

AYGAZ

INVESTOR PRESENTATION

August 2019



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A

Aygaz overview



**LEADING
LPG
DISTRIBUTOR
of TURKEY**

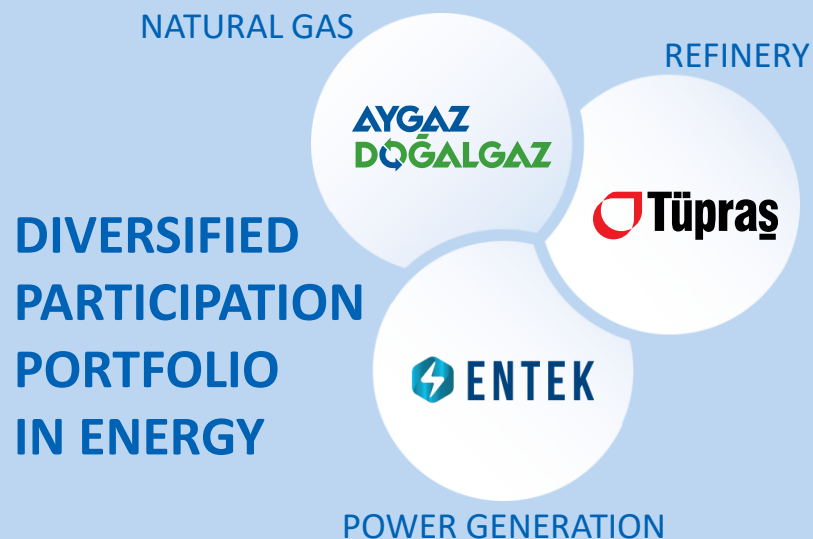
2018

₺ 9.6 billion REVENUE

2 m tons SALES OF LPG

26%* LPG MARKET SHARE

* EMRA December



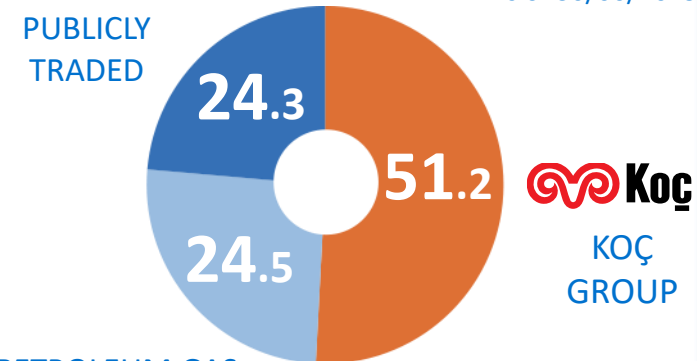
> Overview

SUMMARY FINANCIALS

(Cons. In m TL)	2018	2017	2016	2018-2017 Change
Revenue	9,554	8,469	6,749	13%
EBITDA	160	352	394	-55%
Net Profit	228	577	416	-60%
EBITDA Margin	2%	4%	6%	-2
Net Profit Margin	2%	7%	6%	-5
Volume (000 tons)	2,000	2,154	2,109	-7%

SHAREHOLDERS (%)

As of 30/06/2019



LIQUID PETROLEUM GAS
DEVELOPMENT CO.

> Core business - LPG distribution

Generic brand for LPG

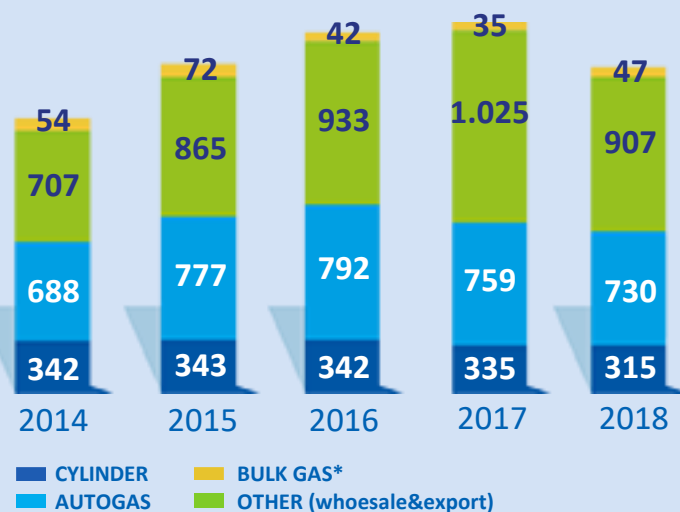
18th largest industrial company of Turkey, as of 2018

Most preferred LPG brand in Turkey since its foundation

Market leader with 3 brands

AYGAZ **Mogaz** **Lipetgaz**

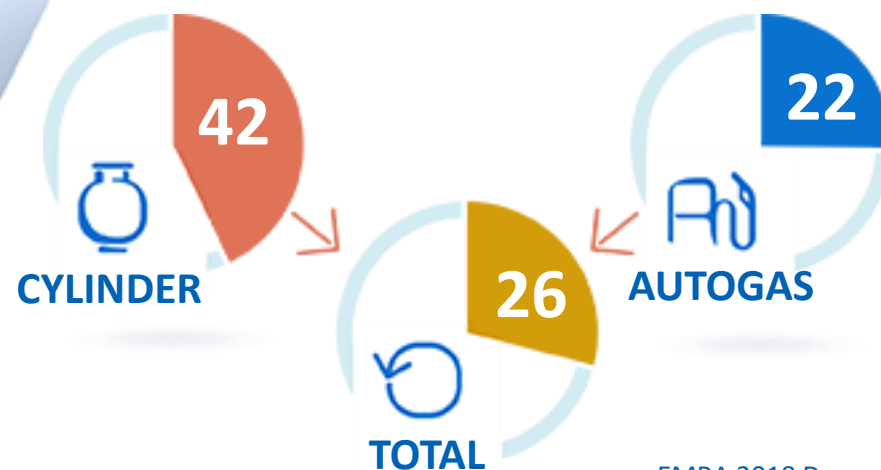
AYGAZ VOLUMES (000 tons)



*With petrochemical sales

EMRA, Aygaz

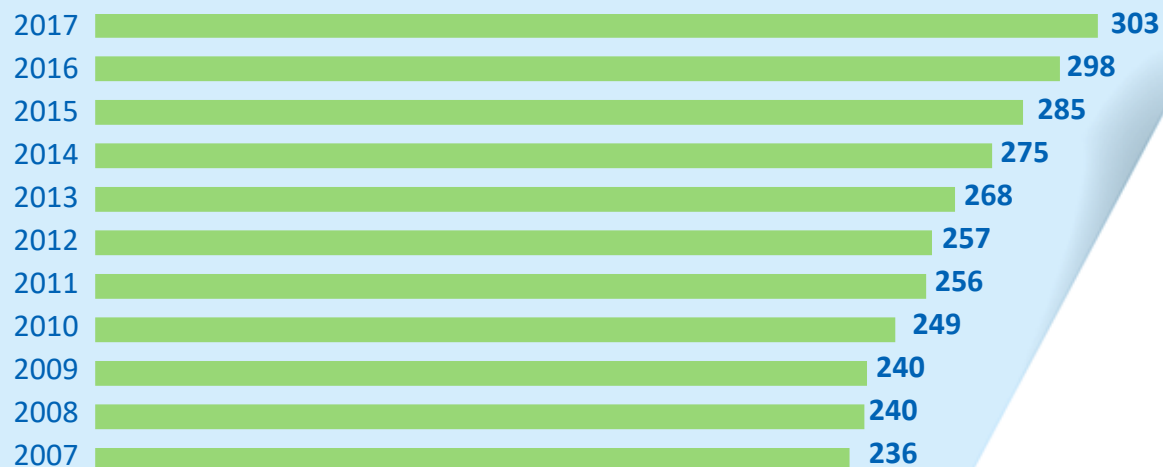
MARKET SHARES (%)



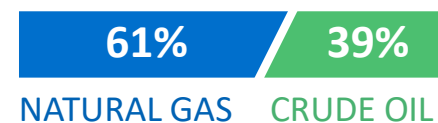
EMRA 2018 December

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



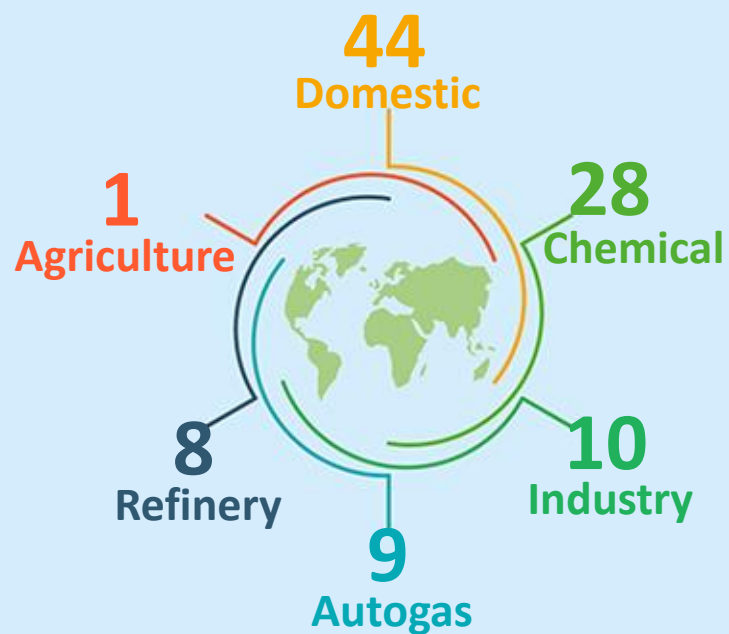
Cleaner, safer And cheaper at home & transportation

