

AYGAZ

INVESTOR PRESENTATION

September 2017



CONTENT

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A Aygaz overview

**LEADING
LPG
DISTRIBUTOR
of TURKEY**

2016

₺ 6.7 billion

REVENUE

2.1 m tons

SALES

29%

LPG MARKET SHARE

**DIVERSIFIED
PARTICIPATION
PORTFOLIO
IN ENERGY**

NATURAL GAS

**AYGAZ
DOĞALGAZ**

REFINERY

Tüpraş

Entek

POWER GENERATION

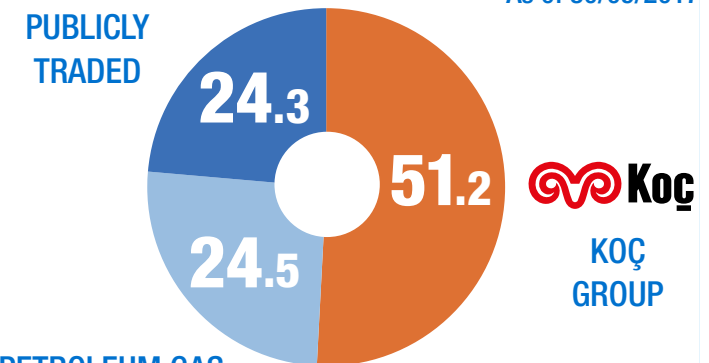
> Overview

SUMMARY FINANCIALS

(Cons. in m TL)	2016	2015	2014	2016-2015 Change
Revenue	6,749	6,420	7,061	5%
EBITDA	394	337	188	17%
Net Profit	416	418	218	-0.6%
EBITDA Margin	6%	5%	3%	+1
Net Profit Margin	6%	7%	3%	-1
Volume (000 tons)	2,109	2,057	1,791	3%

SHAREHOLDERS (%)

As of 30/09/2017



> Core business - LPG distribution

Generic brand for LPG

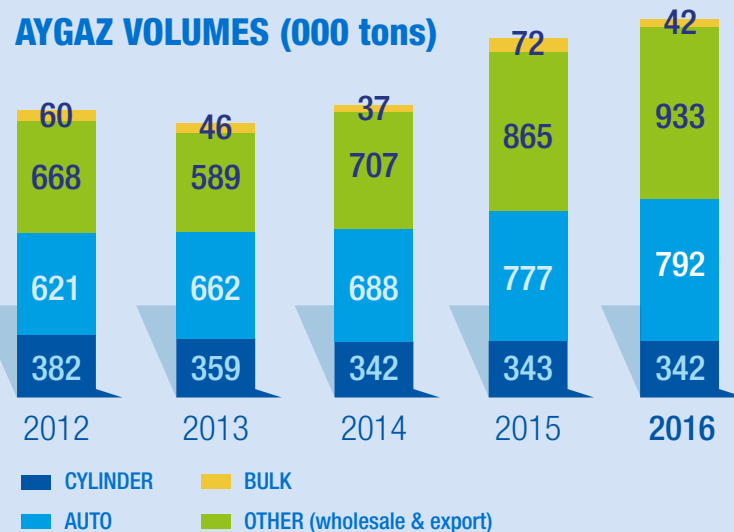
**14th largest industrial company of Turkey, as of 2016
with 55 years of history**

Most preferred LPG brand in Turkey since its foundation

Market leader with 3 brands

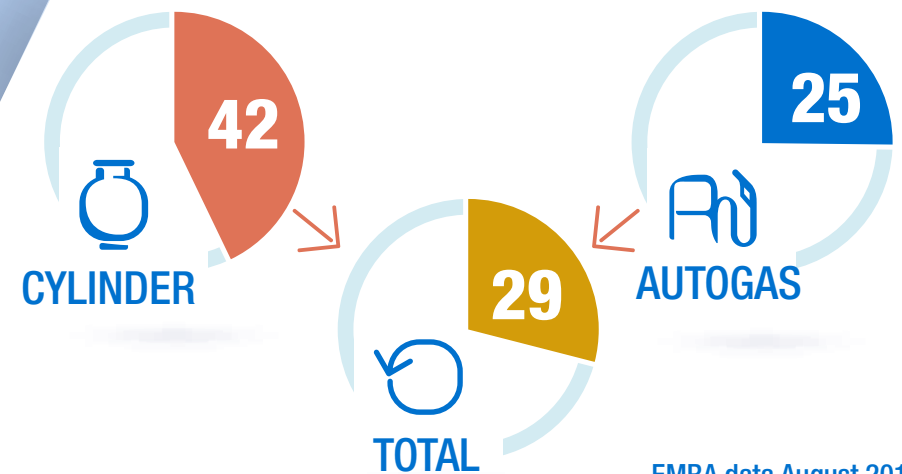
AYGAZ Mogaz Lipetgaz

AYGAZ VOLUMES (000 tons)



EMRA, Aygaz

MARKET SHARES (%)



EMRA data August 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;

62%

NATURAL GAS

38%

CRUDE OIL

LPG AS A COMMODITY



Mixture of hydrocarbons (Butane and Propane)



Portable and versatile



Low GHG emission; Eco-friendly



Diversity of supply sources; Abundant reserves

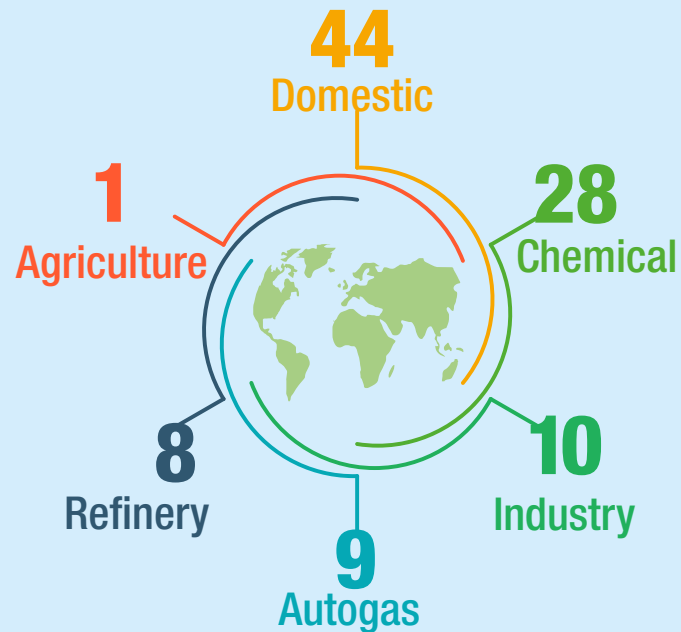


Cleaner, safer and cheaper at home & transportation

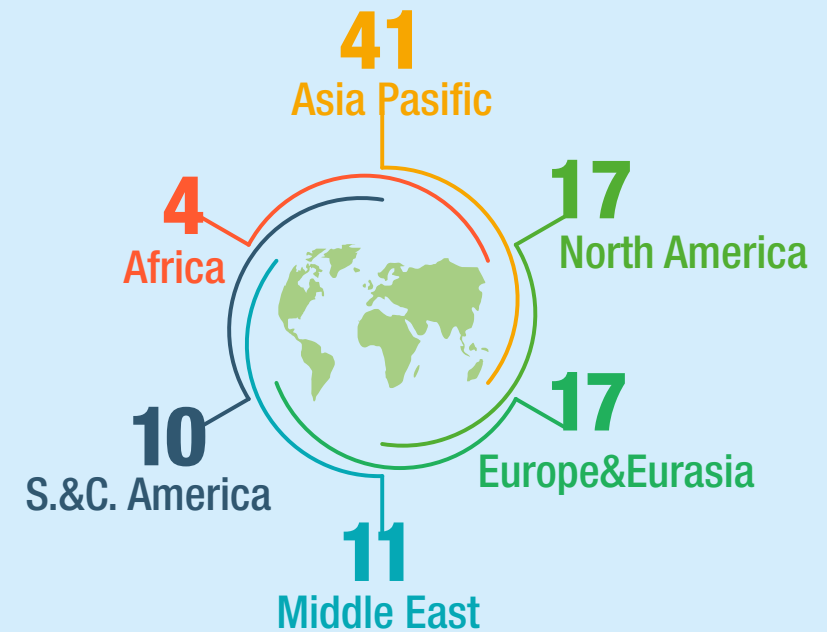
WLPGA Statistical Review of Global LP Gas Report, 2017

