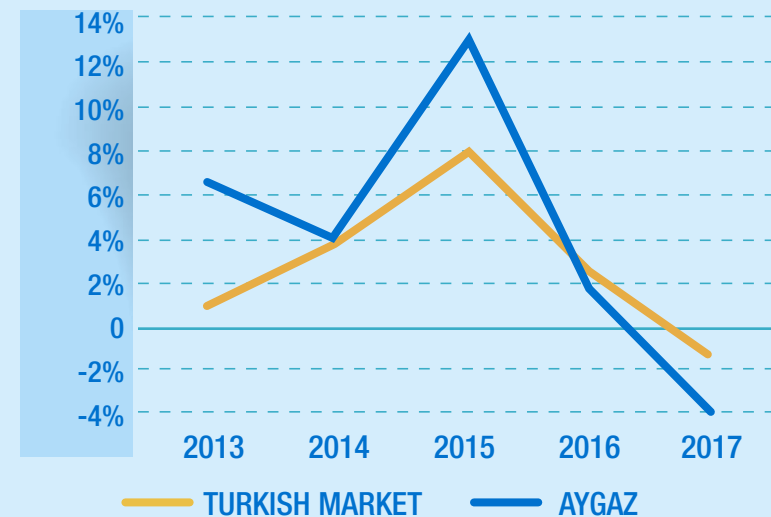


> World's second biggest autogas market

AUTOGAS MARKET



RATES OF CHANGE (YoY)



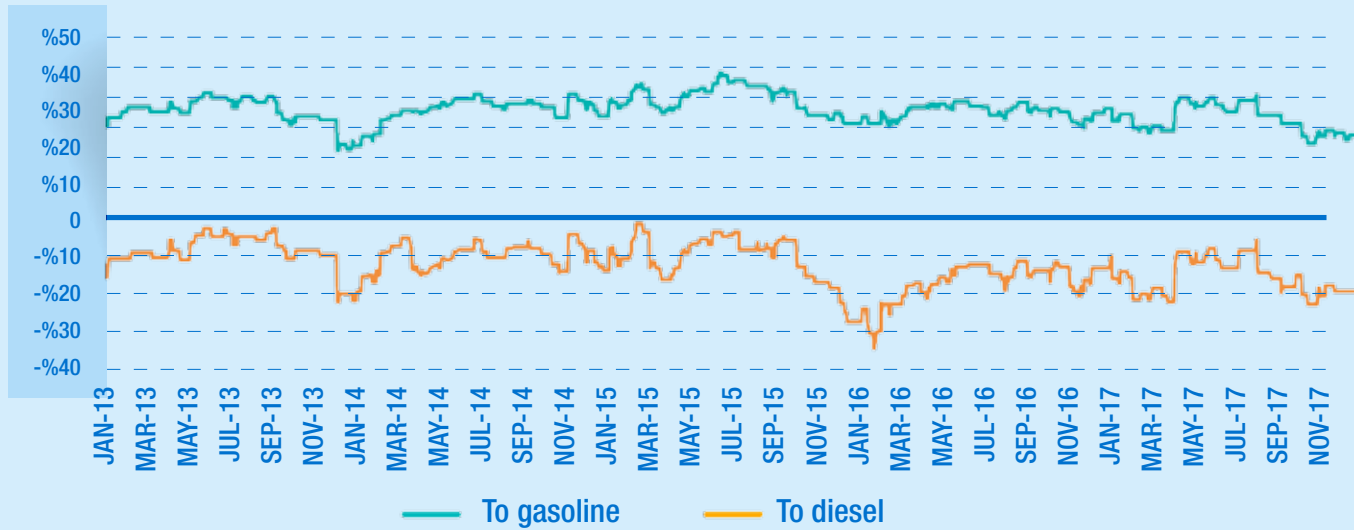
Autogas market that showed a steady growth since 2003, contracted nearly by 1% in 2017 due to the pressure of rising LPG prices.

Factors affecting autogas market;

- 30% more economic on average compared to gasoline
- Fierce price competition among national and local players
- Continuation of growth in autogas car park
- Increasing interest of car manufacturers to LPG and conversions with car guarantees