WLPGA Statistical Review of Global LP Gas Report, 2018



World LPG consumption

World LPG Consumption
By Sectors 2017 (%)



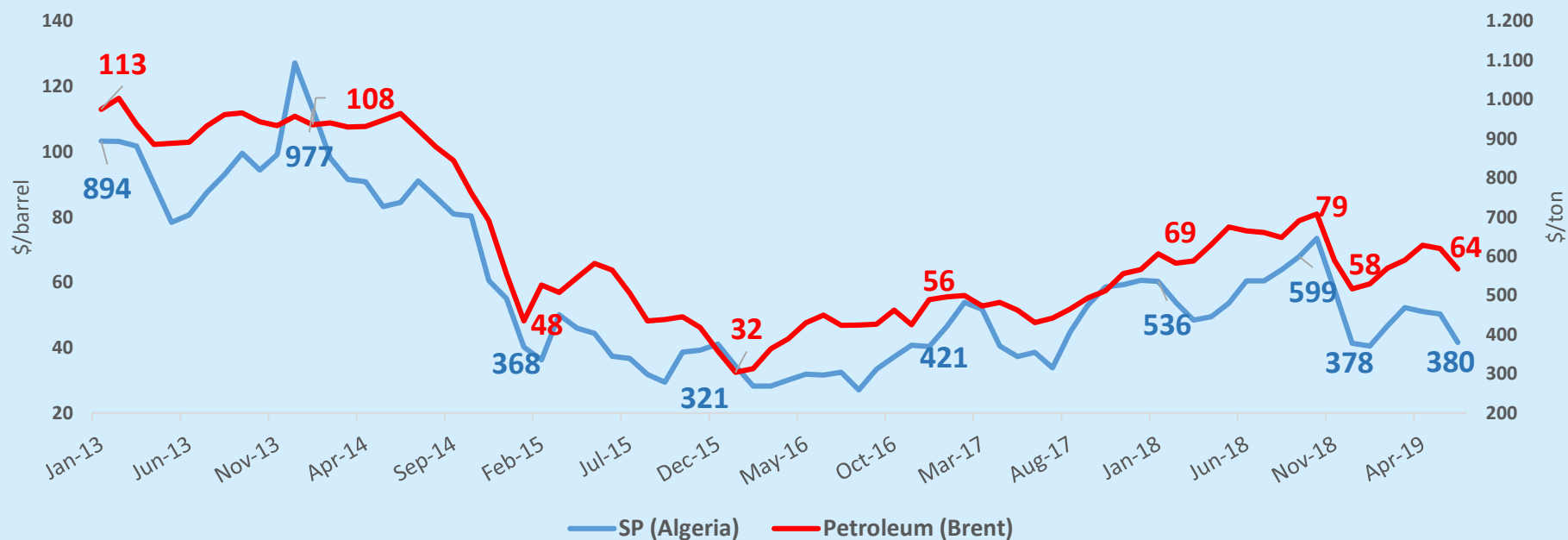
World LPG Consumption
By Regions 2017 (%)



WLPGA Statistical Review of Global LP Gas Report, 2018



Prices of LPG and brent

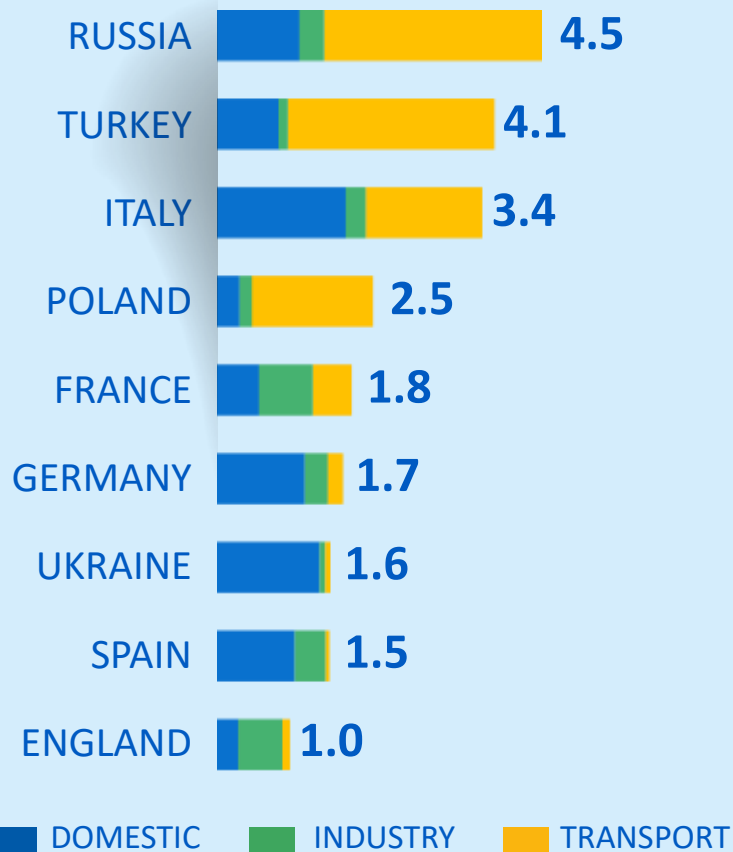


- There is a correlation between LPG and oil price
- Seasonality can also affect LPG price
- June 2019 Sonatrach LPG price is at USD 380 and 29% lower than June 2018 price.

Sonatrach / Market data

C Turkish LPG market

LPG consumption in Europe (m ton)