> World LPG consumption

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

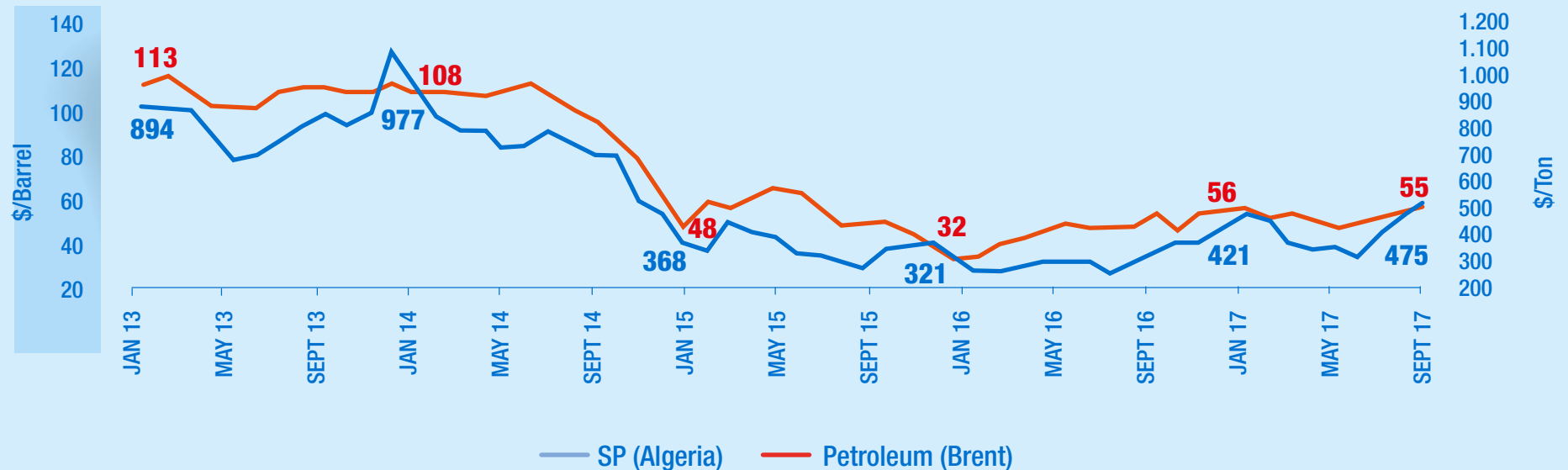


**World LPG Consumption
By Region 2016 (%)**



WLPGA Statistical Review of Global LP Gas Report, 2017

> LPG price versus brent



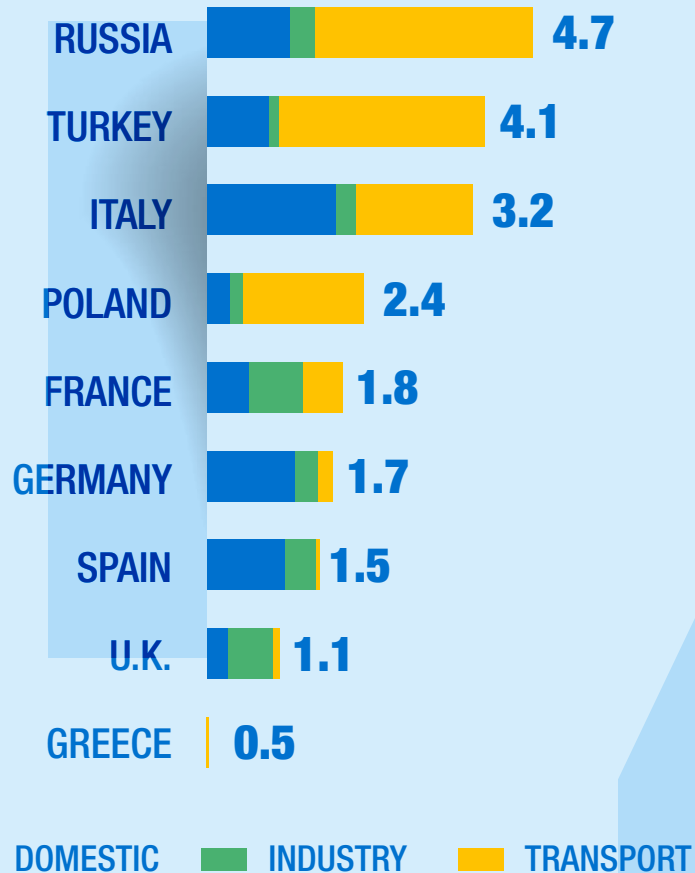
- There is a correlation with LPG and petroleum price
- Seasonality can also affect LPG price
- September 2017 Sonatrach LPG price is at USD 475 and 52% higher than September 2016 price.

Sonatrach / Market data

C

Turkish LPG market

EUROPE (m ton)



WLPGA Statistical Review of Global LP Gas Report, 2017

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

~80 distribution companies

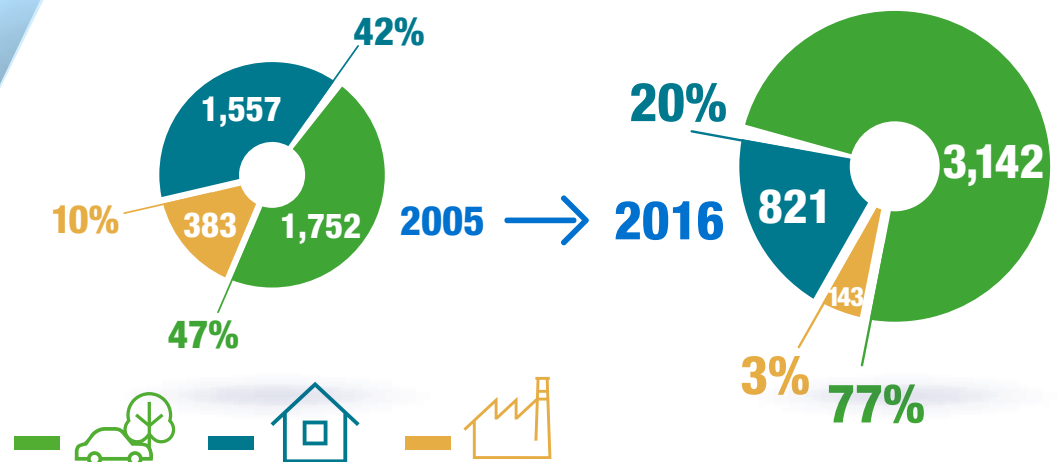
Leading 3 players in the cylinder market and first 8 players in the autogas market hold over 80% of the total market

Serving; • 7.5 m houses • 4.4 m cars

Liberal market with regulatory body-EMRA

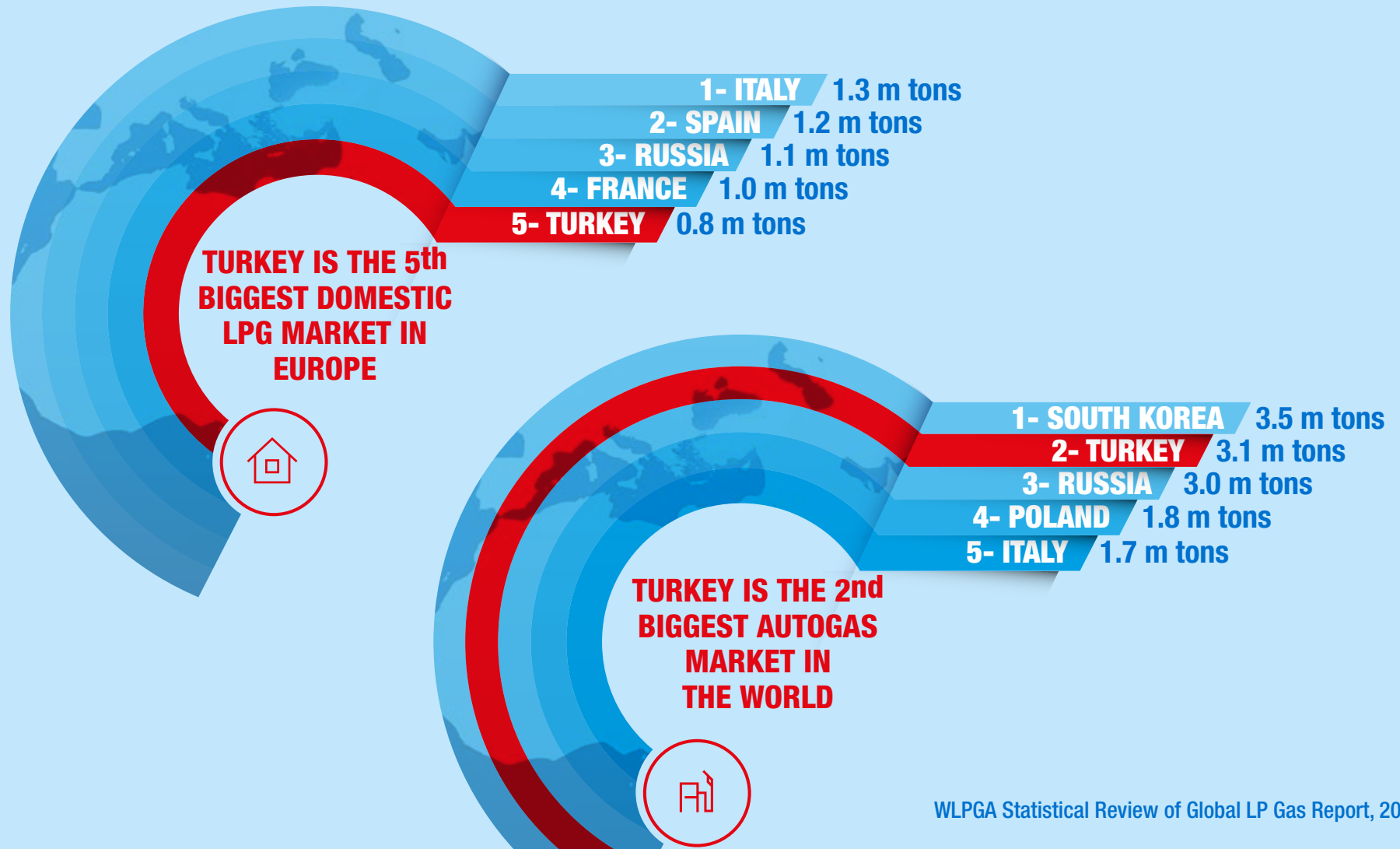
* when p. chemical & refinery consumption is excluded

EVOLVING FROM CYLINDER TO AUTO (000 tons)



EMRA data

Turkish LPG market ranking



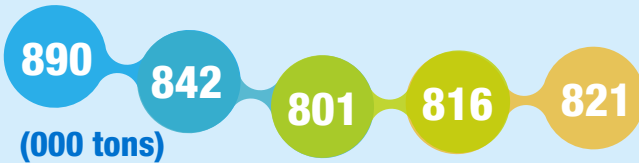
WLPGA Statistical Review of Global LP Gas Report, 2017