EMRA data

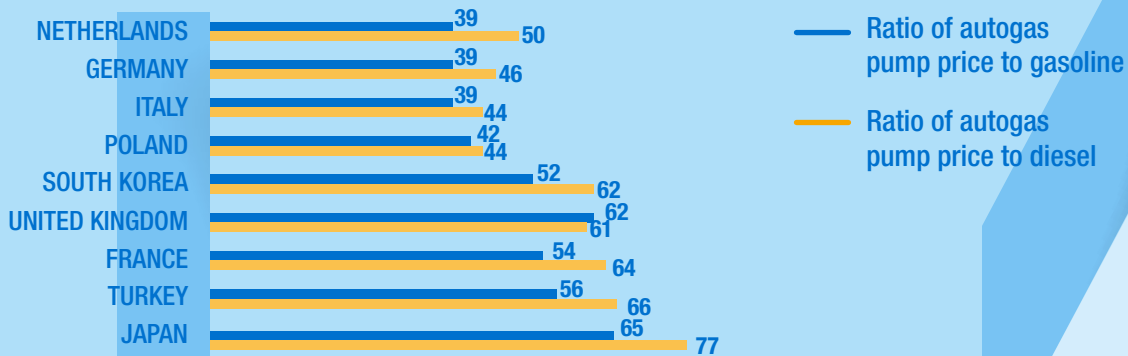
> Price economy of autogas



30%+

price advantage to gasoline

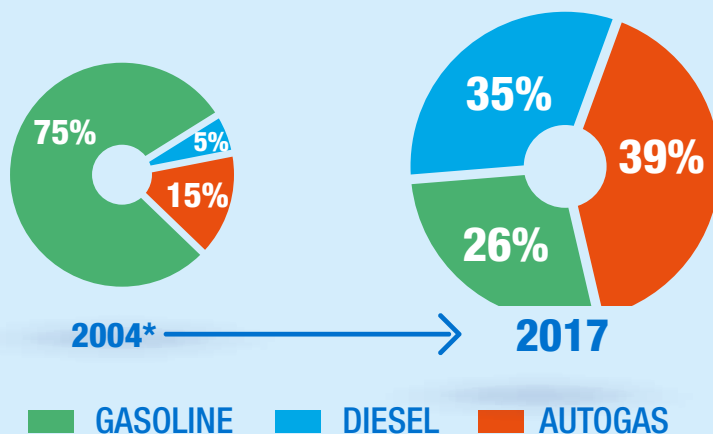
PUMP PRICE OF AUTOGAS ACROSS THE WORLD (%)*



*WLPGA Statistical Review of Global LP Gas Report, 2017

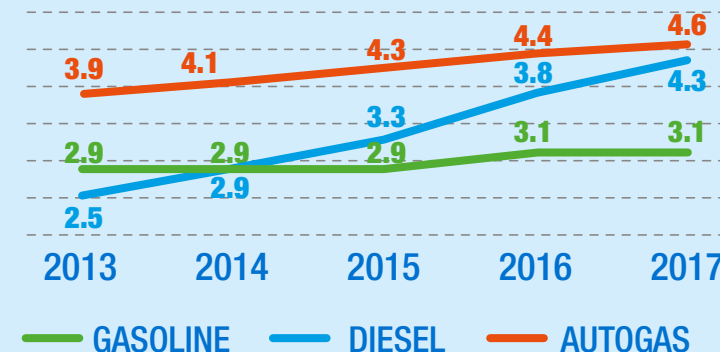
Autogas; most widely-used passenger car fuel of Turkey

RATIO OF CARS REGISTERED TO TRAFFIC ACC. TO FUEL TYPE



* Fuel type unknown: 5%

TURKISH CAR PARK (m cars)



- Most widely-used passenger car fuel since 2011
- With 4.6 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

CAR OWNERSHIP PER PERSON

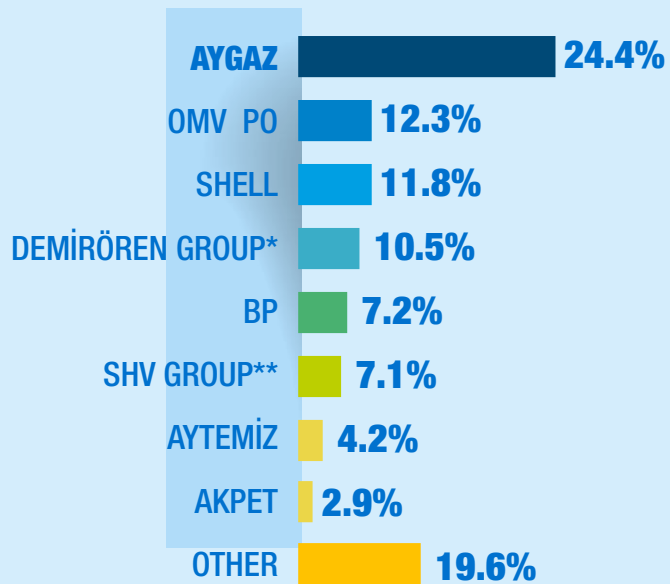
575/1000
EUROPE

150/1000
TURKEY

Turkstat, ACEA

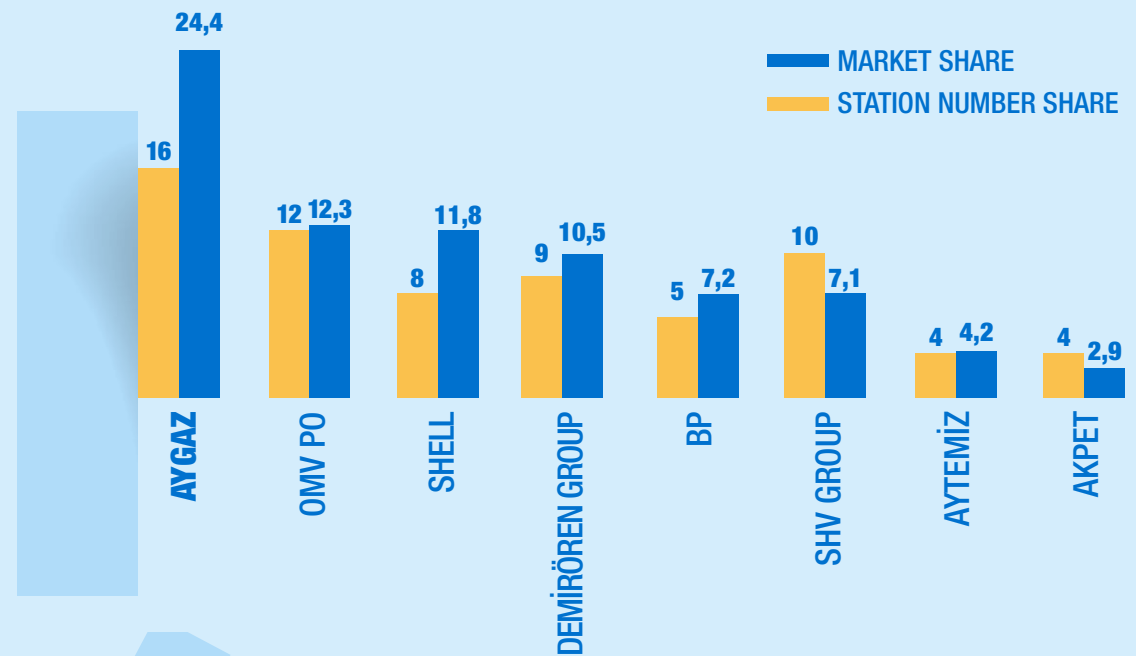
Aygaz; leader of the second biggest autogas market in the world