WLPGA Statistical Review of Global LP Gas Report, 2018

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

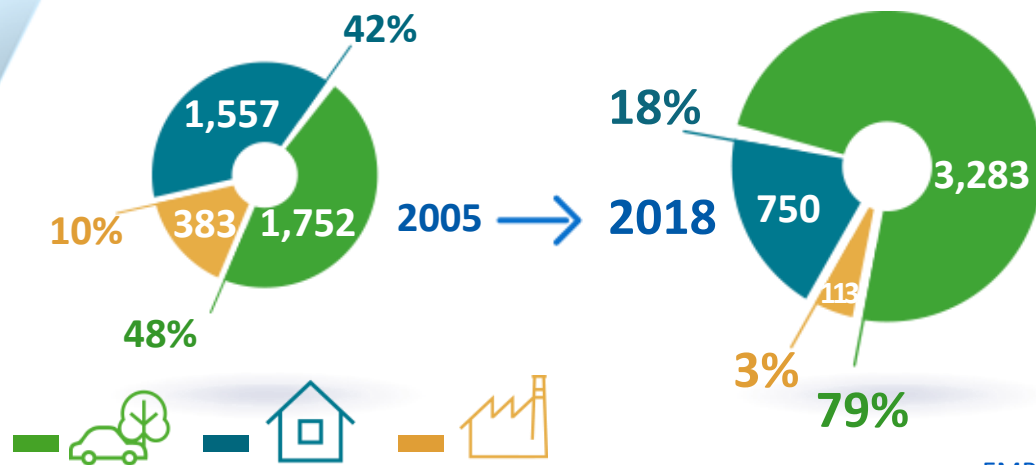
~90 distribution companies

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

Liberal market with regulatory body-EMRA

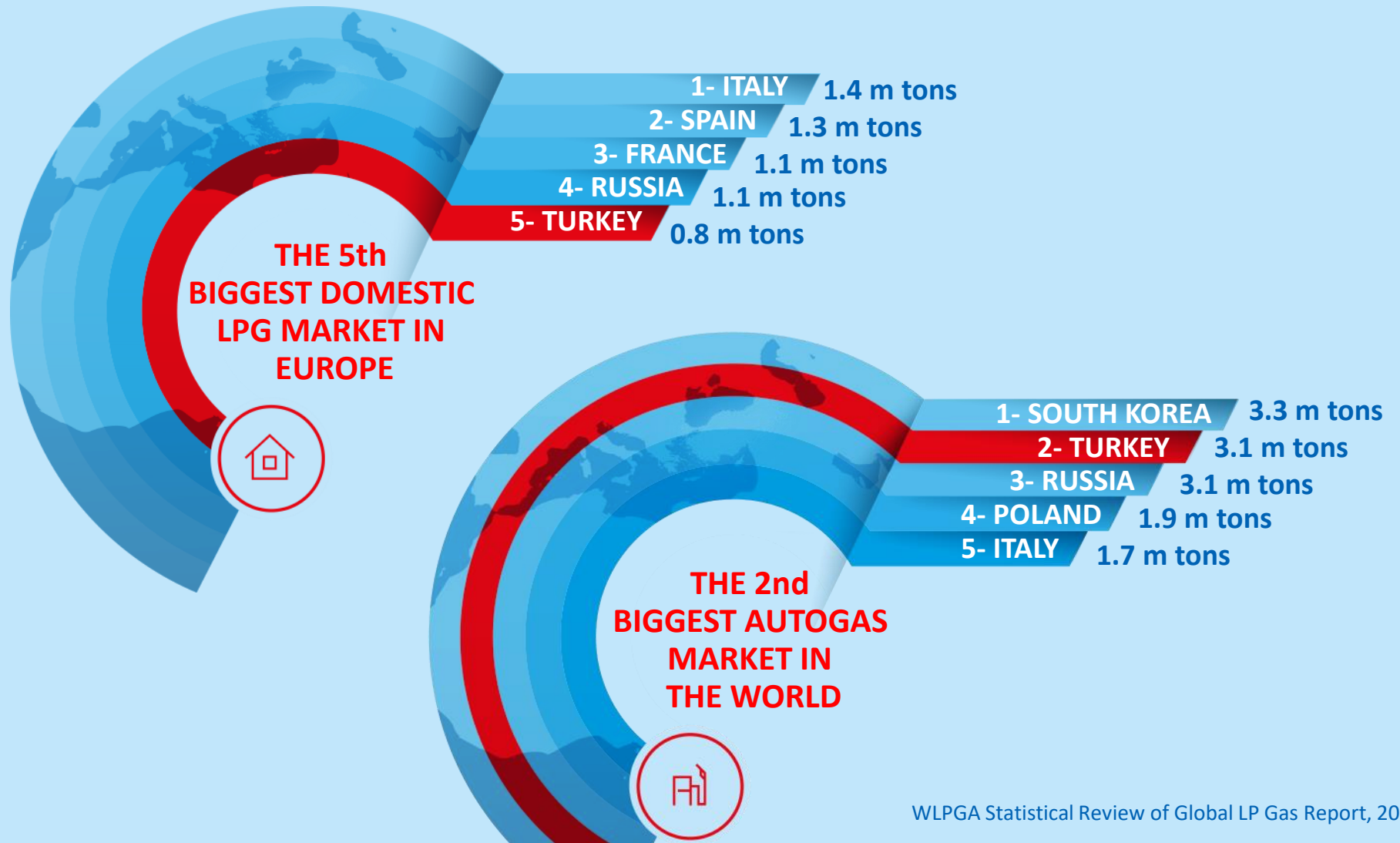
* when p. chemical and refinery is excluded

EVOLVING FROM CYLINDER TO AUTOGAS (000 tons)



EMRA data

> LPG market ranking



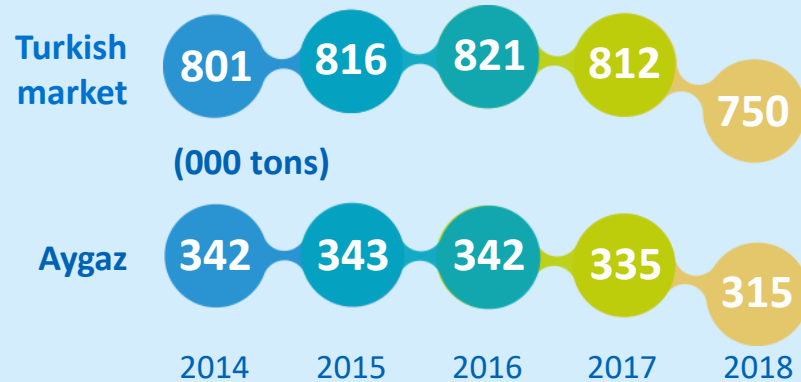
WLPGA Statistical Review of Global LP Gas Report, 2018



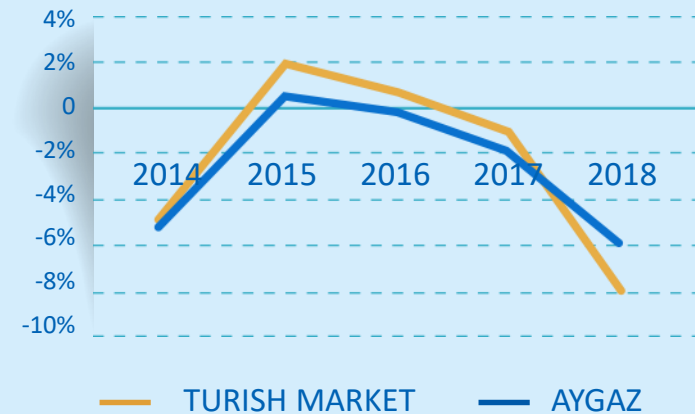


Cylinder market starting to stabilize

CYLINDER MARKET



RATES OF CHANGE (YoY)



With the effects of the on-going natural gas conversions, urban transformation and contraction in commercial sales, the cylinder gas market shrank 8% year on year in 2018.

Factors affecting cylinder market;

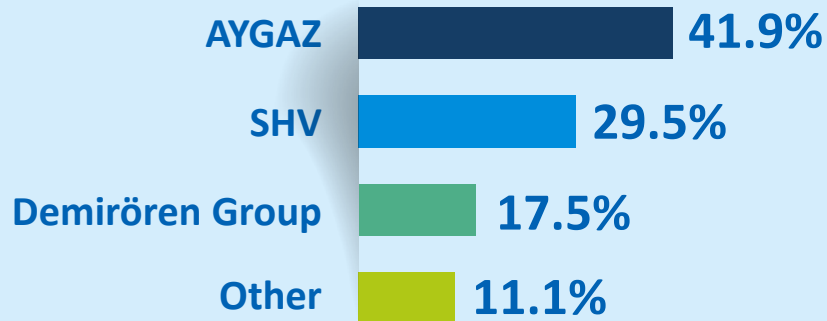
- Pressure on demand due to rising LPG prices
- Continuation of natural gas grid expansion despite deceleration

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

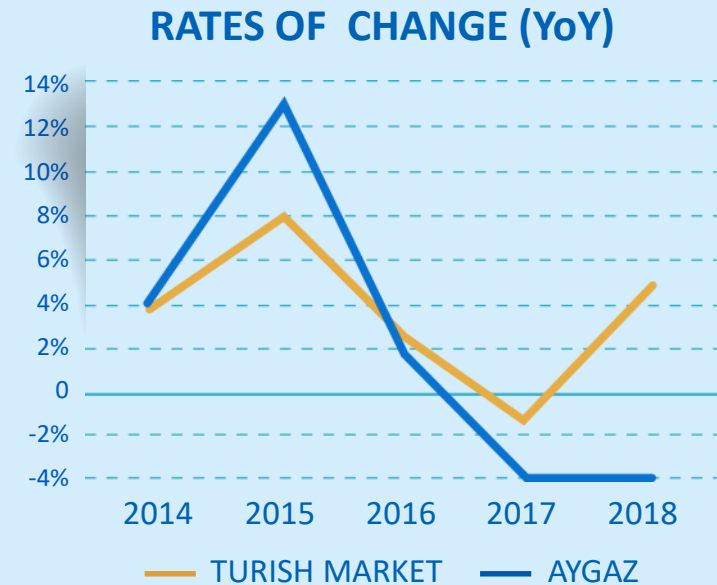
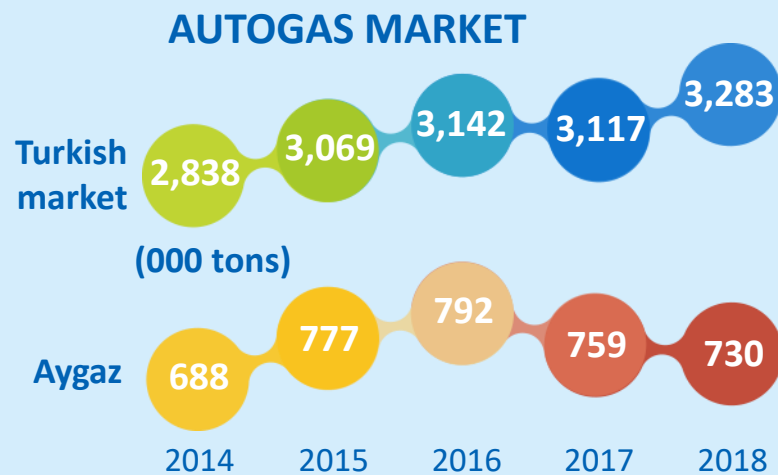
Aiming to maximize customer satisfaction&loyalty

2018	Number of dealers	Sales Volume (tons)	Avg dealer sales (tons)
Aygaz cylinder dealers	2,406	314,598	131
Total cylinder dealers	7,199	750,284	104

EMRA data



> World's second biggest autogas market



Autogas market that showed a steady growth since 2003, after contracting nearly by 1% in 2017 due to the pressure of rising LPG prices, it grew by 5% in 2018.

