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2006



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EUROPEAN LPG MARKET OUTLOOK

The Turkish LPG market

S. SIPER

Turkish LPG Association-Ipragaz

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2006



TURKISH LPG MARKET

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General Manager of Ipragaz (SHV Gas)*



TURKEY

AREA : 780.000 km²

EAST-WEST : 1.800 km

NORTH-SOUTH : 750 km

POPULATION : 74 mln

MAIN CITIES : ISTANBUL : 12 mln
ANKARA : 5 mln
IZMIR : 3 mln

NO OF HOUSEHOLDS : 17 mln (FAMILY SIZE:4,5)

AGE PROFILE : VERY YOUNG (50% below 25 ; 75% below 40)



MACRO ECONOMIC INDICATORS

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Population Growth	1.8	1.8	1.8	1.8	1.7	1.4	1.4	1.4	1.3	1.3	1.3
GNP Per Capita (USD)	2,759	2,928	3,079	3,255	2,879	2,965	2,123	2,598	3,383	4,172	5,008
PPP (USD)	5,572	5,995	6,371	6,495	6,132	6,810	6,131	6,519	6,762	7,561	8,141
GNP Growth (%)	8.0	7.1	8.3	3.9	-6.1	6.3	-9.5	7.9	5.9	9.9	7.6
Inflation	78.9	79.8	99.1	69.7	68.8	39.0	68.5	29.7	18.4	9.3	7.7
Devaluation vs USD	58.3	76.6	91.3	52.7	72.7	24.4	114.3	13.5	-14.6	-3.9	0.0
Devaluation vs EURO	67.1	72.9	70.4	62.7	47.5	14.1	105.0	34.3	2.4	4.7	-13.1



CHARACTERISTICS OF THE TURKISH LPG MARKET

- ▶ **First filling plant in 1961**
- ▶ **All LPG segments present : Cylinder, Bulk, Autogas**
- ▶ **Mix LPG (70% B, 30% Pr), Propane, Autogas EN 589**
- ▶ **55 companies, 66 brands**
- ▶ **2, 12, 24, 45 kg steel cylinders**
- ▶ **Deposit**
- ▶ **Natural Gas penetration / electricity**
- ▶ **15.000 dealers**
- ▶ **5.800 autogas stations**
- ▶ **Employment for 115.000 people**
- ▶ **Total turnover : 5,2 billion €**
- ▶ **Total tax : 2,2 billion €**