AUTOGAS MARKET SHARES



*Milangaz & Total ** İpragaz & Yıldırım

MARKET SHARE & STATION NUMBER SHARE (%)



- Largest dealer network with high sales efficiency
- Creating network synergy with sister company Opet
- Core business is LPG unlike other fuel distributors

2017	Number of Dealers	Sales Volume (tons)	Avg dealer sales (tons)
Aygaz autogas dealers	1,710	758,949	444
Total autogas dealers	10,297	3,116,569	303

EMRA data

> Autogas car park growth

177,000



conversions per year

1,000+ conversion points

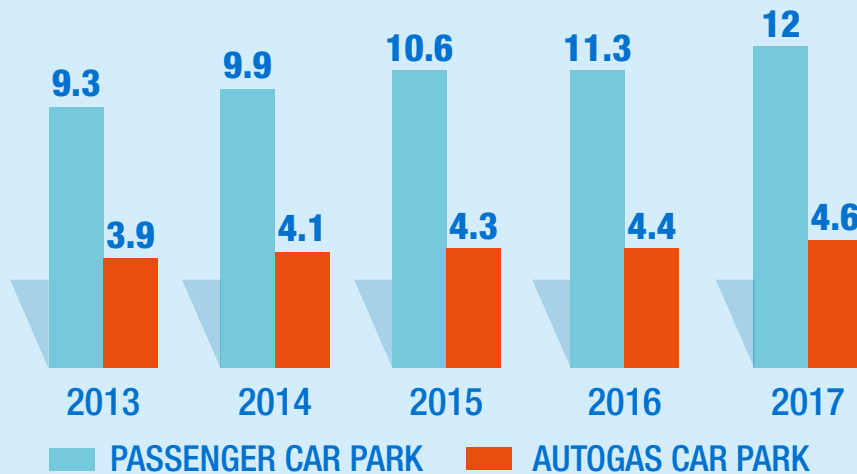
\$500 average cost of conversion

Payback in 15,000 km

OEM; original equipment manufacturer

- Some major car manufacturers are providing guaranteed conversion currently

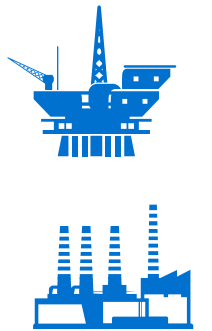
AUTOGAS CONVERSIONS (m cars)



Turkstat



The LPG value chain



2.2 million tons of LPG supply



Moving&floating storage capacity of 37,000 m3



3 LPG ships belonging to the fleet of Anadoluhisari Tankercilik

Fixed storage capacity of 178,400 m3 via 20 facilities



Gebze Facility; exports of cylinders and gas devices



~190 cylinder vehicles

2,359 cylinder gas dealers



~230 tankers



1,710 auto gas stations
1,000,000 vehicles using Aygaz Otogaz



3,000+ bulk gas customers



As of end of 2017

> 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 (~24% of TR)



ADVANCED MODEL

- Direct imports to 5 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+ cargos throughout the year



FLEET MANAGEMENT

- Top-notch LPG fleet owner
- Total capacity: 28,800 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 1.3 million ton/year
- 40 million km/year



E

Participation Portfolio



*EYAŞ owns 51% of the shares of TÜPRAŞ

Financial Investments: Koç Finansal Hizmetler A.Ş. (1.97%), Ram Dış Ticaret A.Ş. (2.5%), Tanı Pazarlama ve İletişim Hizmetleri A.Ş. (10%), Tat Gıda Sanayi A.Ş. (0.08%)

F Natural gas



LNG SALES



Transportation and regasification



16% market share, 300 industrial customers

2017

sales: ~100 mcm

PIPELINE NATURAL GAS SALES



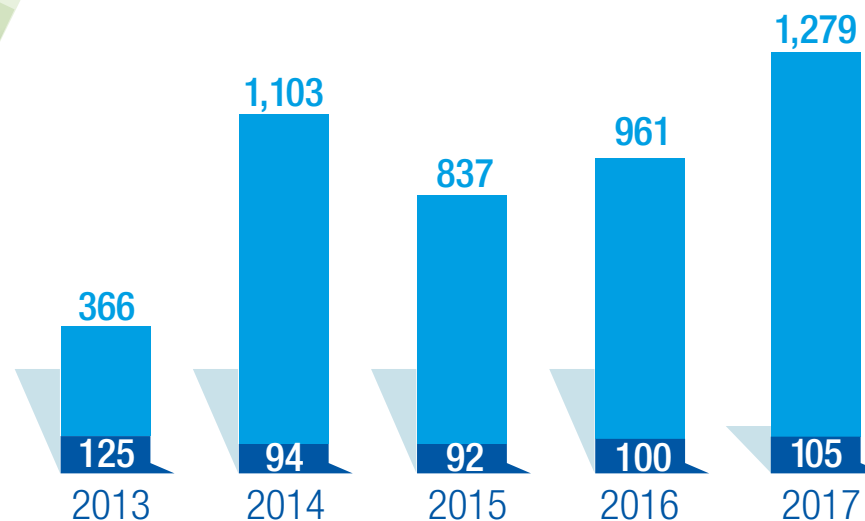
Started in 2010

2017 sales: ~1,300 mcm

PROJECTS

LNG & Pipeline gas import

SALES VOLUME (mcm)