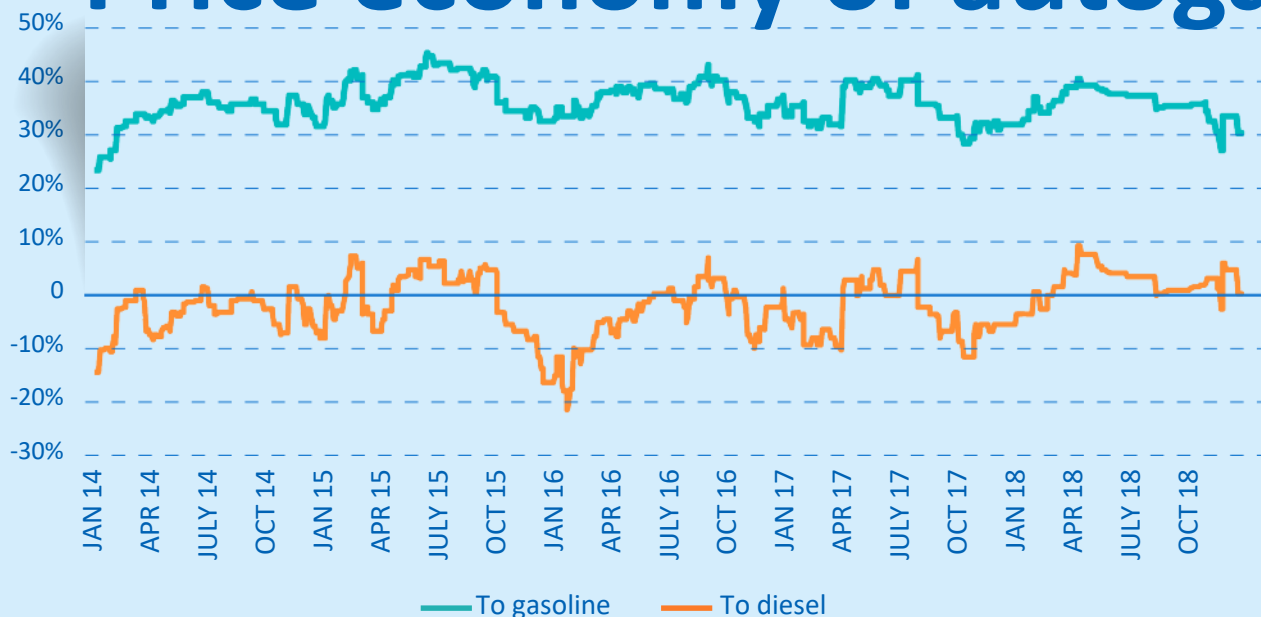
Factors affecting autogas market;

- 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



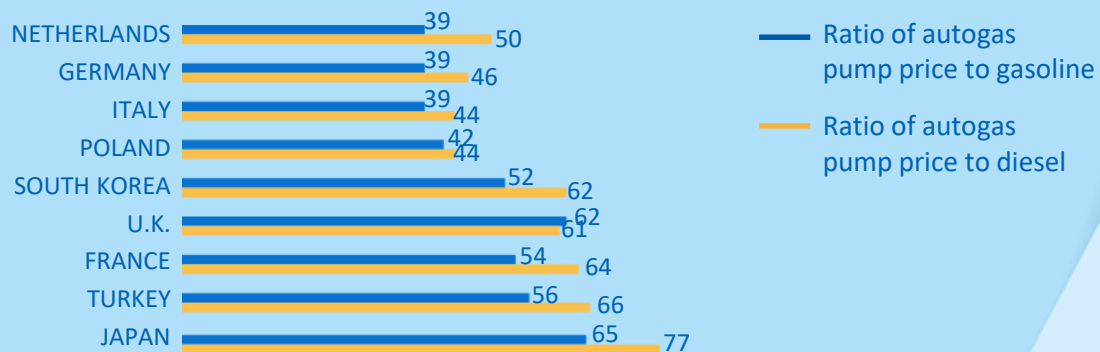
Price economy of autogas



30%+

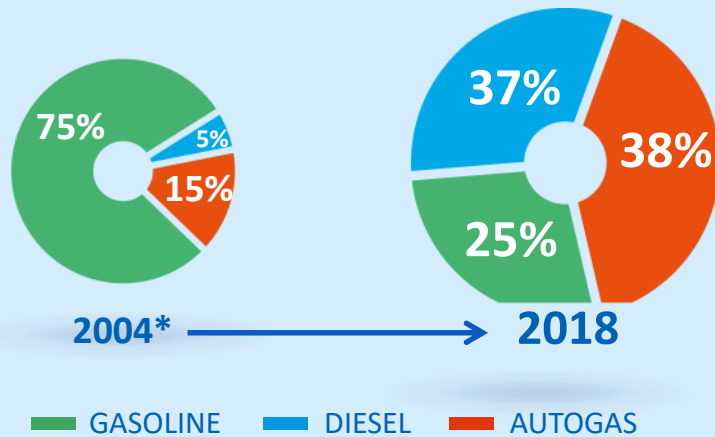
price advantage to gasoline

PUMP PRICE OF AUTOGAS ACROSS THE WORLD (%)



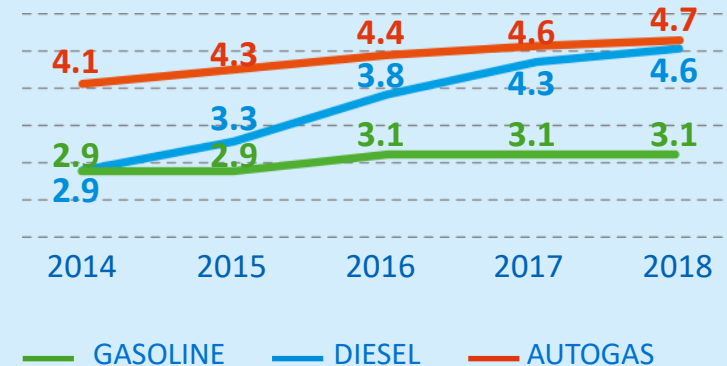
> Autogas; most widely-used passenger car fuel of Turkey

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 4.7 million cars, 4 out of 10 passenger cars run on LPG
- Largest LPG vehicle fleet in the world; 16% of the world
- Approx. 11,000 autogas stations all over Turkey

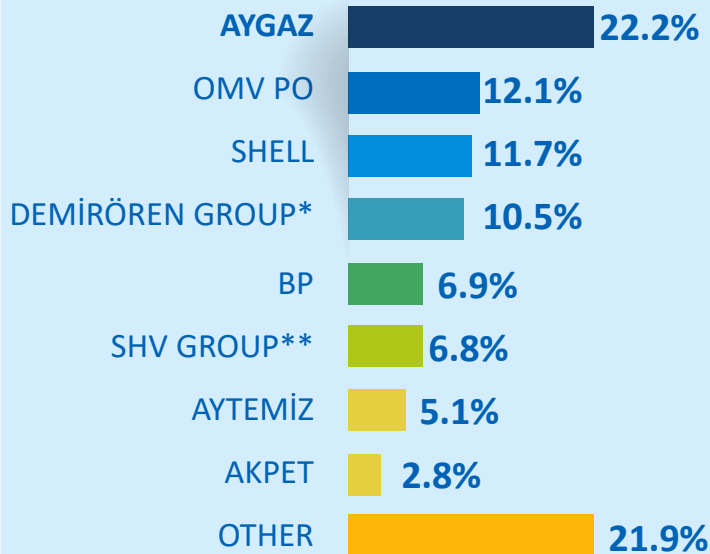
CAR OWNERSHIP PER PERSON



Turkstat, ACEA

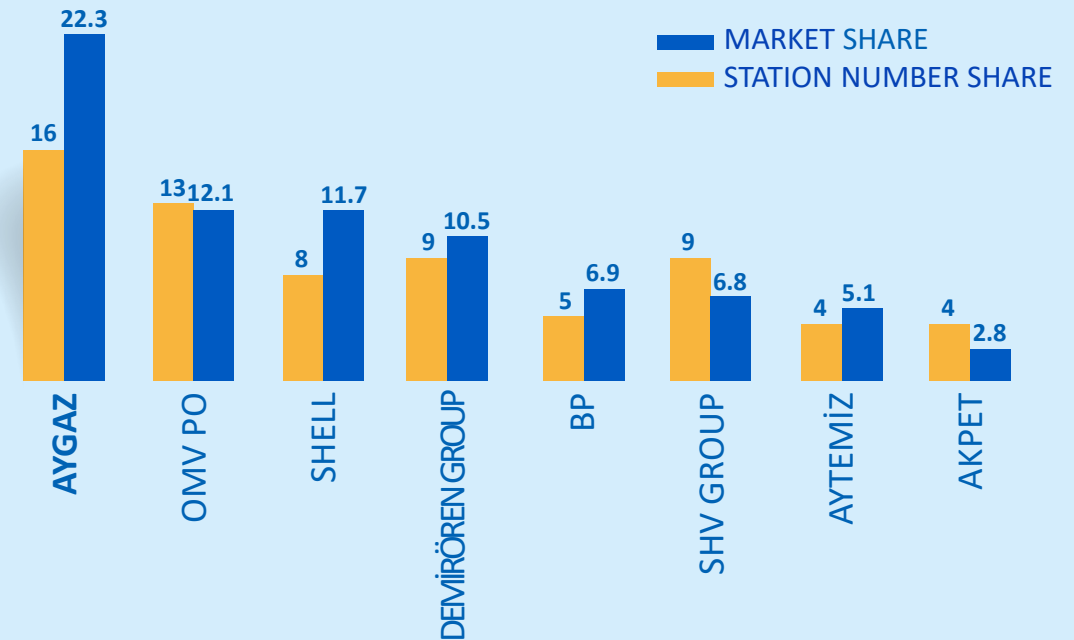
> Aygaz; leader of the second biggest autogas market in the world