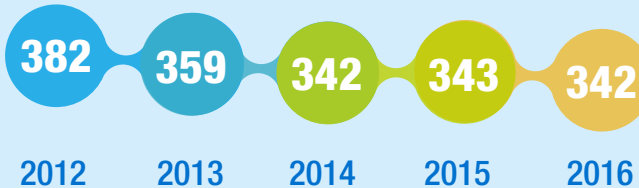
Cylinder market starting to stabilize

CYLINDER MARKET

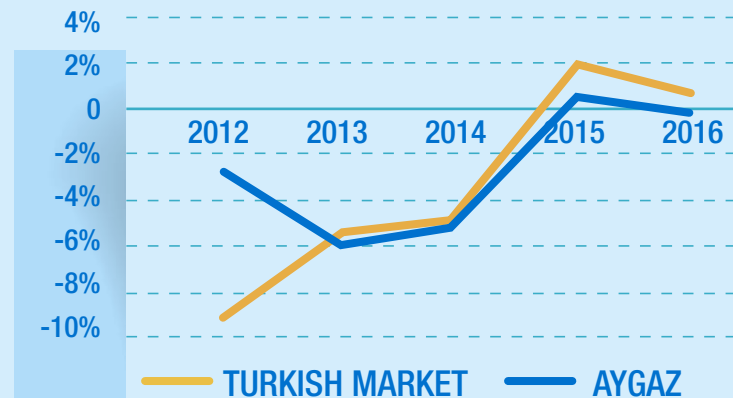
Turkish market



Aygaz



CYLINDER YoY CHANGES



Growth continued in 2016 after 2015, after 15 years of contraction

Factors affecting cylinder market;

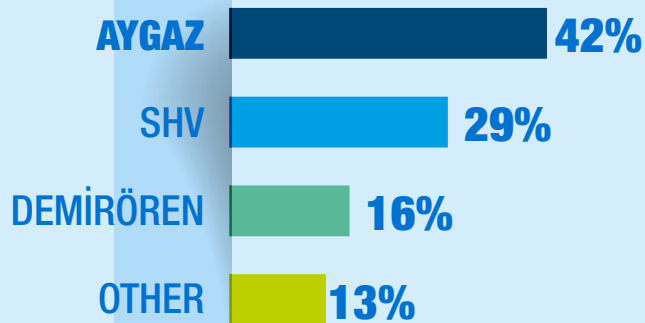
- Slow down of expansion in natural gas grid
- Low LPG prices supported demand stability
- Population upsurge due to Syrian refugees (approx. 3 m people)

EMRA data

Aygaz; leading cylinder market since its foundation



CYLINDER MARKET SHARES



- Generic brand
 - Market maker
 - Largest dealer network with highest 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

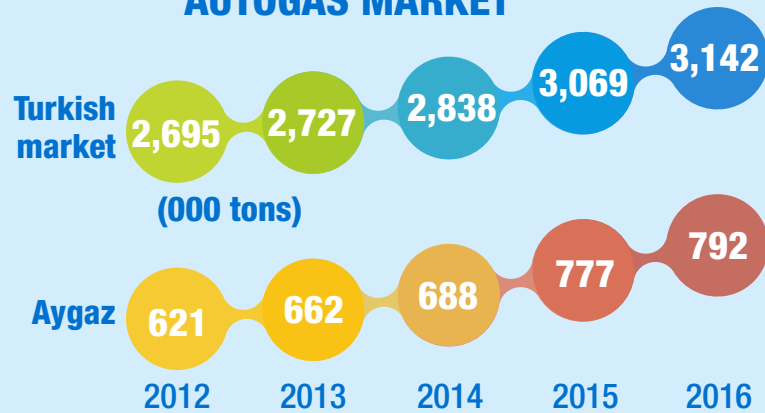
2016	Number of Dealers	Sales Volume (tons)	Avg dealer sales (tons)
Aygaz cylinder dealers	2,192	342,050	156
Total cylinder dealers	8,166	820,412	100

*EMRA data

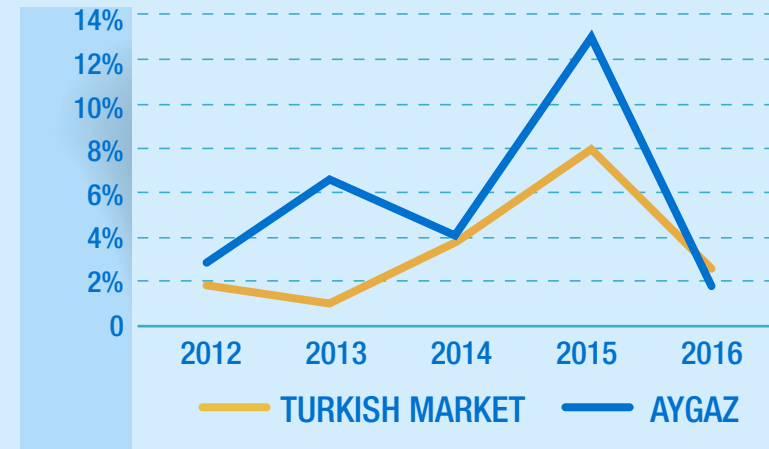


Autogas market keeping its steady growth

AUTOGAS MARKET



AUTOGAS YoY CHANGES



Steady growth since 2003

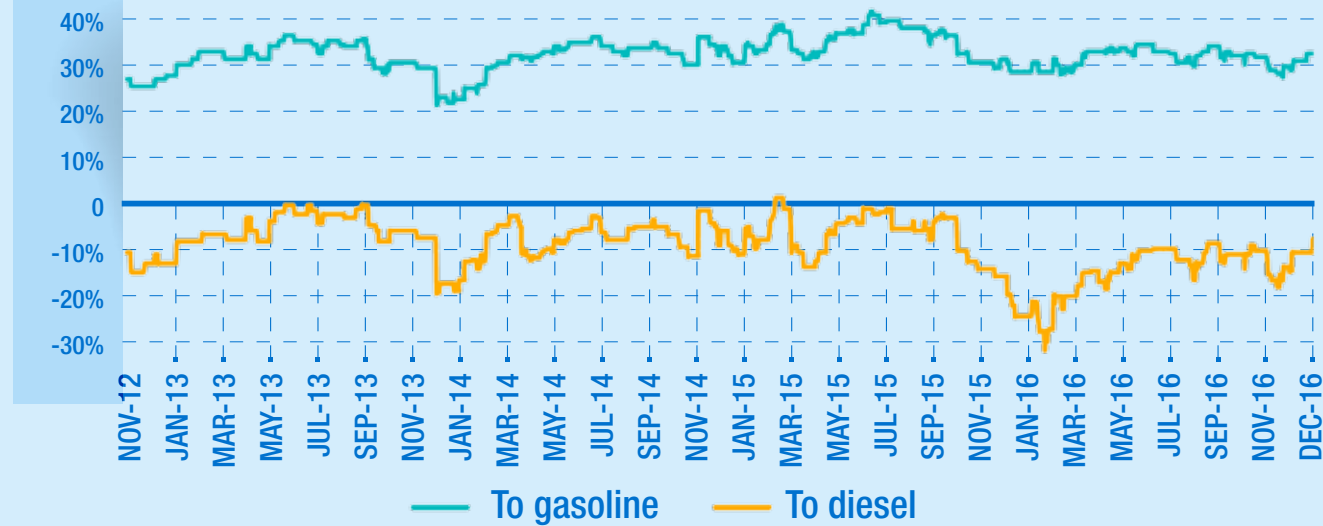
Factors affecting autogas market;

- Offers 30%+ economical advantage to gasoline
- International&local players in a price competitive environment
- Strong and regulated conversion business supports autogas car park growth
- Guaranteed conversion support from car manufacturers is progressing

EMRA data

Economy of autogas

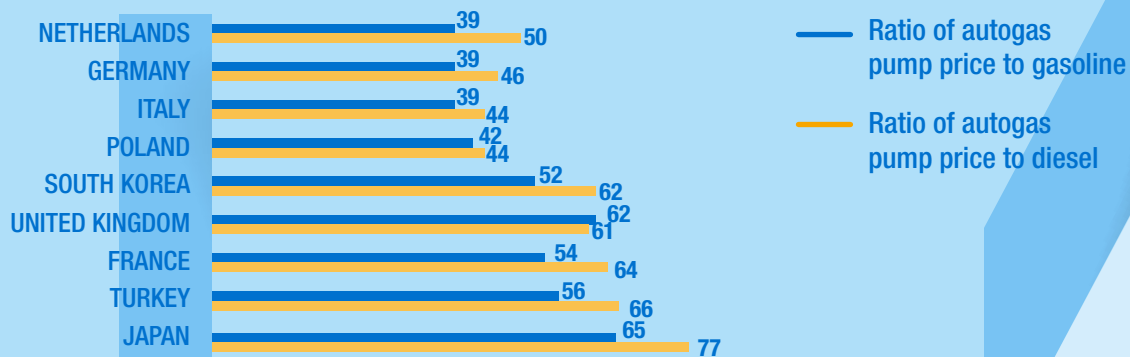
PRICE ADVANTAGE OF AUTOGAS



30%+

**price advantage
to gasoline**

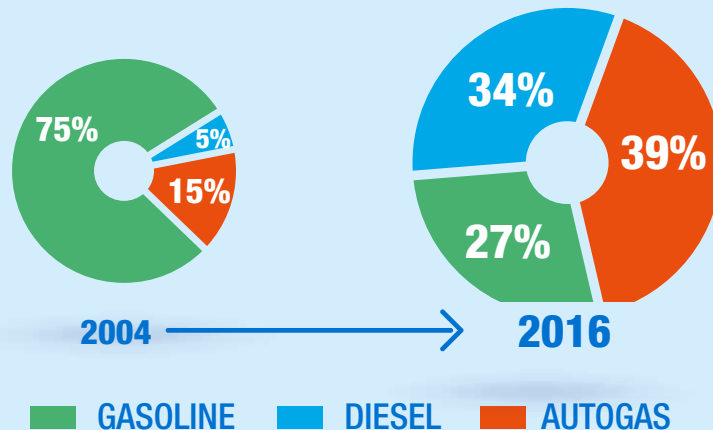
PUMP PRICE OF AUTOGAS ACROSS THE WORLD (%)*