■ LNG SALES ■ PIPELINE NG SALES

G

Other participations

POWER GENERATION

TOTAL INSTALLED CAPACITY: 244 MW

İzmit Natural Gas
Combined Cycle (NGCC): 157 MW

6 Hydro Assets: (HEPP): 87 MW

Menzelet and Kılavuzlu HEPP's
(178 MW) started operation
as of 2018.

STRATEGY

Selective growth depending
on opportunities and
liberalization
in the market

Entek

SALES AND MARKETING

Direct sale of cylinder gas and carboy
water throughout Turkey

Fuel trade at its fuel stations

akpa

OPET AYGAZ GAYRİMENKUL

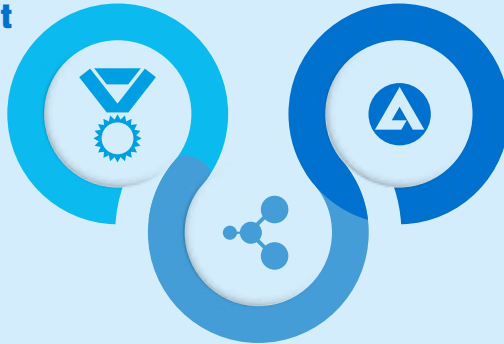
Founded in 2013 as a 50-50 partnership
with Opet to purchase real estate and
manage or lease these properties as fuel
or autogas stations

Currently owns 21 stations



> Aygaz key takeaways

**Consistent
Market
Leader**



**Brand
Power**

**Long-term
Strategy
Builder**



**Diversifier &
Portfolio
Investor**

**Strong Sales &
Logistics Network**

**Financial
Strength**

STRATEGIC PRIORITIES

Sustain its market leadership in LPG by;

- Investing in the future with the responsibility of being the industry's highly reputable, reliable and consumer-oriented brand,
- Prioritizing high safety standards and product quality,
- Developing innovative products and services with solutions that place innovation and digitalization at the core.

Ensure sustainable growth to move its current position forward by:

- Following and seizing opportunities for mergers, acquisitions and investments at home and abroad,
- Improving efficiency in all processes from sourcing to selling LPG,
- Aiming to create value for all stakeholders.

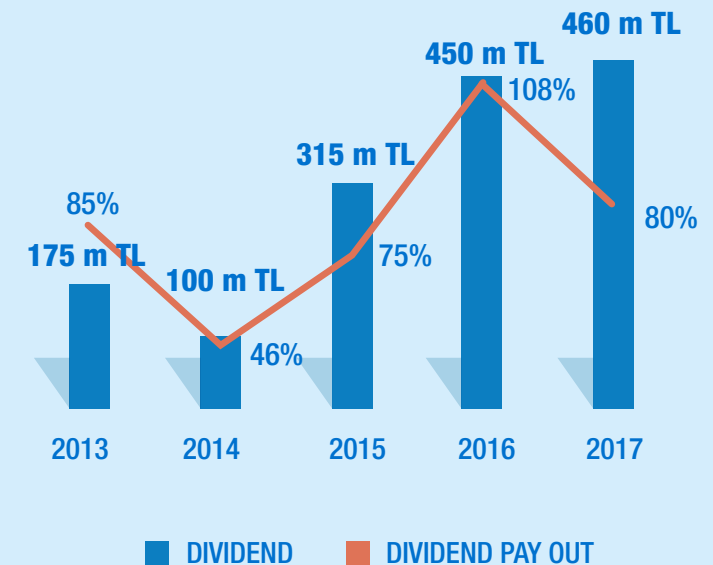
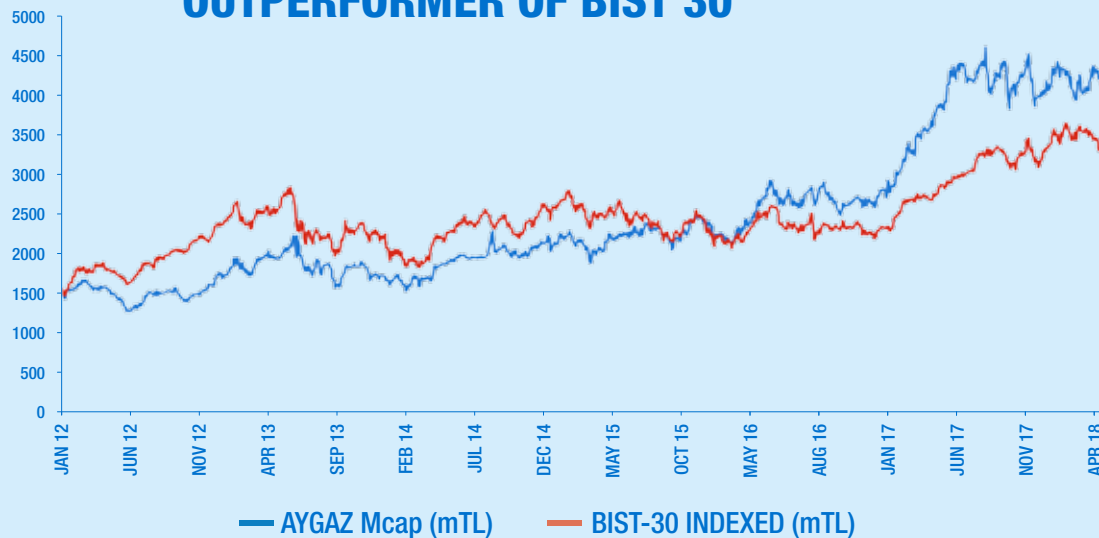
> Shareholder value