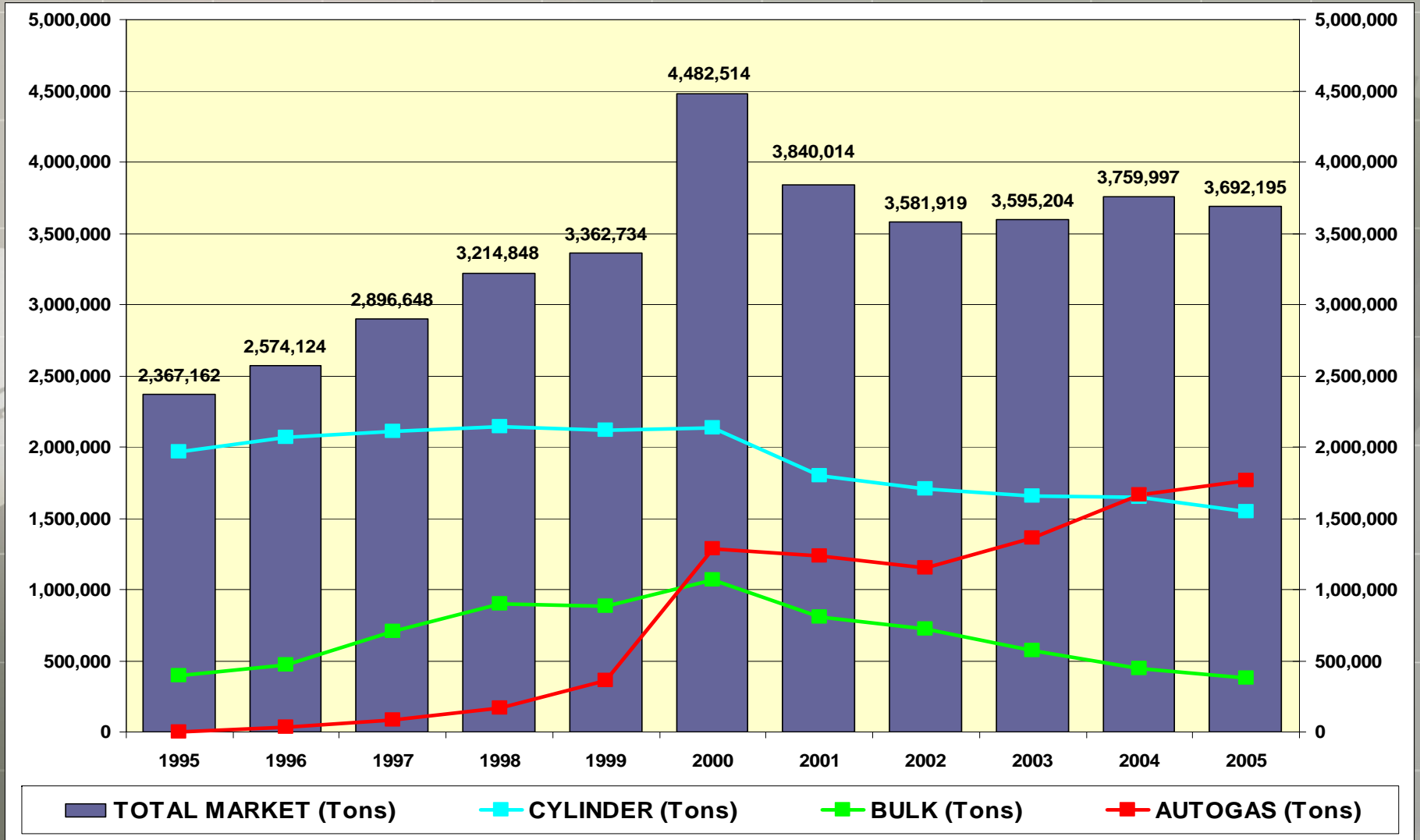


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LPG MARKET IN TURKEY

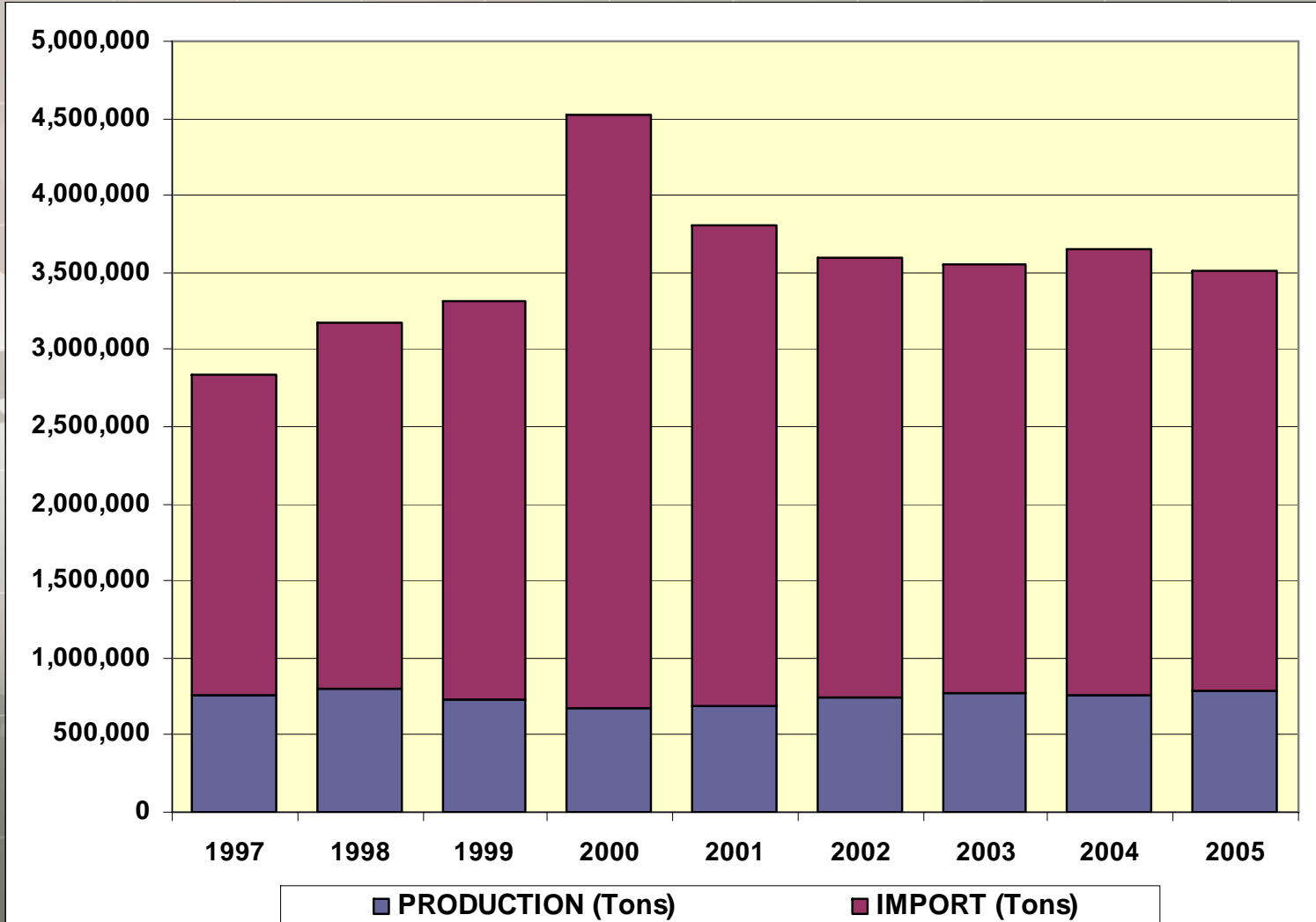


TURKISH LPG MARKET

- ▶ **Filling plants** : 138
- ▶ **Filling capacity** : 16.200 t/day i.e. 4,2 mln t/year
- ▶ **Storage capacity** : 285.000 t
- ▶ **Sea terminals** : 11 in 6 locations
- ▶ **Tanker trucks** : 1.600
- ▶ **Cylinder production** : 16 companies
- ▶ **Tank production** : 11 companies
- ▶ **Supply** : Tupras and 9 LPG distributors