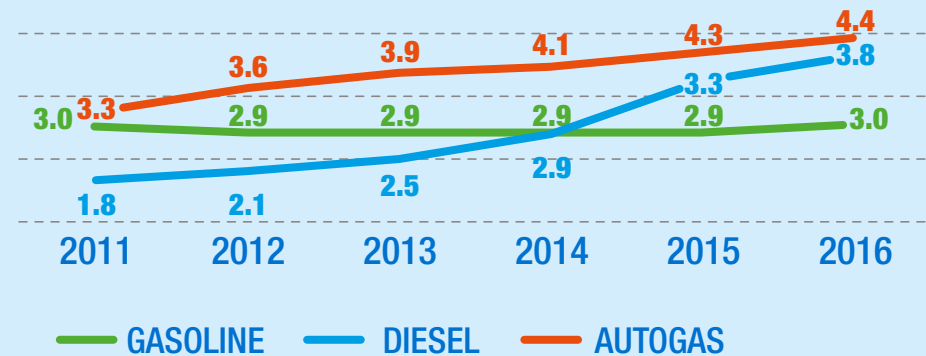
*WLPGA Statistical Review of Global LP Gas Report, 2017

Autogas; most widely-used passenger car fuel of Turkey

RATIO OF CARS REGISTERED TO TRAFFIC ACC. TO FUEL TYPE



TURKISH CAR PARK (m cars)



- Most widely-used passenger car fuel since 2011
- With 4.4 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

CAR OWNERSHIP PER PERSON

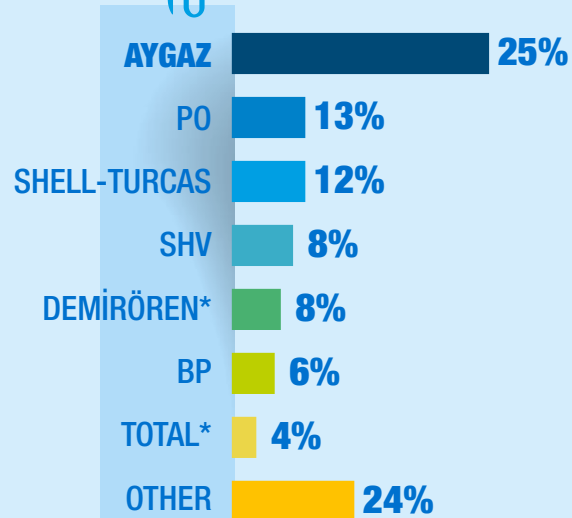
564/1000
EUROPE

134/1000
TURKEY

Turkstat, Eurostat

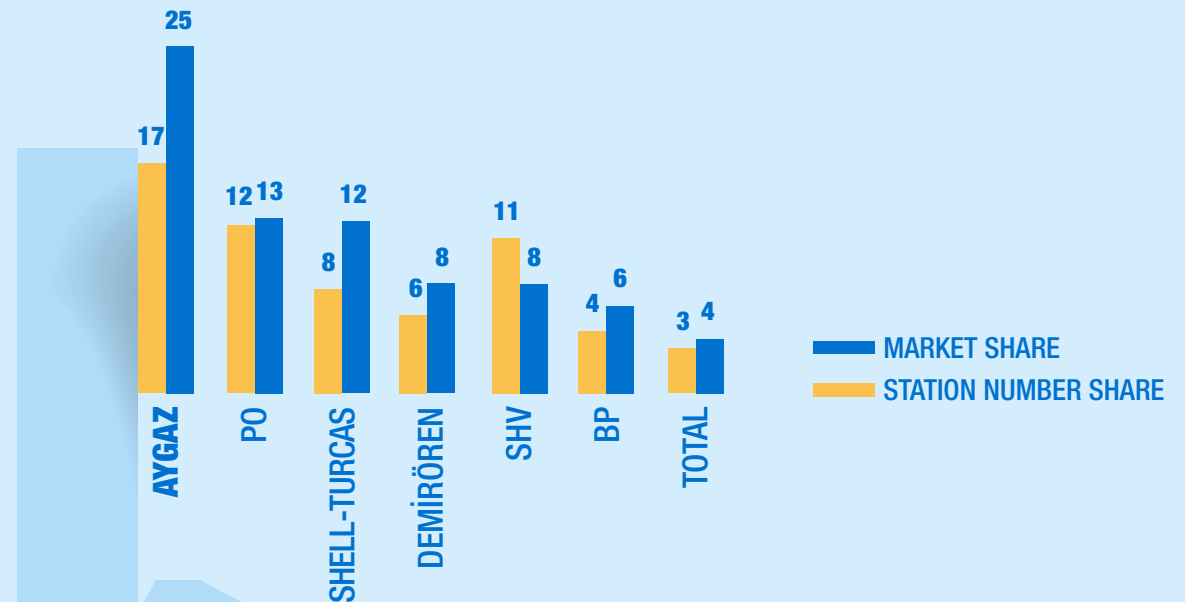
Aygaz; leader of World's second biggest Autogas Market

 **AUTOGAS MARKET SHARES**



*Belonging to the same group

MARKET SHARE & STATION NUMBER SHARE (%)



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

	Number of Dealers	Sales Volume (tons)	Avg dealer sales (tons)
Aygaz autogas dealers	1,741	791,758	455
Total autogas dealers	10,426	3,141,932	301