BIST Code	AYGAZ
Bloomberg Code	AYGAZ.TI
Reuters Code	AYGAZ.IS
IPO Date	13.01.1988
Free float rate	24.3%

STRENGTHS

- Sustainable operating profitability from core business; LPG
- Resistant to economic fluctuations and crises
- Regular dividend payments
- Corporate governance practices at international standards;
 - SAHA Corporate Governance and Credit Rating Services updated Aygaz's corporate governance rating score as 9.40 on June 22, 2018.

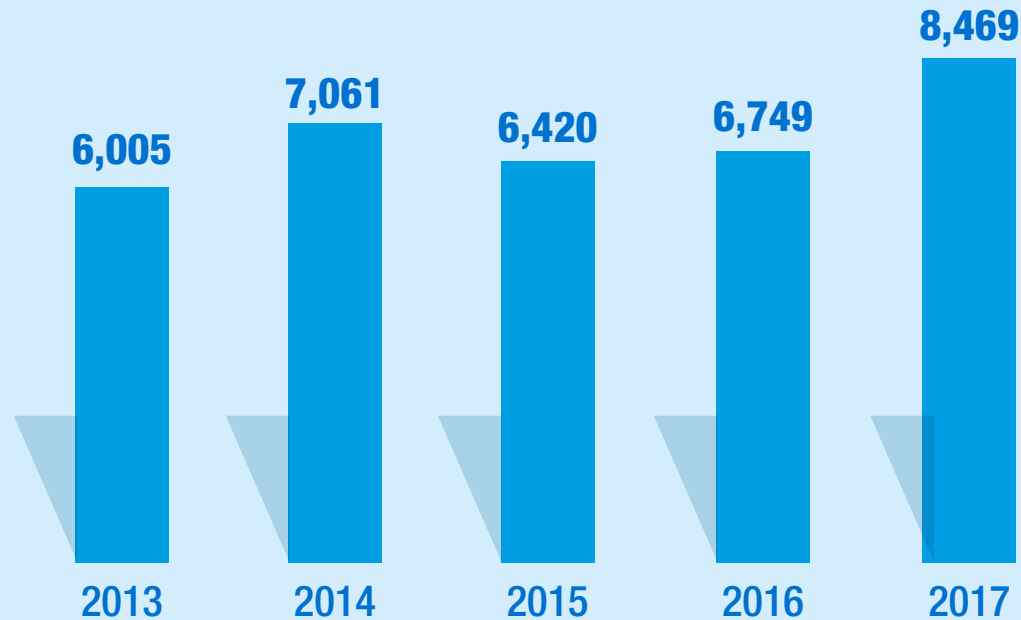
OUTPERFORMER OF BIST 30



H

Financial highlights

REVENUE (m TL)

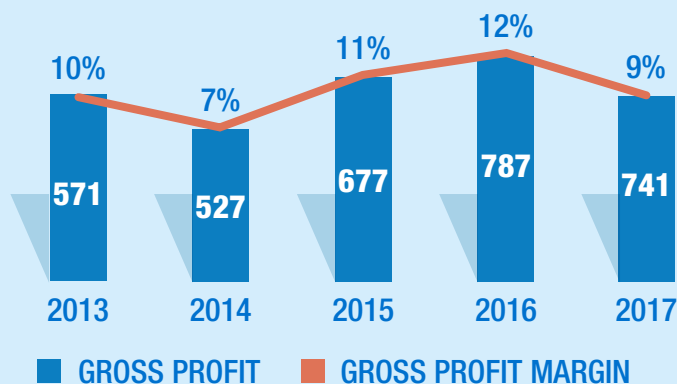


Revenue figure fluctuations are mainly due to;

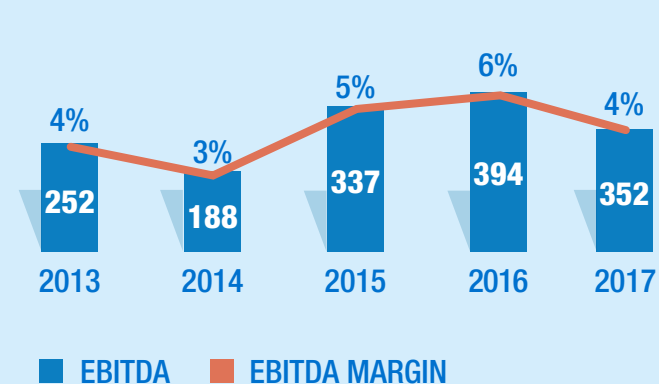
- FX rate changes
- Commodity price changes