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

2018	Number of dealers	Sales Volume (tons)	Avg dealer sales (tons)
Aygaz autogas dealers	1,718	730,105	425
Total autogas dealers	10,390	3,283,170	316

EMRA data

Autogas car park growth

~80,000



conversions
per year

1,000+ conversion points

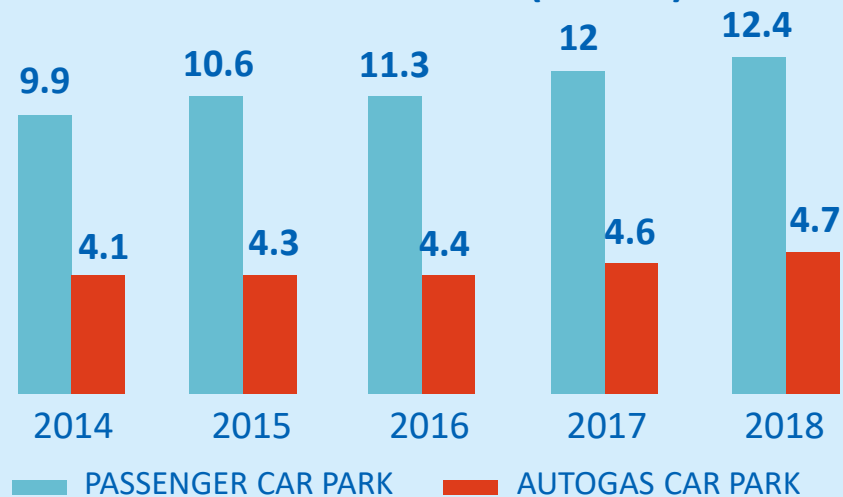
\$500 average cost of conversion

Payback in 15,000 km

OEM; original equipment manufacturer

- Some major car manufacturers are providing guaranteed conversion currently

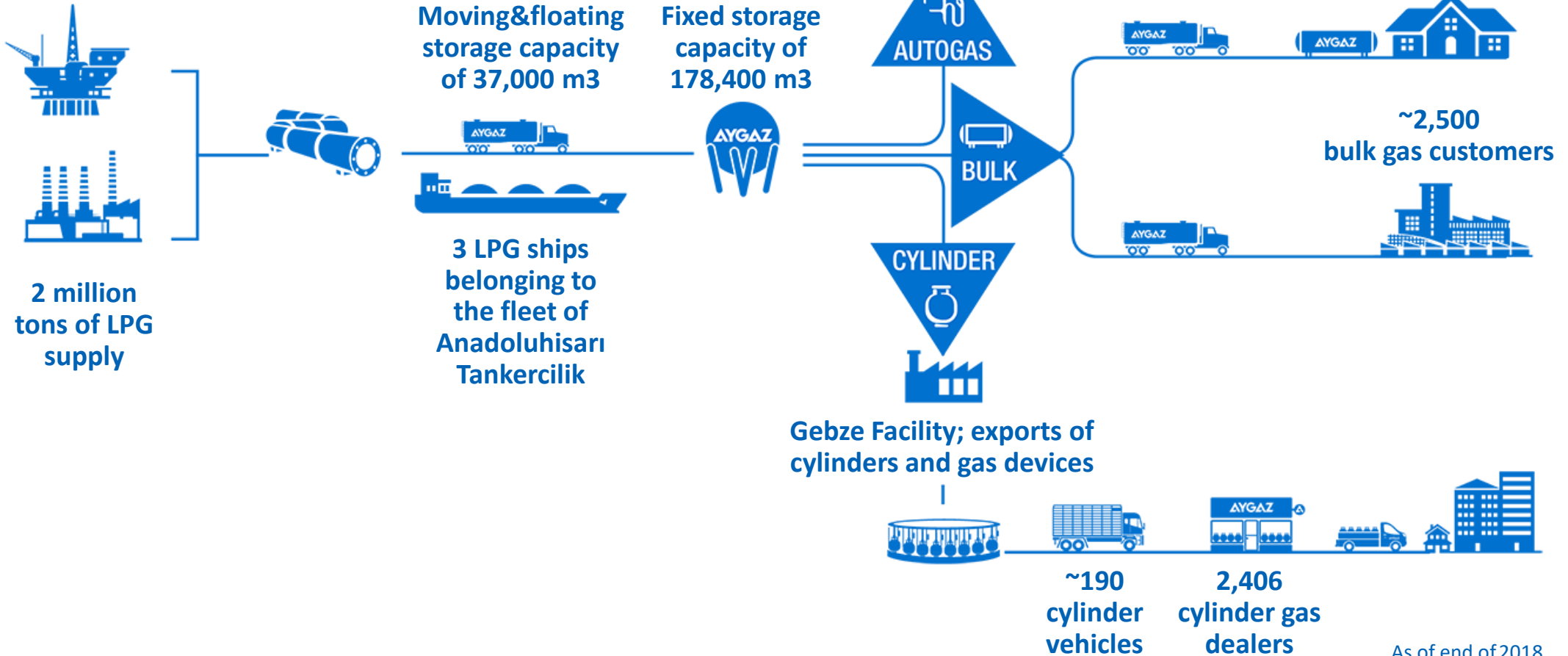
AUTOGAS CONVERSIONS (m cars)



Turkstat



The LPG value chain



As of end of 2018



Competitive supply chain



BIG PLAYER

- #1 purchaser in Mediterranean
- #1 importer in Turkey
- #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
- 200+ 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

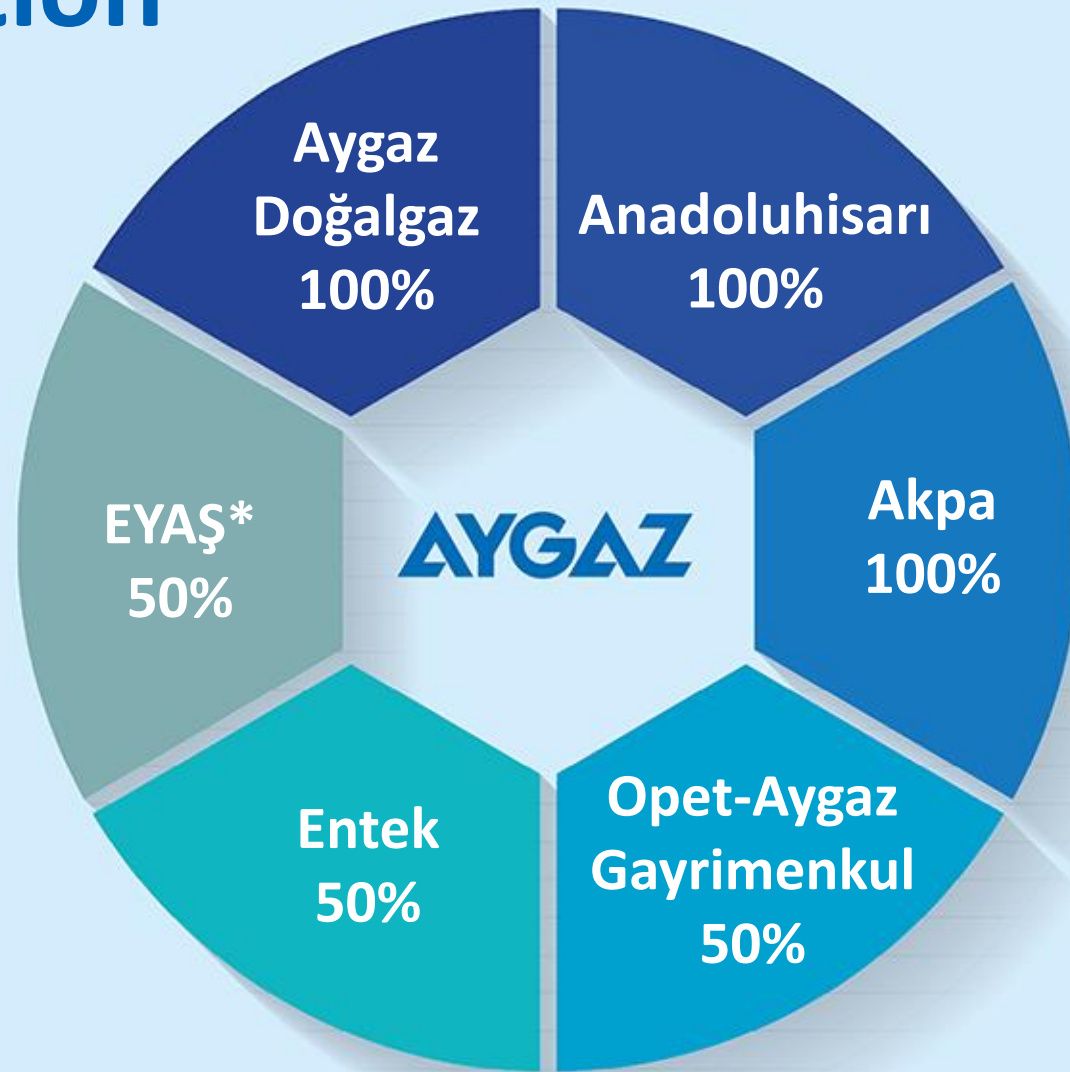


OVERLAND TRANSPORTATION

- Biggest LPG truck fleet in Turkey
- >500 vehicles
- Transporting 1.4 million ton/year
- 45 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