EMRA data

Autogas car park growth

160,000



**conversions
per year**

1,000+ conversion points

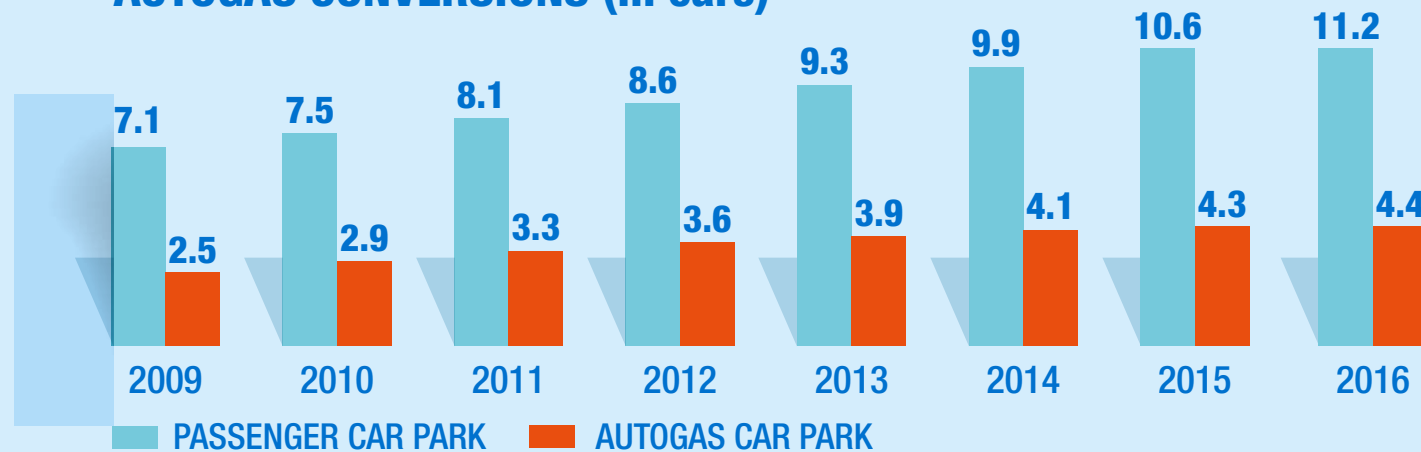
\$500 average initial cost

Payback in 15,000 km

OEM; original equipment manufacturer

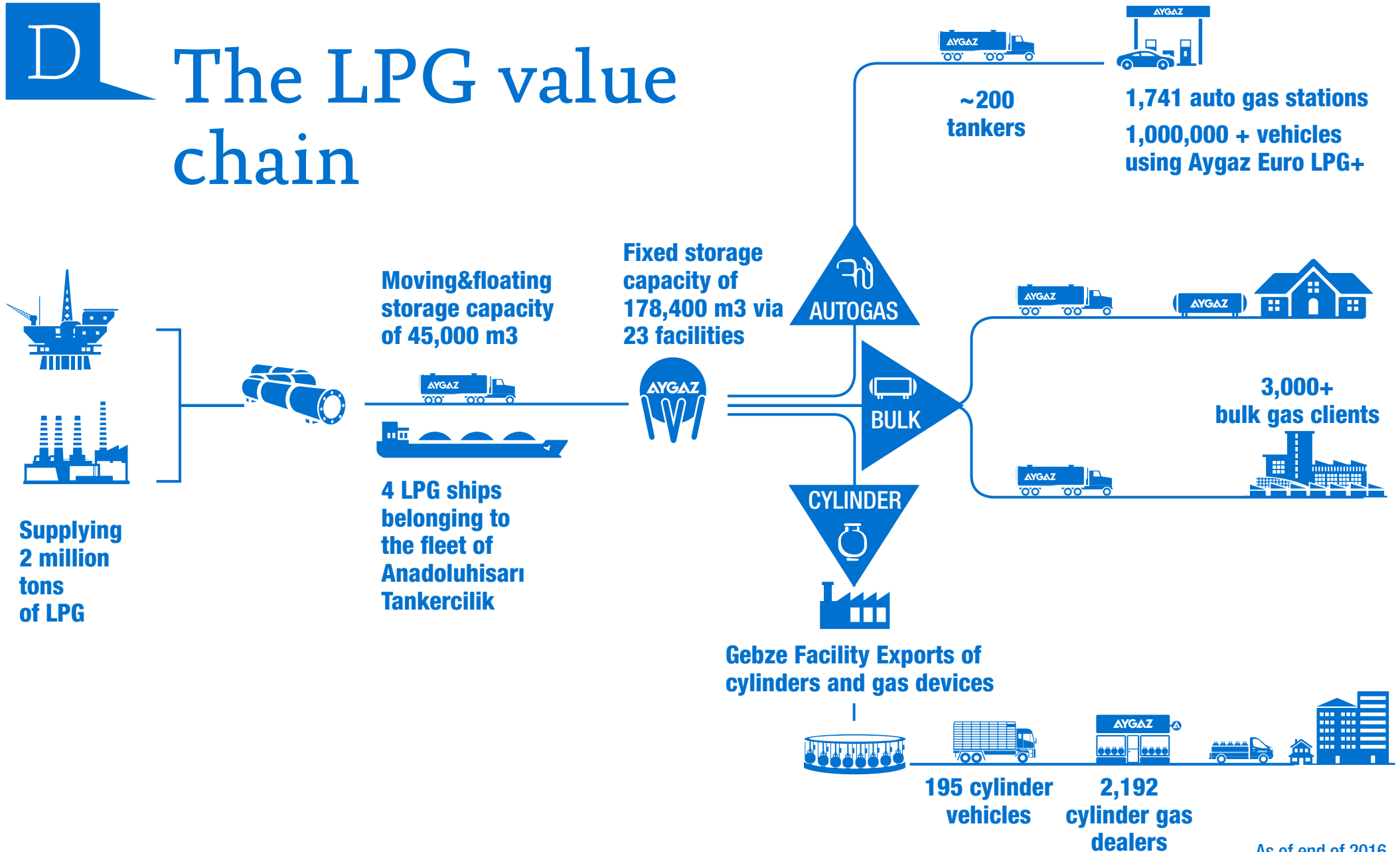
- Some major car manufacturers are providing guaranteed conversion currently

AUTOGAS CONVERSIONS (m cars)



Turkstat

The LPG value chain



As of end of 2016

> 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



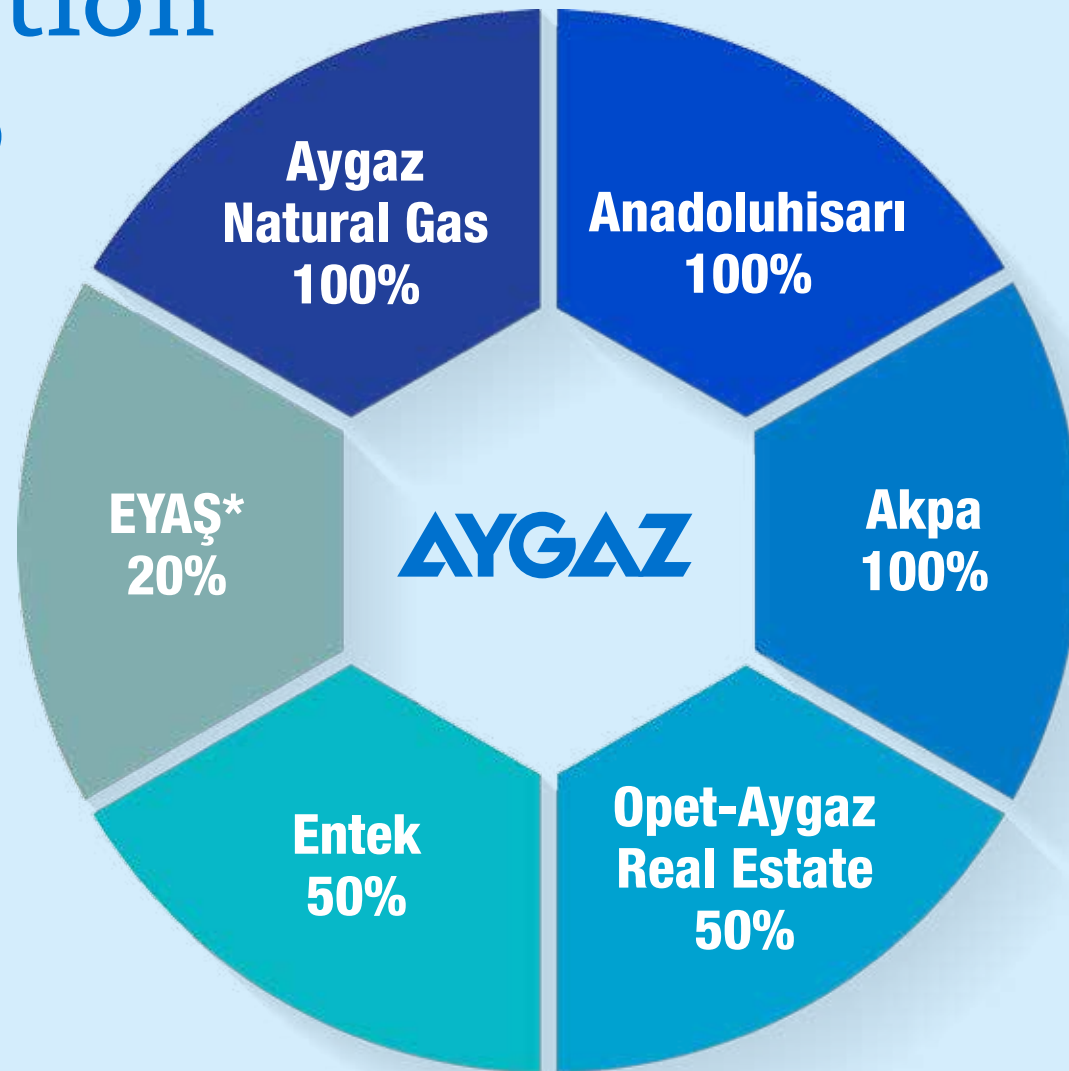
OVERLAND TRANSPORTATION

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



E

Participation Portfolio



*EYAŞ owns 51% of the shares of TÜPRAŞ

F Natural gas

AYGAZ
DOĞALGAZ

LNG SALES



Transportation
and regasification



19% market share,
300 industrial
customers

2016

sales:
~100 mcm

PIPELINE NATURAL GAS SALES



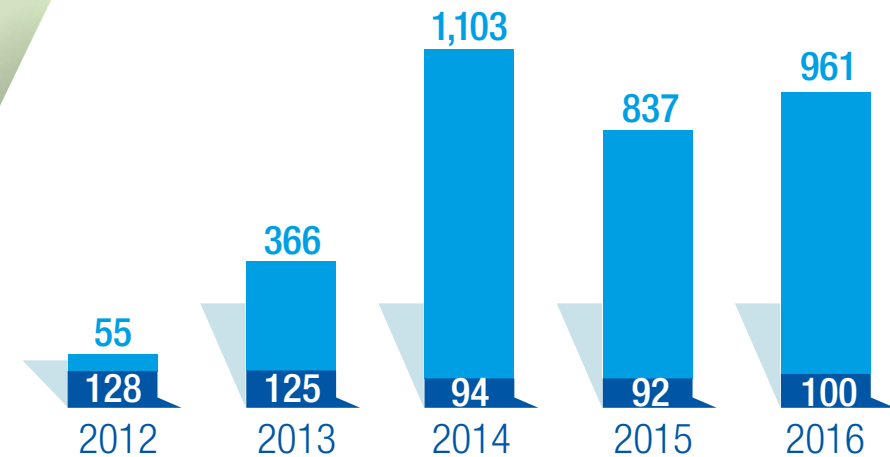
Started in
2010

2016 sales:
~950 mcm

PROJECTS

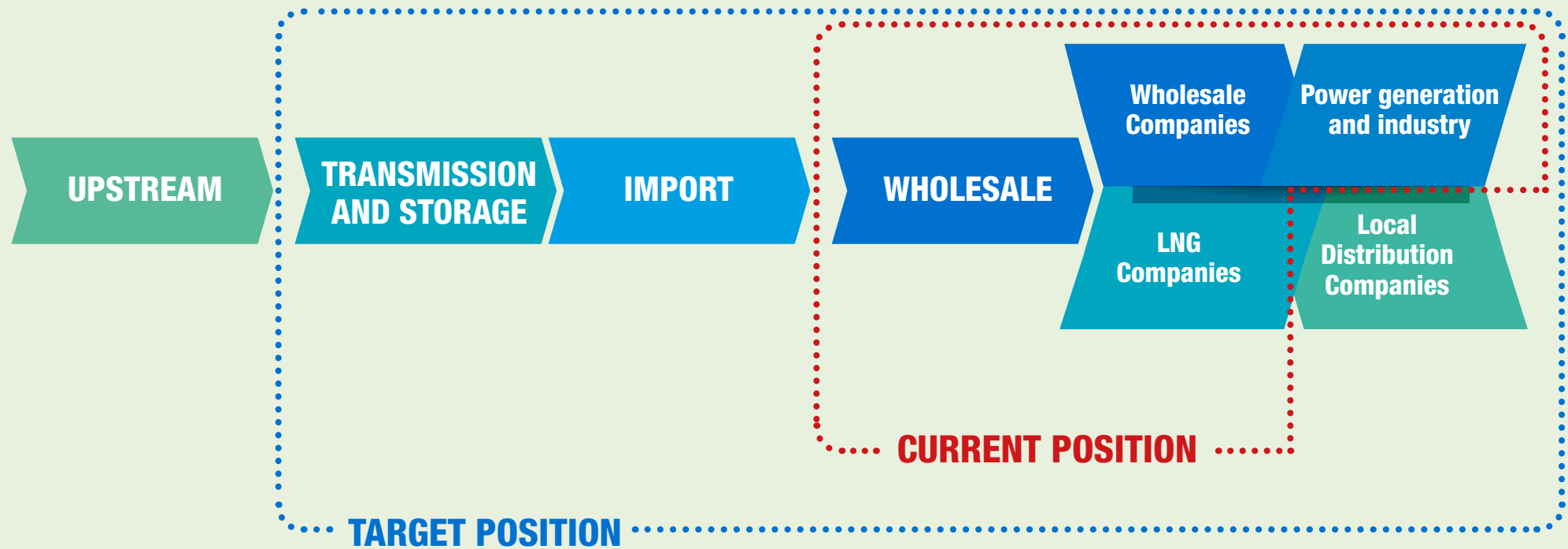
LNG & Pipeline gas import

SALES VOLUME (mcm)