LPG SUPPLY



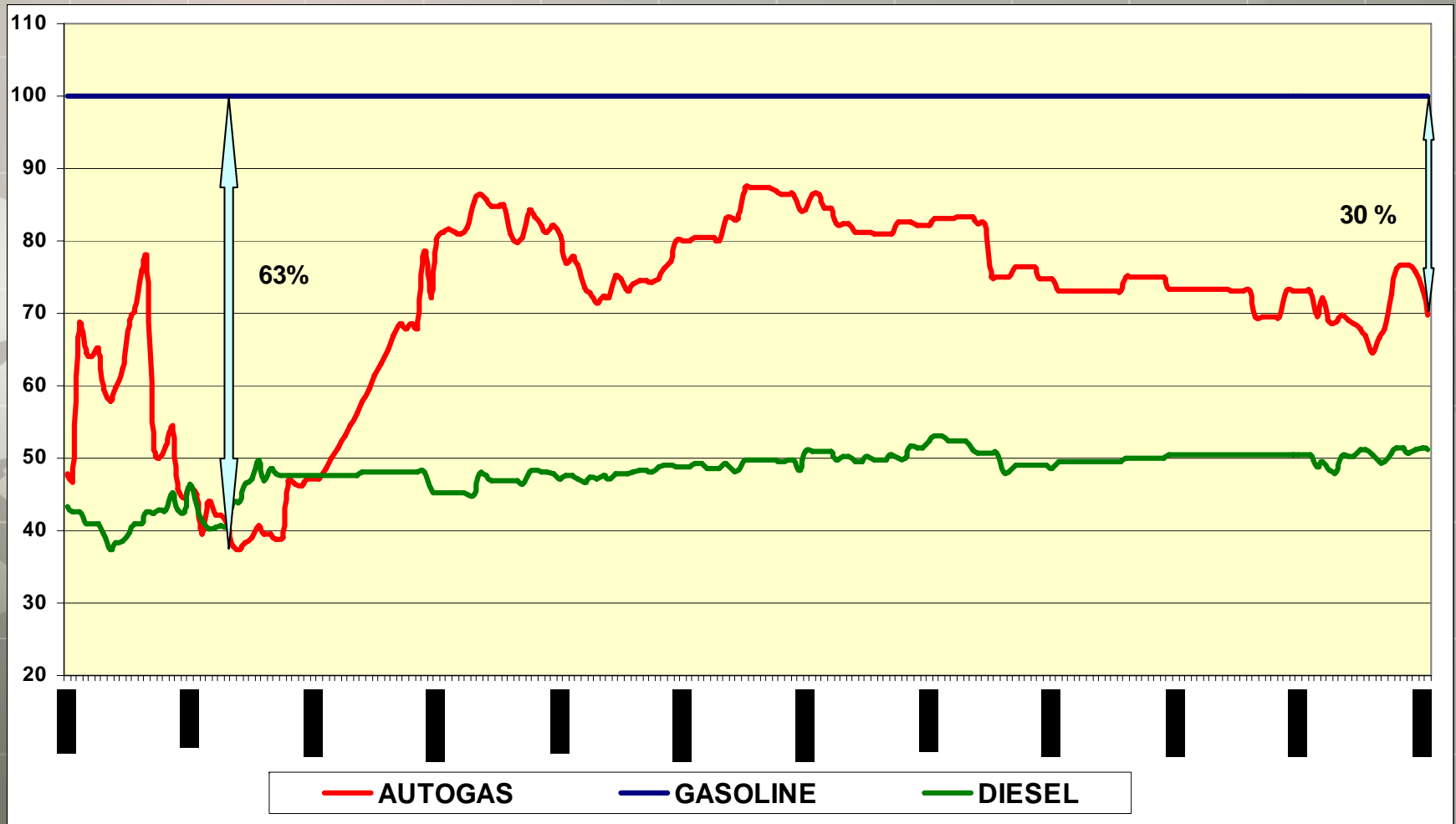
TURKISH LPG LAW

- ▶ **13 March 2005**
- ▶ **Free pricing**
- ▶ **Energy Markets Regulation Board**
- ▶ **Licence (cylinder dealers exempted)**
- ▶ **Bottled gas sales through dealers and distribution companies only**
- ▶ **Home delivery of cylinders (> 2 kg)**
- ▶ **Bulk customers : contract with one dist. company**
- ▶ **Autogas stations : contract with one dist. company**
- ▶ **Training obligation**
- ▶ **20 days of stock**



END USER PRICES

(Gasoline=100 Index, incl. efficiency)



CONSUMER PRICES

▶ LPG Cylinders	: 1,72 €/ kg	(0,83 – 3,16)
▶ LPG Bulk	: 1,45 €/ kg	(0,56 – 2,53)
▶ LPG Autogas	: 0,85 €/ l	(0,41 – 1,38)
▶ Natural Gas (Domestic)	: 0,30 €/ m ³	(0,30 – 1,11)
▶ Natural Gas (Industry)	: 0,28 €/ m ³	(0,25 – 1,10)
▶ Electricity	: 0,08 €/ kWh	(0,08 – 0,21)
▶ Gasoline	: 1,60 €/ l	(0,91 – 1,60)
▶ Diesel	: 1,28 €/ l	(0,91 – 1,28)
▶ Heating Oil	: 0,84 €/ kg	(0,58 – 1,12)
▶ Heavy Fuel Oil Nr.6	: 0,51 €/ kg	(0,30 – 0,85)



CONSUMER PRICES (1000 kcal)

▶ LPG Cylinders	: 17,0 €
▶ LPG Bulk	: 14,2 €
▶ LPG Autogas	: 15,0 €
▶ Natural Gas (Domestic)	: 4,0 €
▶ Natural Gas (Industry)	: 3,7 €
▶ Electricity	: 9,9 €
▶ Gasoline	: 23,6 €
▶ Diesel	: 17,5 €
▶ Heating Oil	: 10,6 €
▶ Heavy Fuel Oil Nr.6	: 7,0 €



PRIVATE CONSUMPTION TAX (1000 kcal)

▶ LPG Cylinders	: 4,59 €	(0,00 – 4,59)
▶ LPG Bulk	: 4,59 €	(0,00 – 4,59)
▶ LPG Autogas	: 5,33 €	(0,00 – 5,33)
▶ Natural Gas (Domestic)	: 0,17 €	(0,00 – 3,93)
▶ Natural Gas (Industry)	: 0,17 €	(0,00 – 3,93)
▶ Electricity	: 0,00 €	(0,00 – 4,70)
▶ Gasoline	: 12,56 €	(5,49 – 12,56)
▶ Diesel	: 7,12 €	(4,12 – 10,59)
▶ Heating Oil	: 3,74 €	(0,16 – 3,74)
▶ Heavy Fuel Oil Nr.6	: 1,73 €	(0,00 – 1,95)



CONCLUSION

- ▶ **Turkish LPG market will be declining.**
- ▶ **New LPG Law will bring positive control to the Turkish LPG market.**
- ▶ **Despite the decline Turkey will remain an important and sizeable LPG market.**