Financial highlights

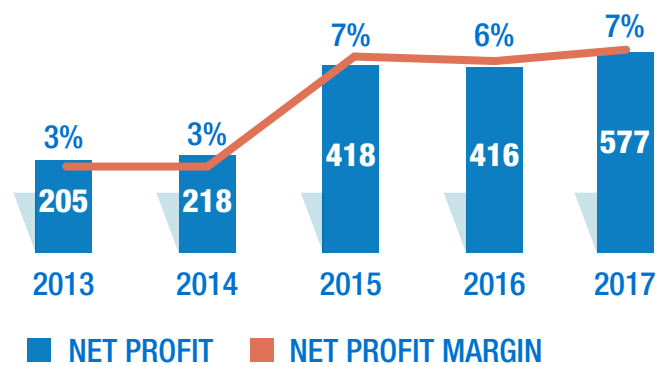
GROSS PROFIT AND GPM



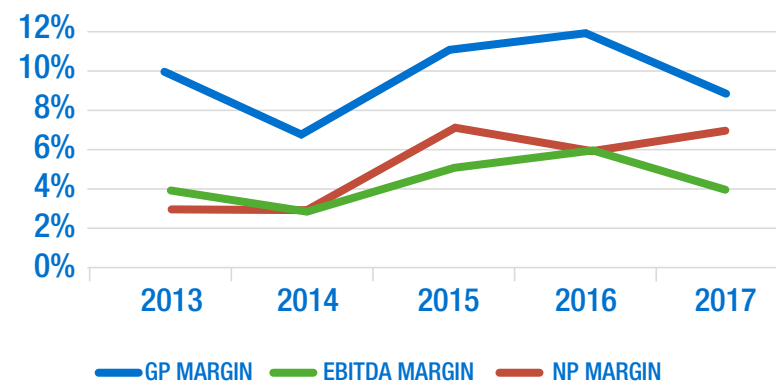
EBITDA AND EBITDA MARGIN



NET PROFIT AND NPM



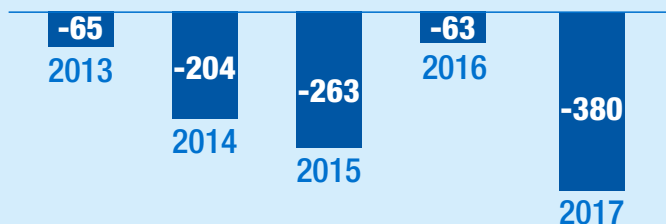
PROFIT MARGINS



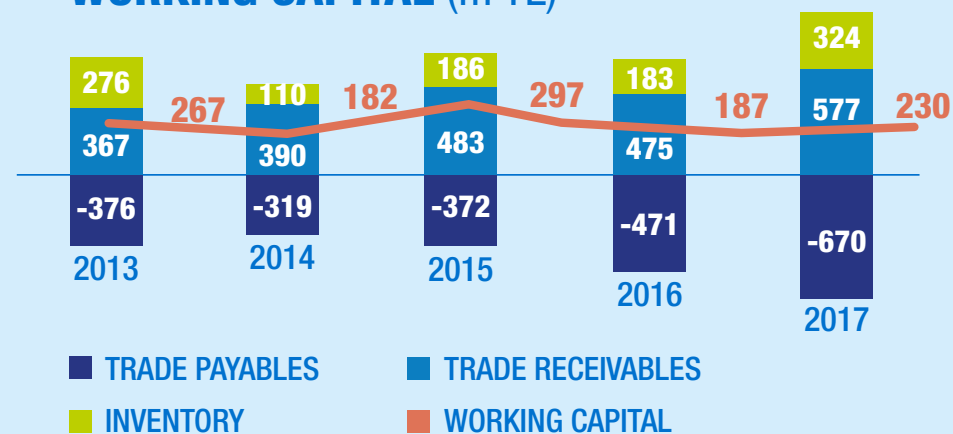
Bar figures: m TRY

Financial highlights

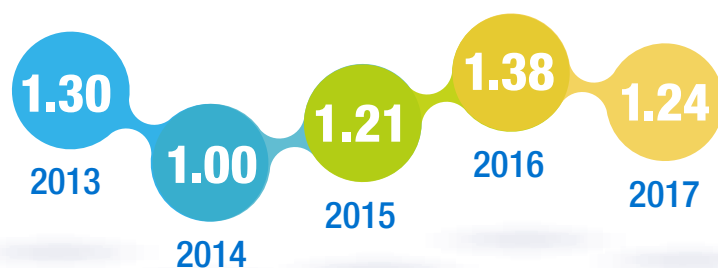
NET CASH (m TL)



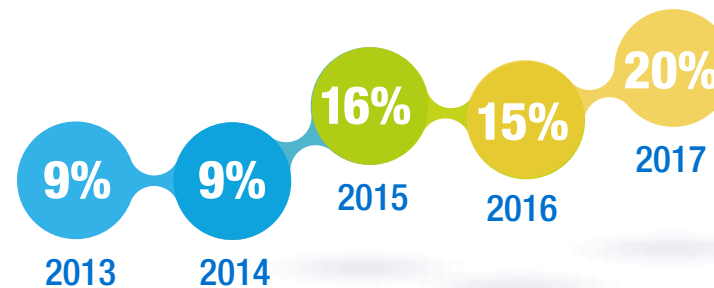
WORKING CAPITAL (m TL)