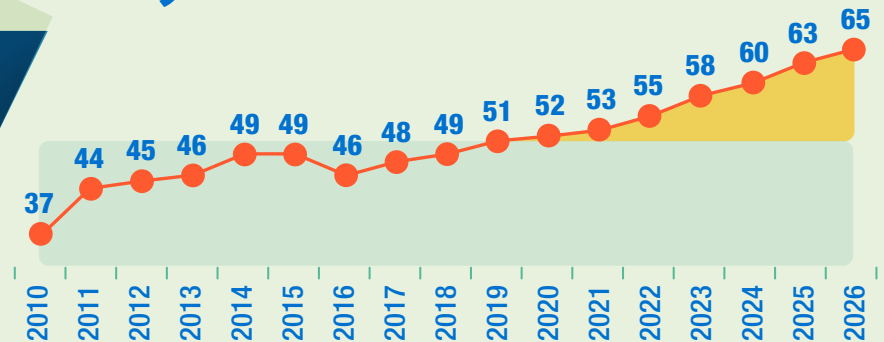
■ LNG SALES ■ PIPELINE SALES

> Natural gas STRATEGY



Natural gas market dynamics

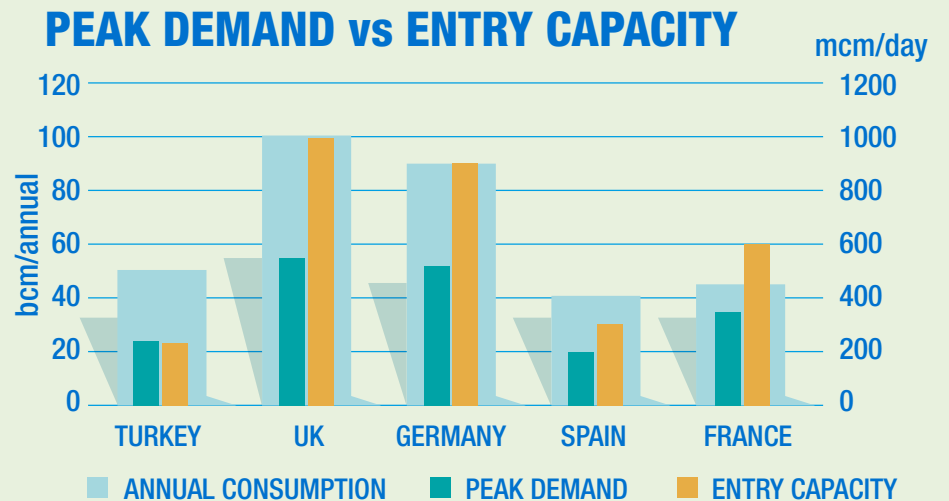
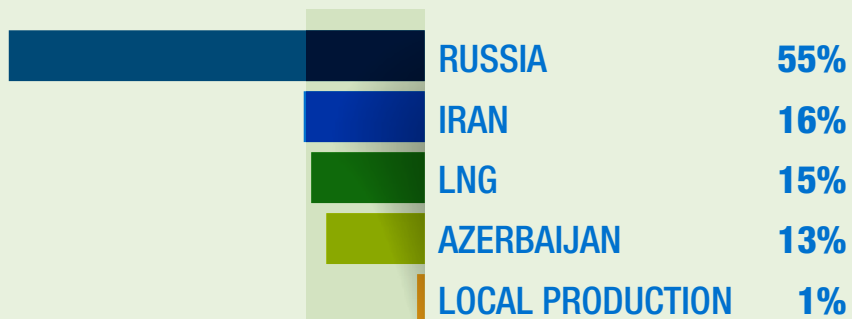
- Liberalization process still continues; only 20% of the market is composed of private sector.
- Natural gas consumption of Turkey is expected to reach 65 bcm in 2026.
- Turkey needs additional gas entry for the following 10 years especially in winter time peak demands.
- LNG is widely used to ensure supply diversity, security and flexibility in Europe.
- Turkey needs new LNG regasification terminal and underground storage investments



Expected 2026 Consumption 65 bcm

Expected 2026 Additional Gas Requirement 14 bcm

TURKISH NATURAL GAS SUPPLY/DEMAND



Botaş & Aygaz

G

Other participations

POWER GENERATION

İzmit NGCC: **157 MW**

3 hydro assets: **62 MW**

Kepezkaya HEPP (Karaman) 28 MW

Damlapınar HEPP (Karaman) 16 MW

Kumköy HEPP (Samsun) 18 MW

Entek

SALES AND MARKETING

Direct sale of cylinder gas and carboy water throughout Turkey

Fuel trade at its fuel stations

akpa

STRATEGY

Selective growth depending on opportunities and liberalization in the market

OPET AYGAZ GAYRİMENKUL

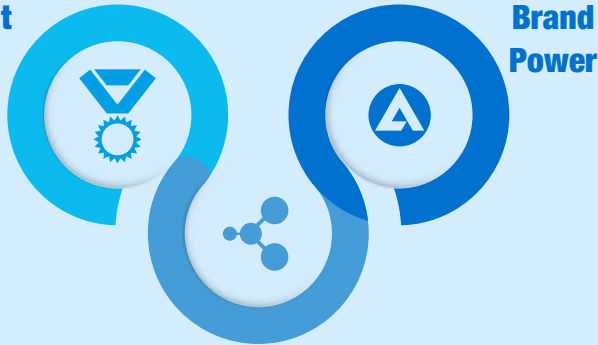
Founded in 2013 as a 50-50 partnership with Opet to purchase real estate and manage or lease these properties as fuel or autogas stations

Currently owns 18 stations



Aygaz key takeaways

**Consistent
Market
Leader**



**Brand
Power**

**Strong Sales &
Logistics Network**

**Long-term
Strategy
Builder**



**Diversifier &
Portfolio
Investor**

**Financial
Strength**

STRATEGIC PRIORITIES

Sustain its market leadership in LPG through;

- Product differentiation and innovation for autogas
- Further penetration by opening new autogas stations
- Growth prospects for cylinder gas in rural Turkey

Utilize and enhance its asset portfolio through;

- New acquisitions, mergers and investments
- On Natural Gas side, to become an importer and a significant player in wholesale market

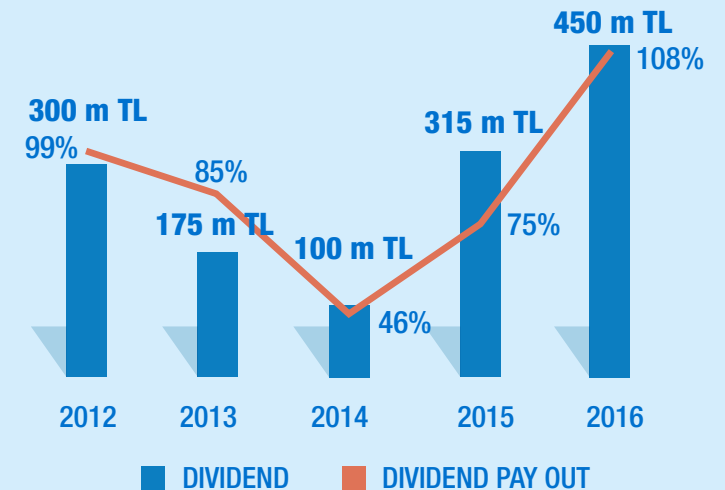
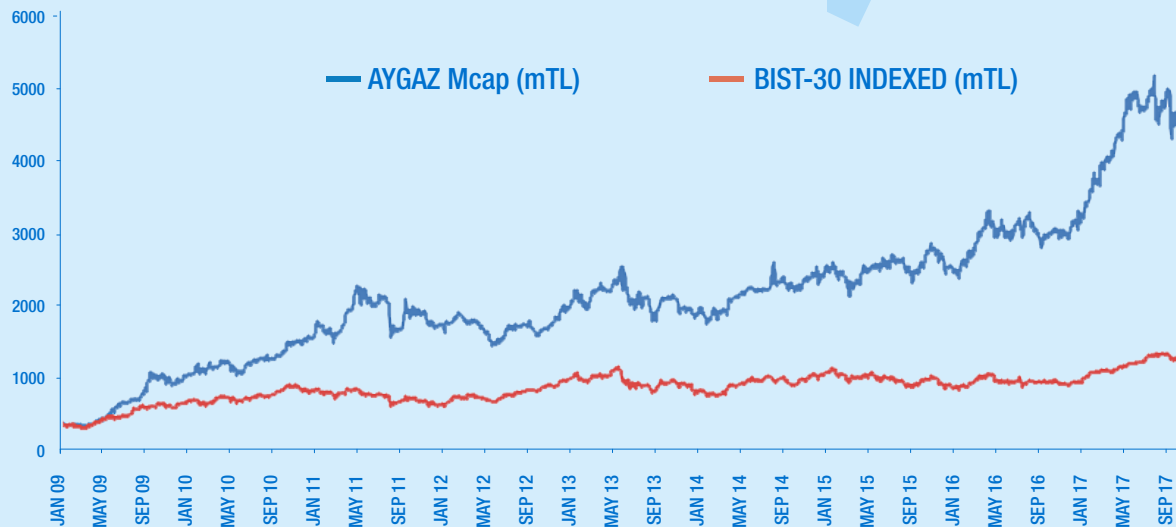
Shareholder value