13% market share, 300 industrial customers

2018 sales: 77 mcm

PIPELINE NATURAL GAS SALES



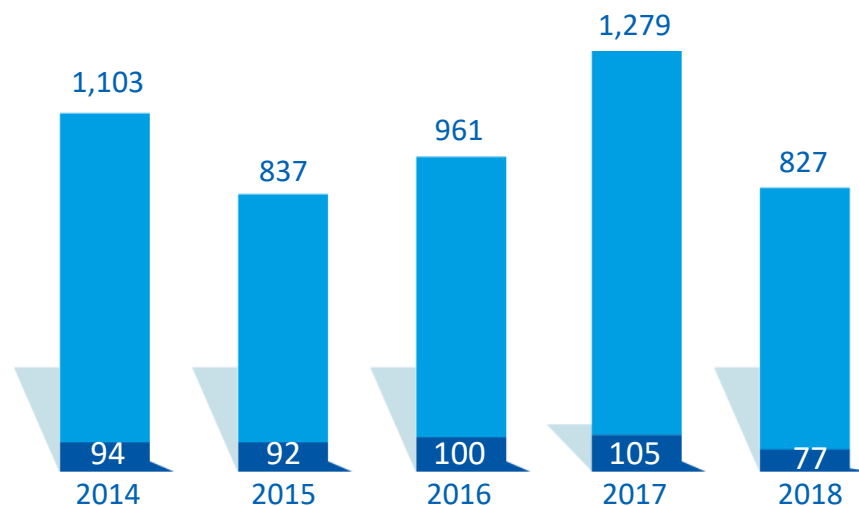
Started in 2010

2018 sales: 827 mcm

PROJECTS

LNG & Pipeline gas import

SALES VOLUME (mcm)



■ LNG SALES ■ PIPELINE NG SALES

G

Other participations

POWER GENERATION



TOTAL INSTALLED CAPACITY: 362 MW

Kocaeli Natural Gas

Combined Cycle (NGCC): 97 MW

8 Hydro Assets: (HEPP): 265 MW

STRATEGY

Selective growth depending on opportunities and liberalization in the market

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

Strong Sales &
Logistics Network

Long-term
Strategy
Builder



Diversifier
& Portfolio
Investor

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.

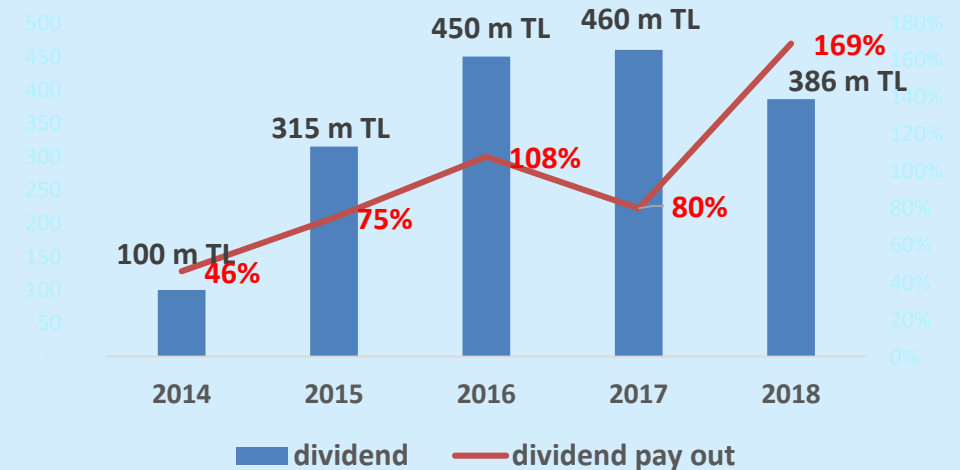
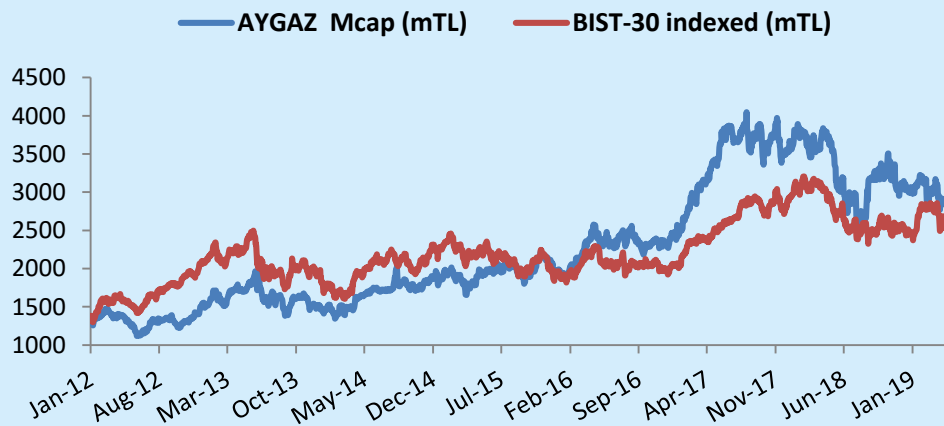


Shareholder value

BIST Code	AYGAZ
Bloomberg Code	AYGAZ.TI
Reuters Code	AYGAZ.IS
IPO Date	13.01.1988
Free Float Rate	24.3%

STRENGTHS

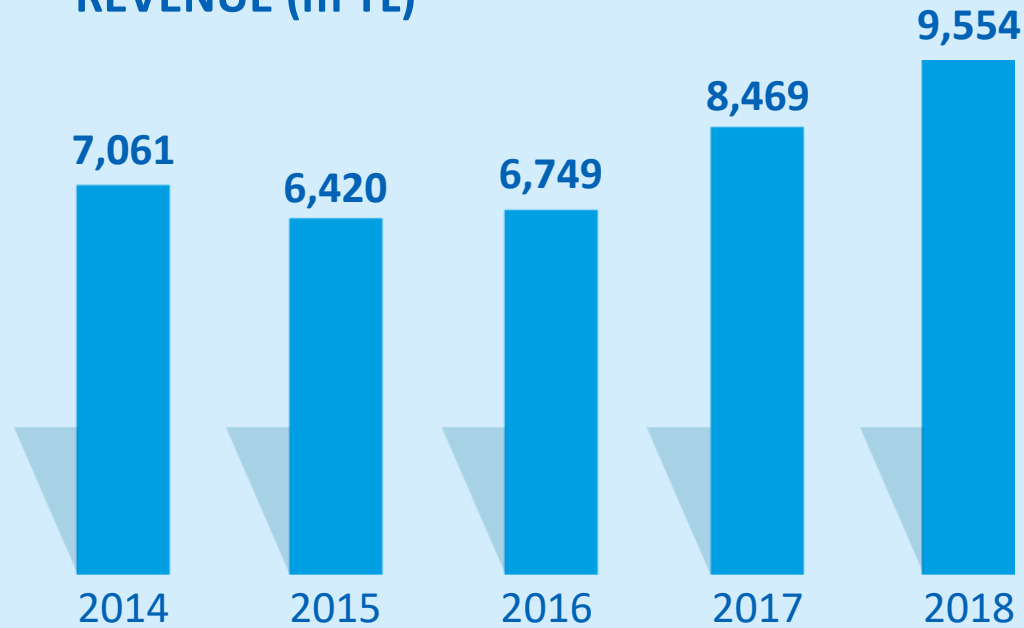
- Sustainable operating profitability from core business; LPG
- Resistant to economic fluctuations and crises
- Regular dividend payments
- Corporate governance practices at international standards;
 - SAHA Corporate Governance and Credit Rating Services updated Aygaz's corporate governance rating score as 9.42 on June 21, 2019.