CURRENT RATIO



RETURN ON EQUITY

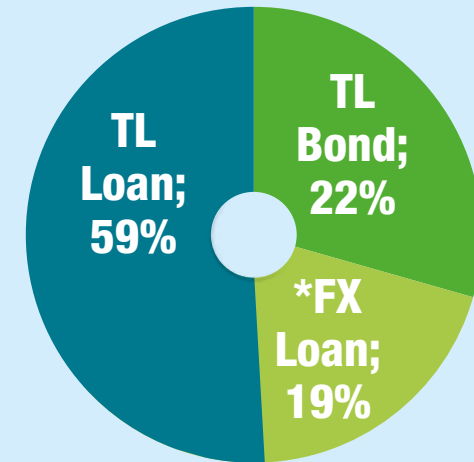


> Financial highlights

(m TL)	2017	3M 2018
ST Borrowings	85	15
Current portion of LT Borrowings	305	293
LT Borrowings	583	691
Total Debt	973	999
Cash and cash equivalents (-)	593	497
= Net Debt	380	502

ST: Short-term LT: Long-term

DEBT PROFILE AS OF
31/03/2018



* FX position is actively monitored and managed including derivatives.

CREDIT RATING: Following the comparative analysis of the sector and examination of financial/operational risks carried by the Company, as well as its domestic market position by SAHA Corporate Governance and Credit Rating Services, AYGAZ received a long term rating of (TR) AAA and a short term rating of (TR) A1+ and outlook as stable on June 22, 2018.

I

Appendix

1 Income statement summary

(m TL)	2013	2014	2015	2016	2017
Revenue	6,005	7,061	6,420	6,749	8,469
COGS	(5,434)	(6,534)	(5,743)	(5,962)	(7,728)
Gross Profit	571	527	677	787	741
Operating Profit	170	104	250	308	265
Profit Before Tax	237	237	458	469	621
Net Profit	205	218	418	416	577
EBITDA	252	188	337	394	352
GP margin	10%	7%	11%	12%	9%
OP margin	3%	1%	4%	5%	3%
NP margin	3%	3%	7%	6%	7%
EBITDA margin	4%	3%	5%	6%	4%

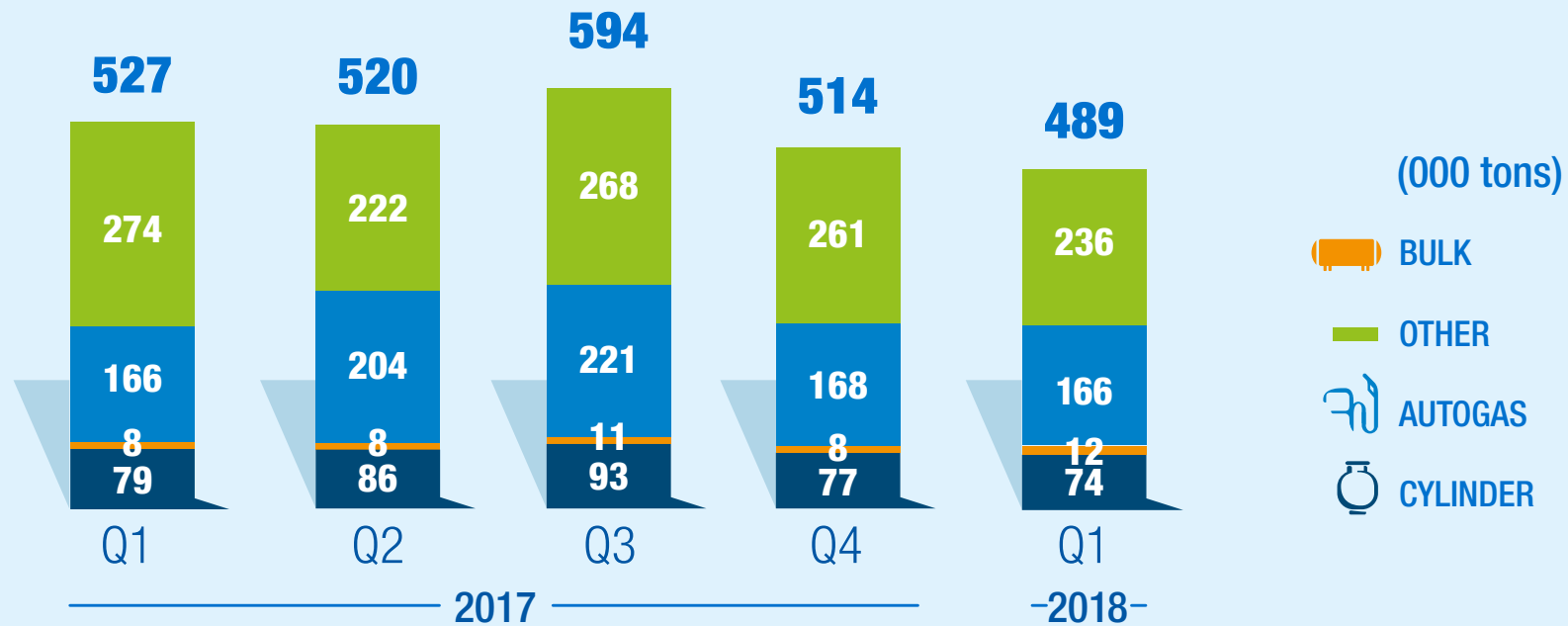
2 Balance sheet summary

(m TL)	2013	2014	2015	2016	2017
Cash & Cash Eq.	173	161	289	568	593
Trade Receivables	367	390	483	475	577
Inventories	276	110	186	183	324
Participations	1,377	1,677	1,867	1,922	2,273
Prop. Plant & Eq.	589	585	651	658	678
Financial Debt	(238)	(365)	(551)	(630)	(973)
Trade Payable	376	319	372	471	670
Equity	2,244	2,359	2,611	2,742	2,923
Total Assets	3,188	3,412	3,916	4,231	4,966
Net Cash (Debt)	(65)	(204)	(263)	(63)	(380)
Working Capital	267	182	297	187	230