OUTPERFORMER OF BIST 30

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

STRENGTHS

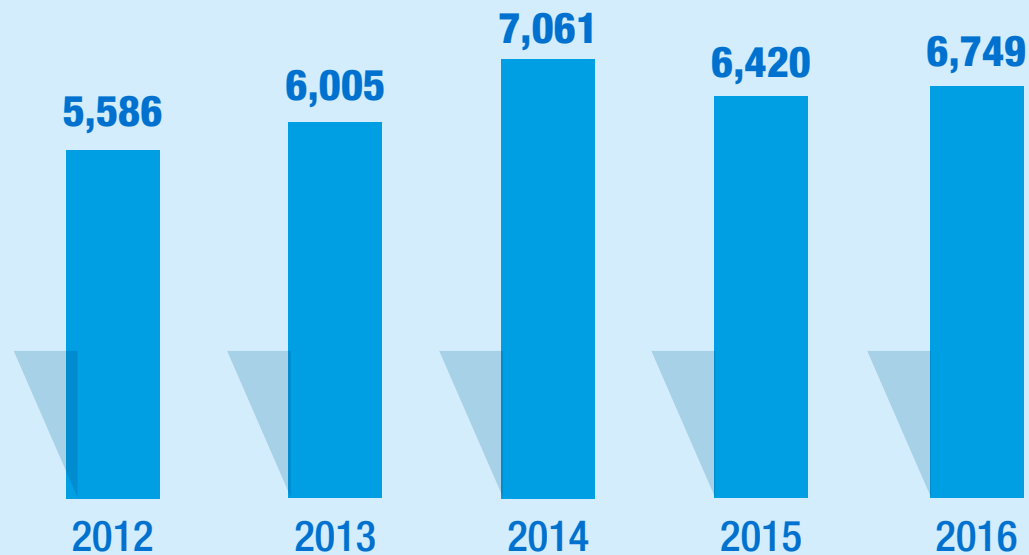
- Sustainable operating profitability from core business; LPG
- Resistant to economic fluctuations and crises
- High dividend payments
- Corporate governance practices at international standards;
 - SAHA Corporate Governance and Credit Rating Services confirmed Aygaz's corporate governance rating score as 9.36 on June 22, 2017.



H

Financial highlights

SALES REVENUE (m TL)

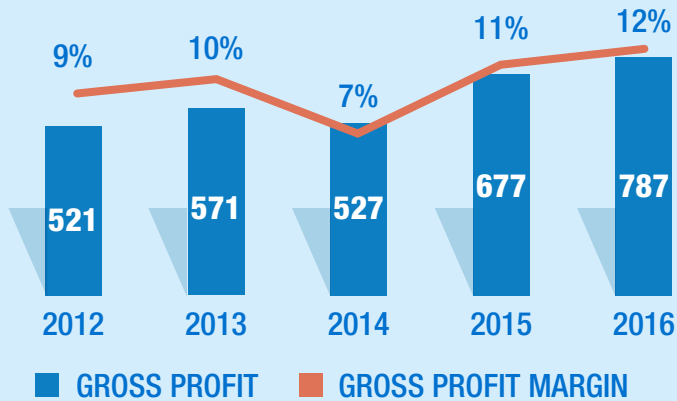


Sales revenue figure fluctuations are mainly due to;

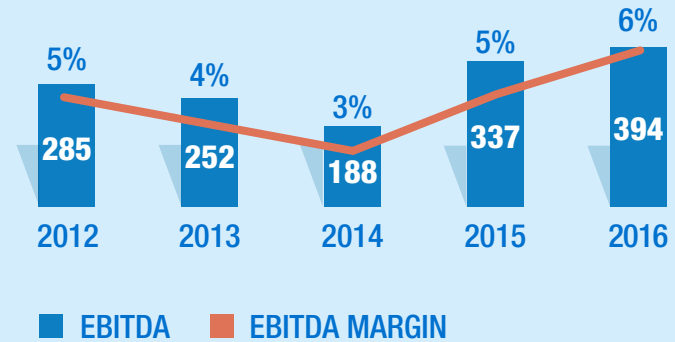
- FX rate changes
- Commodity price changes

Financial highlights

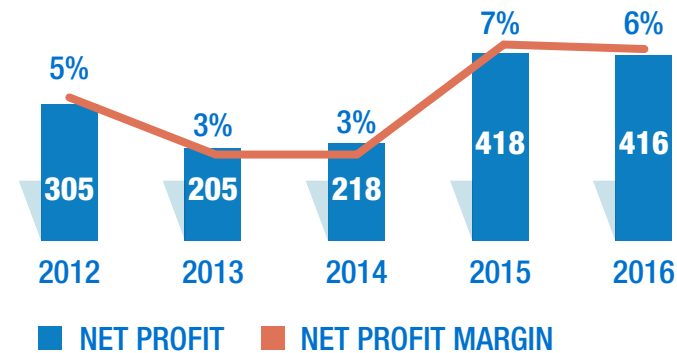
GROSS PROFIT AND GPM



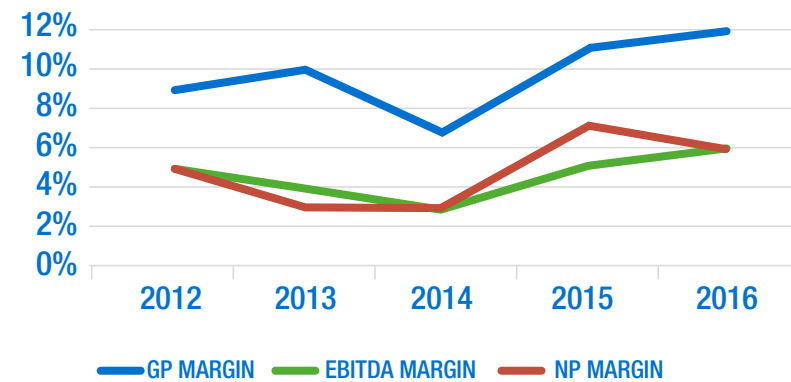
EBITDA AND EBITDA MARGIN



NET PROFIT AND NPM



PROFIT MARGINS

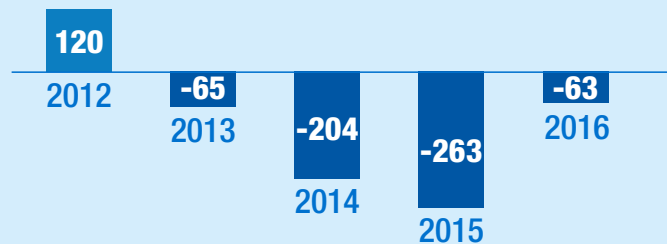


Bars: m TRY figures
Lines: % figures

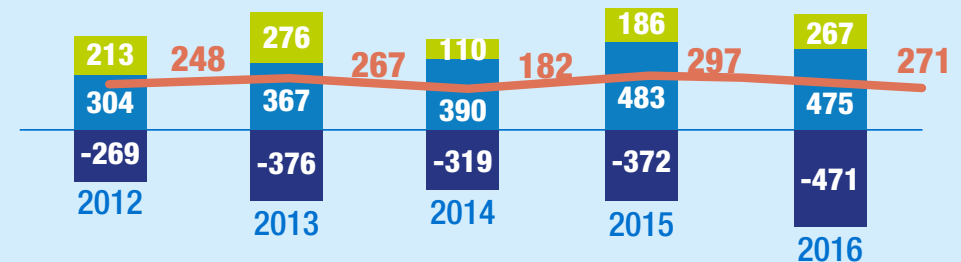


Financial highlights

NET CASH (m TL)



WORKING CAPITAL (m TL)



■ TRADE PAYABLES

■ TRADE RECEIVABLES

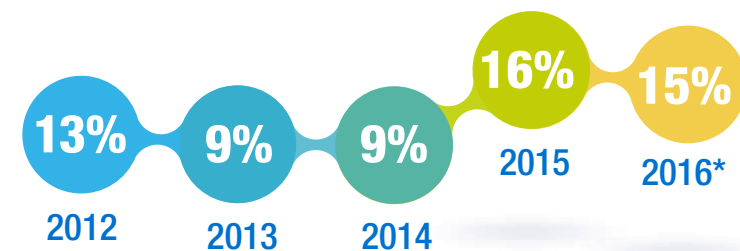
■ INVENTORY

■ WORKING CAPITAL

CURRENT RATIO



RETURN ON EQUITY



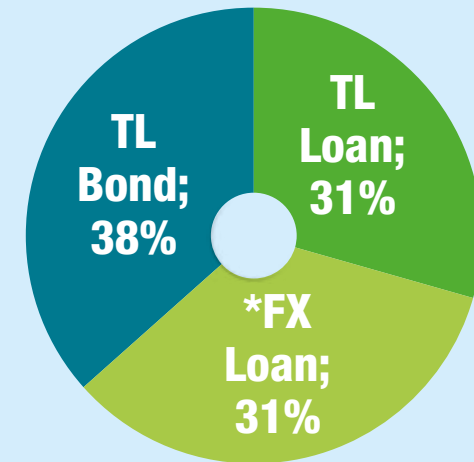
*Rolling basis

Financial highlights

(m TL)	2015	2016
ST Borrowings	66	1
Current portion of LT Borrowings	182	229
LT Borrowings	303	400
Total Debt	551	630
Cash and cash equivalents (-)	289	568
= Net Debt	263	63

ST: Short-term LT: Long-term

DEBT PROFILE AS OF
31/12/2016



* 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, 2017.