H

Financial highlights

REVENUE (m TL)

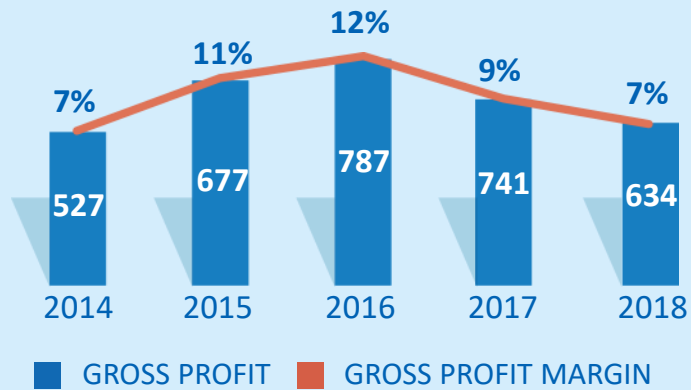


Revenue figure fluctuations are mainly due to;

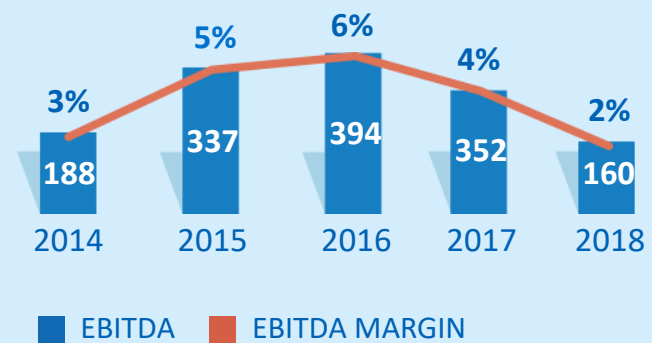
- FX rate changes
- Commodity price changes

Financial highlights

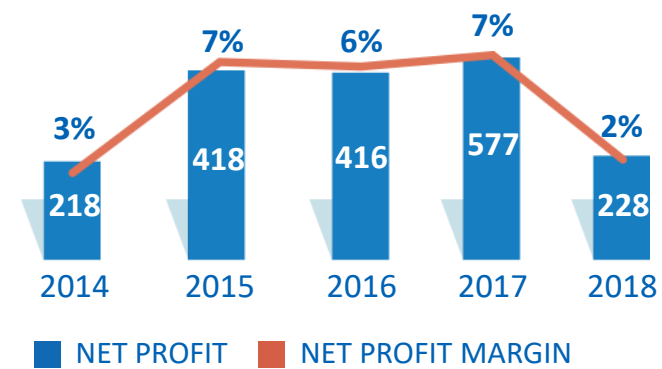
GROSS PROFIT AND GPM



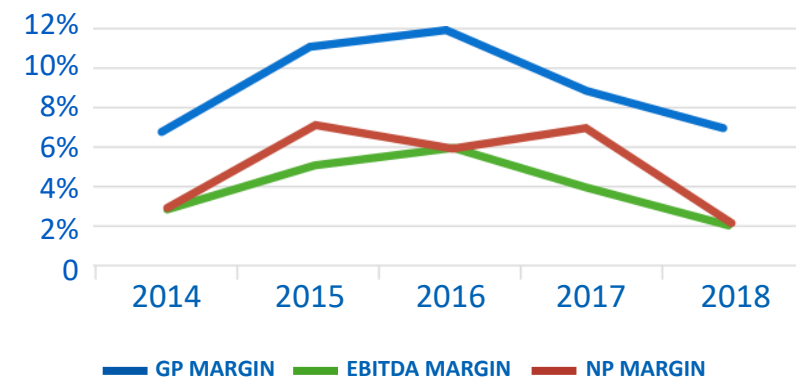
EBITDA AND EBITDA MARGIN



NET PROFIT AND NPM



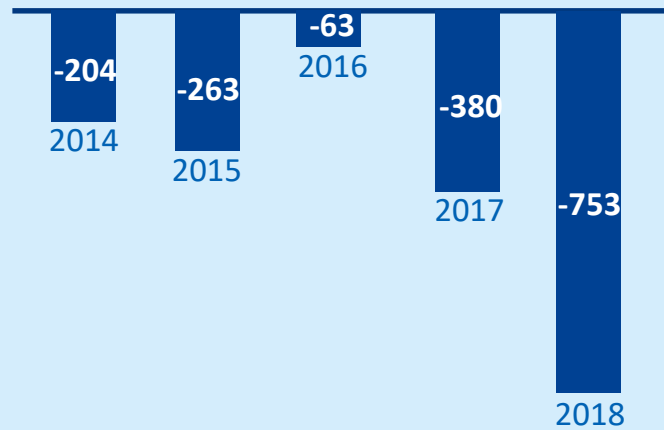
PROFIT MARGINS



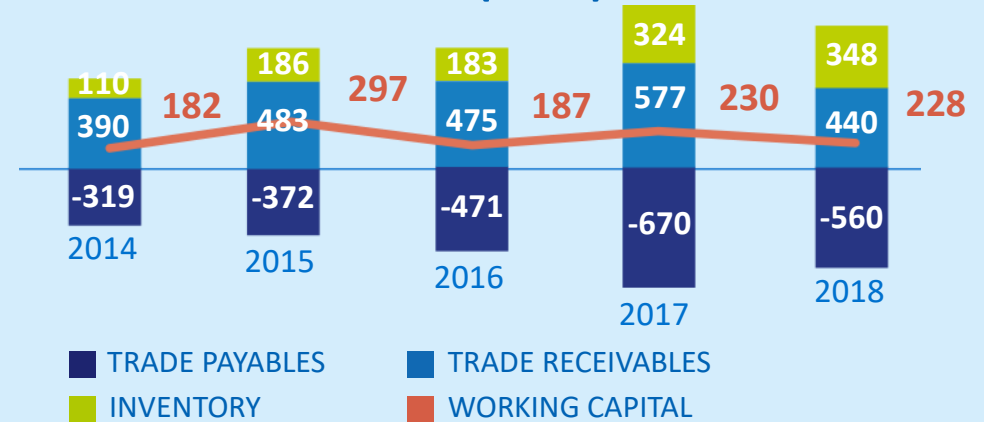
Bar figures: m TRY

Financial highlights

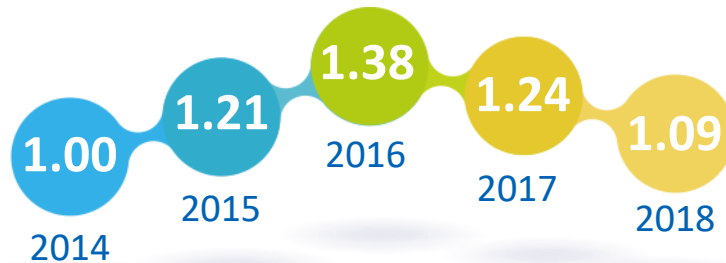
NET CASH (m TL)



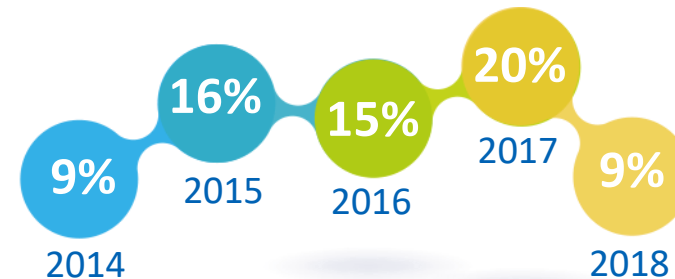
WORKING CAPITAL (m TL)



CURRENT RATIO



RETURN ON EQUITY



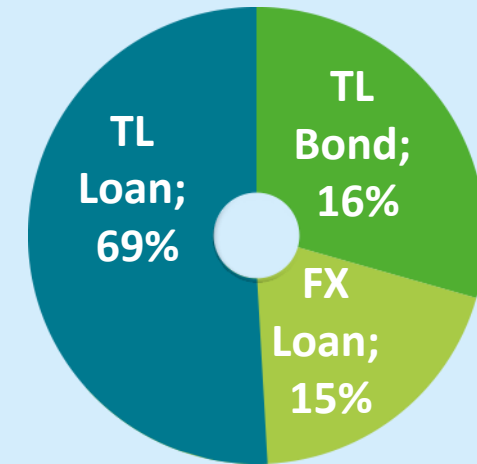
Financial highlights

(m TL)	12M 2018	12M 2017
ST Borrowings	79	85
Current portion of LT Borrowings	492	305
LT Borrowings	830	583
Total Debt	1,401	973
Cash and cash equivalents (-)	(648)	(593)
= Net Debt	753	380

ST: Short-term LT: Long-term

- Maturity structures of the debts are wide-range and long term.
- FX position is actively monitored and managed including derivatives.

DEBT PROFILE AS OF
31/12/2018



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 21, 2019.