3 2018 Q1 income statement summary

(m TL)	Q118	Q417	Change	Q118	Q117	Change
Revenue	2,063	2,307	-11%	2,063	2,065	-
Gross Profit	133	185	-28%	133	189	-30%
Operating Profit	23	46	-51%	23	86	-74%
Profit Before Tax	60	97	-39%	60	170	-65%
Net Profit	55	85	-35%	55	157	-65%
EBITDA	45	68	-34%	45	107	-58%
MARGINS						
Gross Profit M.	6%	8%	-2	6%	9%	-3
Operating Profit M.	1%	2%	-1	1%	4%	-3
Profit Before Tax M.	3%	4%	-1	3%	8%	-5
Net Profit M.	3%	4%	-1	3%	8%	-5
EBITDA M.	2%	3%	-1	2%	5%	-3

4 2018 Q1 Aygaz LPG sales



Q1 sales volumes were realized as;

- 166 thousand tons in Autogas (no change YoY)
- 74 thousand tons in Cylinder Gas (-6% YoY)

EMRA, Aygaz

5 2017 sales volumes



Domestic LPG sales

1,125
Thousand tons

-3% YoY



International and
wholesale LPG sales

1,029
Thousand tons

+9% YoY



Total LPG sales

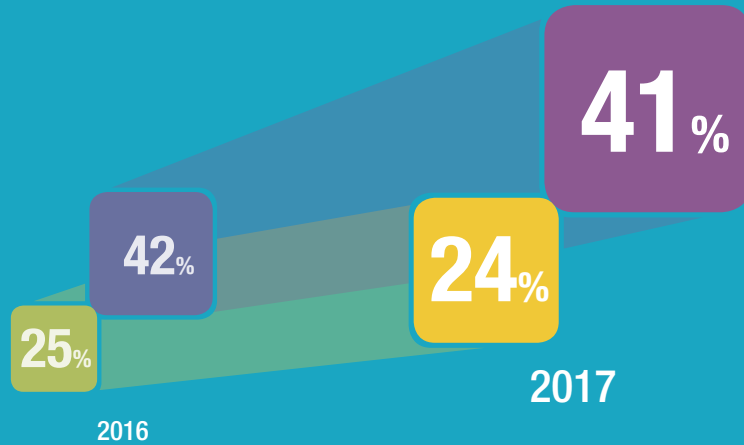
2,154
Thousand tons

+2% YoY



- Cylinder sales are 335 thousand tons (-2% YoY)
- Autogas sales are 759 thousand tons (-4% YoY)

6 Market shares



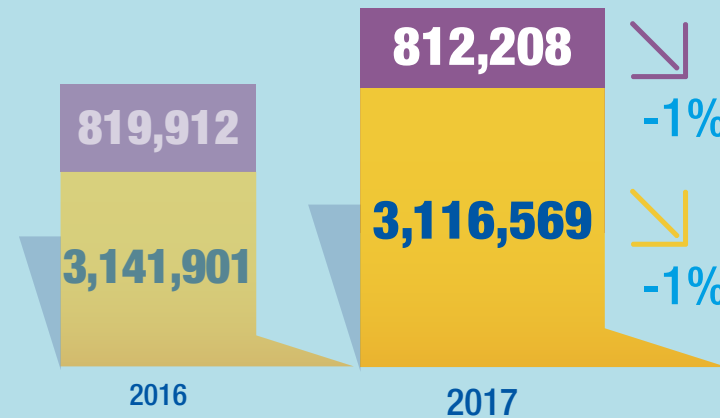
According to EMRA 2017 report, Aygaz cylinder and autogas market shares are 41% and 24% respectively.

(42% and 25% in 2016)

According to EMRA report, Turkish cylinder sales volume is 812,208 tons and autogas volume is 3,116,569 tons.

2016/12 months*:

Cylinder gas 819,912 tons
 Autogas 3,141,901 tons



SALES VOLUME (Tons)

EMRA, Aygaz

7 Forward looking statements for 2018



SALES VOLUME

- **Cylinder: 320-335 thousand tons**
- **Autogas: 750-785 thousand tons**



MARKET SHARE

- **Cylinder: 41.5%-43.5%**
- **Autogas: 23.2%-24.5%**
(Previous: %24.2 - %25.4)*

*According to EMRA's monthly reports, since the market growth is above expectations for the first two months of 2018, without any change in sales volume, our outogas market share is reevaluated as 23.2%-24.5%

J Glossary

LPG	Liquid Petroleum Gas
EMRA	Energy Market Regulatory Authority
WLPGA	World LPG Association
SP	Sonatrach Price
PETDER	Petroleum Industry Association
FOB	Free On Board
CIF	Cost, Insurance & Freight
Med	Mediterranean
VLGC	Very Large Gas Carrier
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
GHG	Greenhouse Gas Protocol

K Disclaimer

This presentation may contain 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.

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