I Appendix

1 Income statement summary

(m TL)	2012	2013	2014	2015	2016
Sales Revenue	5,586	6,005	7,061	6,420	6,749
COGS	(5,065)	(5,434)	(6,534)	(5,743)	(5,962)
Gross Profit	521	571	527	677	787
Operating Profit	206	170	104	250	308
Profit Before Tax	345	237	237	458	469
Net Profit	305	205	218	418	416
EBITDA	285	252	188	337	394
GP margin	9%	10%	7%	11%	12%
OP margin	4%	3%	1%	4%	5%
NP margin	5%	3%	3%	7%	6%
EBITDA margin	5%	4%	3%	5%	6%

2 Balance sheet summary

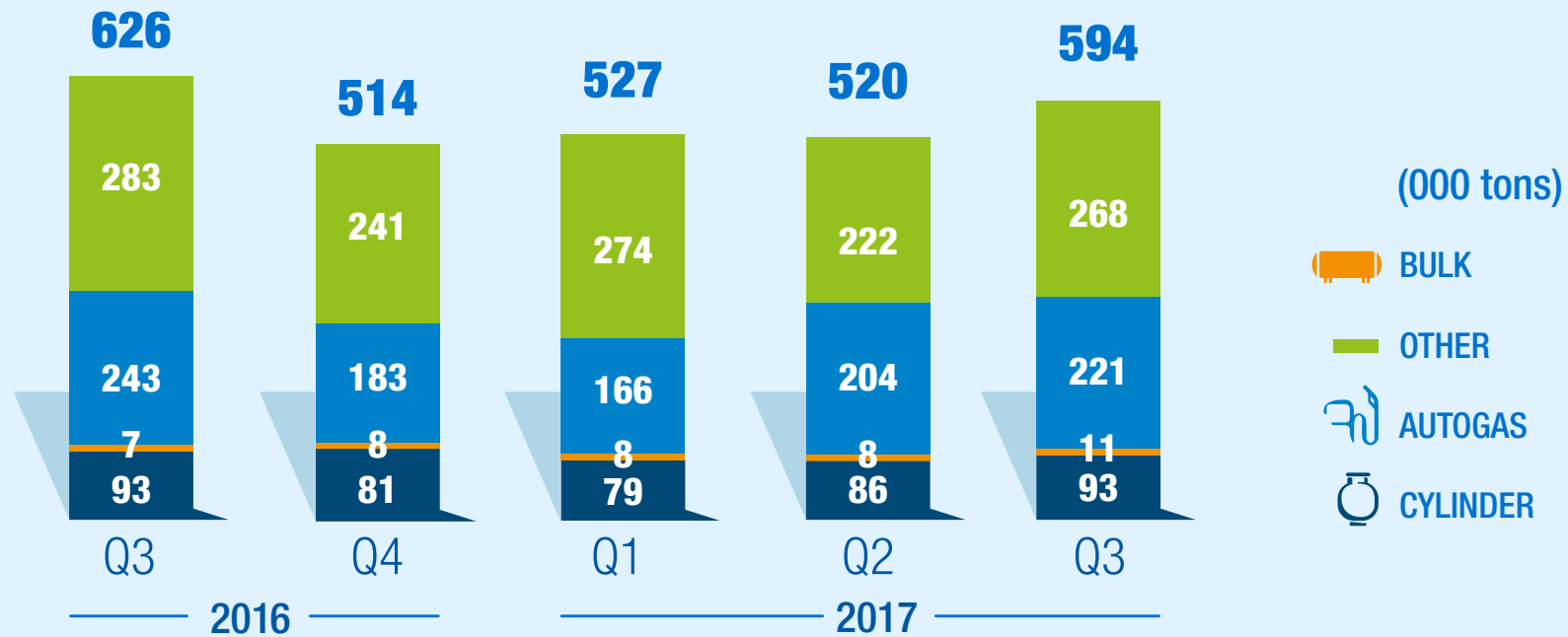
(m TL)	2012	2013	2014	2015	2016
Cash & Cash Eq.	125	173	161	289	568
Trade Receivables	304	367	390	483	475
Inventories	213	276	110	186	267
Participations	1,230	1,377	1,677	1,867	1,922
Prop. Plant & Eq.	595	589	585	651	658
Financial Debt	(6)	(238)	(365)	(551)	(630)
Trade Payable	269	376	319	372	471
Equity	2,381	2,244	2,359	2,611	2,742
Total Assets	2,956	3,188	3,412	3,916	4,314
Net Cash	120	(65)	(204)	(263)	(63)
Working Capital	248	267	182	297	271

3 2017 Q3 income statement summary

(m TL)	Q317	Q217	Change	Q317	Q316	Change
Revenues	2,216	1,881	18%	2,216	1,845	20%
Gross Profit	223	144	55%	223	217	3%
Operating Profit	100	33	203%	100	85	19%
Profit Before Tax	183	170	8%	183	132	39%
Net Profit	166	168	-1%	166	119	40%
EBITDA	122	55	122%	122	106	15%
MARGINS						
Gross Profit M.	10%	8%	+2	10%	12%	-2
Operating Profit M.	5%	2%	+3	5%	5%	-
Profit Before Tax M.	8%	9%	-1	8%	7%	+1
Net Profit M.	8%	9%	-1	8%	6%	+2
EBITDA M.	6%	3%	+3	6%	6%	-

4

2017 Q3 Aygaz LPG sales



Q3 sales volumes were realized as;

- 221 thousand tons in Autogas (-8.9% YoY)
- 93 thousand tons in Cylinder Gas (-0.4% YoY)

5 Sales Volume in 9M of 2017

According to 9M 2016



Domestic LPG sales

876

Thousand tons

-2% YoY



**International and
wholesale LPG sales**

764

Thousand tons

+9% YoY



Total LPG sales

1.640

Thousand tons

+3% YoY



6

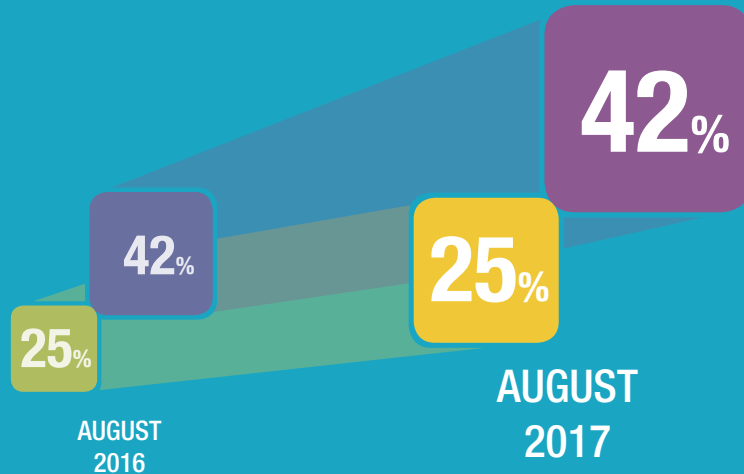
Market shares



CYLINDER



AUTOGAS



As of August 2017 EMRA report, Aygaz cylinder and autogas market shares are 42% and 25% respectively.

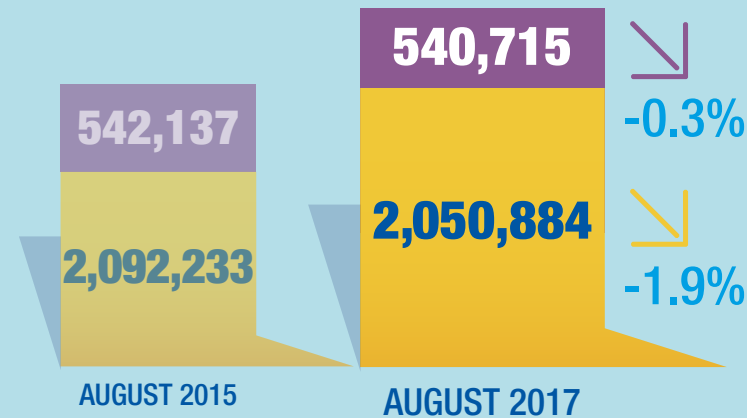
(42% and 25% in August 2016)

According to August 2017 EMRA report, Turkish cylinder sales volume is 540,715 tons and auto gas volume is 2,050,884 tons.

2016/8 months*:

Cylinder gas 542,137 tons
Autogas 2,092,233 tons

*EMRA 2017 report



SALES VOLUME (Tons)

EMRA, Aygaz

7 Income Statement - 9M Summary

(m TL)	9M17	9M16	Change
Revenues	6,162	4,905	26%
Gross Profit	557	586	-5%
Operating Profit	219	233	-6%
Profit Before Tax	523	311	68%
Net Profit	492	277	78%
EBITDA	285	297	-4%
MARGINS			
Gross Profit M.	9%	12%	-3
Operating Profit M.	4%	5%	-1
Profit Before Tax M.	8%	6%	+2
Net Profit M.	8%	6%	+2
EBITDA M.	5%	6%	-1

8

Balance Sheet- Summary

(m TL)	9M17	12M16	9M16
Cash & Cash Eq.	401	568	511
Trade Receivables	537	475	439
Inventories	297	267	145
Prop. Plant&Equipment	674	658	650
Participations	2,238	1,922	1,897
Total Assets	4,706	4,314	4,073
Financial Debt	857	630	604
Trade Payables	492	471	312
Total Equity	2,864	2,740	2,672
Total Liabilities&Equity	4,706	4,314	4,073
Net Cash	-456	-63	-93
Working Capital	342	271	272

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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

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