Appendix

1 Income statement summary

(m TRY)	2014	2015	2016	2017	2018
Revenue	7,061	6,420	6,749	8,469	9,554
COGS	(6,534)	(5,743)	(5,962)	(7,728)	(8,920)
Gross Profit	527	677	787	741	634
Operating Profit	104	250	308	265	71
Profit Before Tax	237	458	469	621	250
Net Profit	218	418	416	577	228
EBITDA	188	337	394	352	160
MARGINS					
GP margin	7%	11%	12%	9%	7%
OP margin	1%	4%	5%	3%	1%
NP margin	3%	7%	6%	7%	2%
EBITDA margin	3%	5%	6%	4%	2%

2

Balance sheet summary

(m TRY)	2014	2015	2016	2017	2018
Cash & Cash Eq.	161	289	568	593	648
Trade Receivables	390	483	475	577	440
Inventories	110	186	183	324	348
Inv. Acc. Under Equity Method	1,677	1,867	1,922	2,273	2,305
Prop. Plant & Eq.	585	651	658	678	687
Financial Debt	(365)	(551)	(630)	(973)	(1,401)
Trade Payable	319	372	471	670	560
Equity	2,359	2,611	2,742	2,923	2,502
Total Assets	3,412	3,916	4,231	4,966	5,013
Net Cash (Debt)	(204)	(263)	(63)	(380)	(753)
Working Capital	182	297	187	230	228

3

2019 Q2 income statement summary

FINANCIAL

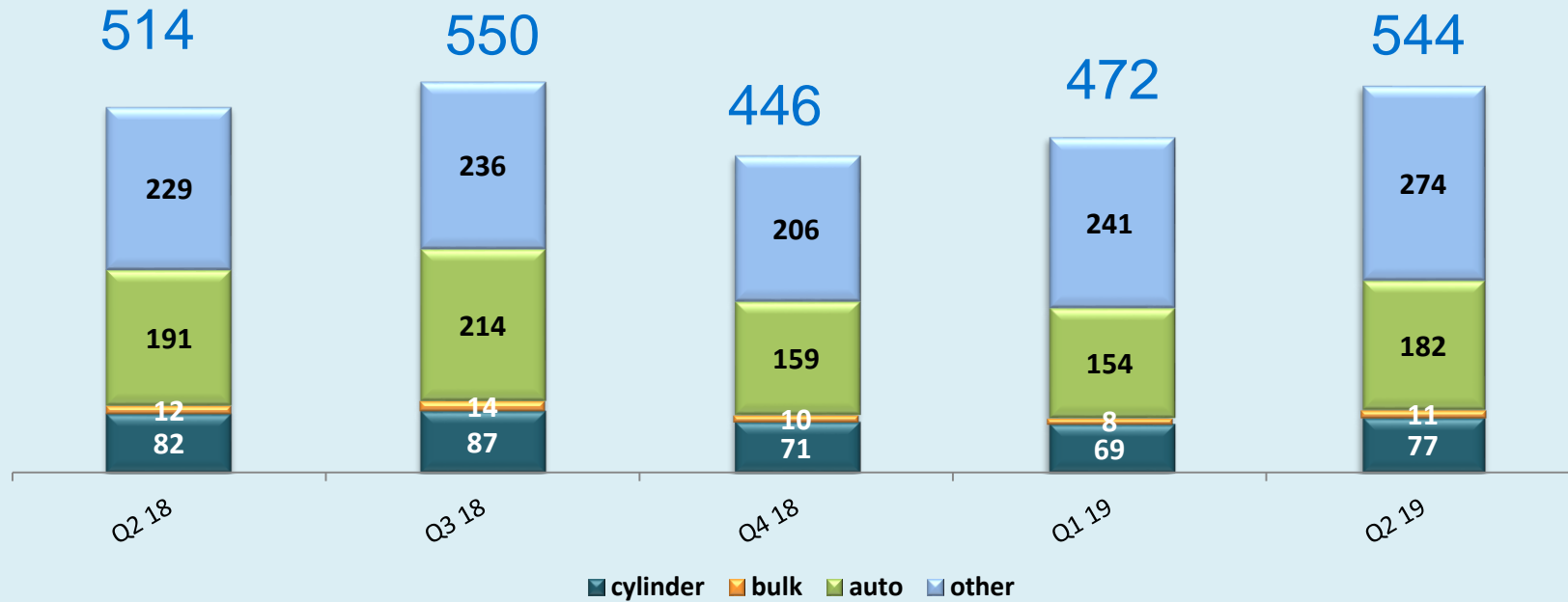
QUARTERLY I (YoY)

Revenue	2,745 Million TL	24% YoY	↑
Operating profit	54 Million TL	-42% YoY	↓
EBITDA	86 Million TL	-25% YoY	↓
Net Profit	121 Million TL	-19% YoY	↓

4

2019 Q2 Aygaz LPG Sales

(Thousand tons)



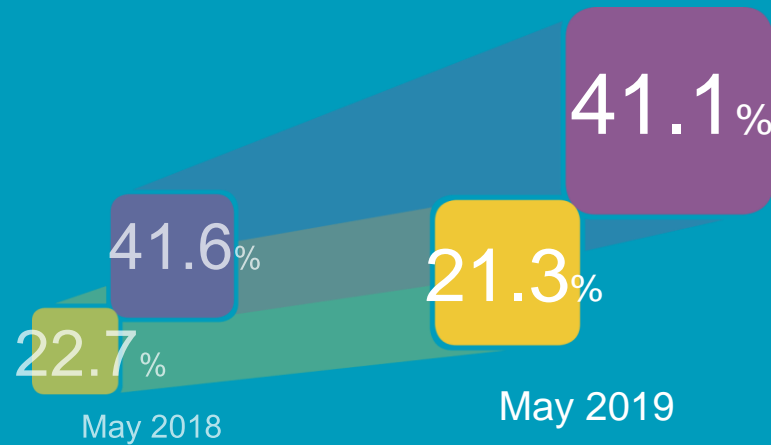
Q2 2019 sales volumes were realized as

- 182 thousand tons in Autogas (-5% YoY)
- 77 thousand tons in Cylinder Gas (-6% YoY)

EMRA, Aygaz

5

Market shares



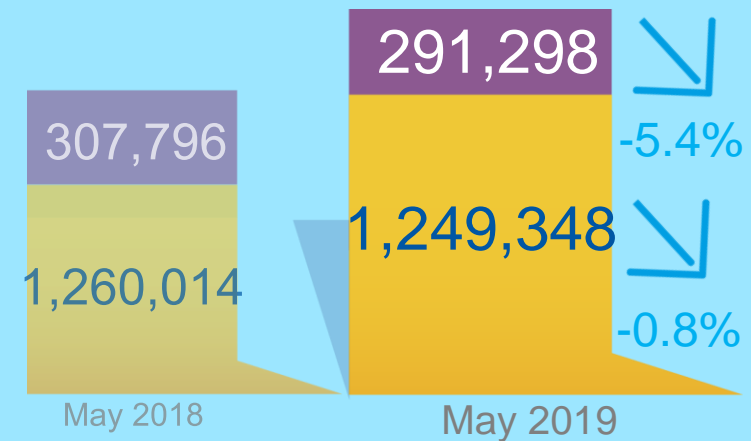
As of May 2019 EMRA report, Aygaz cylinder and autogas market shares are 41.1% and 21.3% respectively.

(41.6% and 22.7% in May 2018)

According to May 2019 EMRA report, Turkish cylinder sales volume is 291 thousand tons and autogas volume is 1,249 thousand tons.

2018/5 months:

Cylinder gas	307,796	tons
Autogas	1,260,014	tons



SALES VOLUME (Tons)

EMRA, Aygaz

6

Subsidiaries and Affiliates

Subsidiaries	Principal activity	Participation
Anadoluhisarı Tankercilik A.Ş.	Shipping	100%
Kandilli Tankercilik A.Ş.	Shipping	100%
Kuleli Tankercilik A.Ş.	Shipping	100%
Kuzguncuk Tankercilik A.Ş.	Shipping	100%
Akpa Day. Tük. Lpg ve Akar. Ürün. Paz. A.Ş.	Marketing	100%
Aygaz Doğal Gaz Toptan Satış A.Ş.	Natural gas	100%
Aygaz Doğal Gaz İletim A.Ş.	Natural gas	100%
ADG Enerji Yatırımları A.Ş.	Natural gas	100%
Bal Kaynak Su İth. İhr. Sanayi ve Ticaret A.Ş.	Water distr.	100%



Subsidiaries and Affiliates

Affiliates	Principal activity	Participation
Enerji Yatırımları A.Ş.	Energy	20%
Entek Elektrik Üretimi A.Ş.	Electricity	50%
Opet Aygaz Gayrimenkul A.Ş.	Real Estate	50%

Financial Assets	Principal activity	Participation
Koç Finansal Hizmetler A.Ş.	Finance	1.97%
Ram Dış Ticaret A.Ş.	Trade	2.50%
Tanı Pazarlama ve İlet. Hiz. A.Ş.	Marketing	10.00%
Tat Gıda Sanayi A.Ş.	Food	0.08%

7

Forward looking statements for 2019



SALES VOLUME

- Cylinder: 295 - 310 thousand tons
- Autogas: 695 - 735 thousand tons



MARKET SHARE

- Cylinder: 41.5% - 43.5%
- Autogas: 21.4% - 22.6%

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.
- Neither Aygaz nor any of its directors, managers or employees nor any other person shall have any liability whatsoever for any loss arising from use of this presentation.

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