



# GÜBRETAS

GÜBRE FABRİKALARI T.A.Ş.



**AN AFFILIATE OF THE TURKISH AGRICULTURAL CREDIT COOPERATIVES**

# FORWARD LOOKING STATEMENTS

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This presentation may contain forward-looking statements within the meaning of securities laws which may by their nature involve risk and uncertainty. All statements that address the firm's objectives, estimates, predictions, expectations or projections about the future including such statements as the company's growth, cost reduction and restructuring plans, expenditures and financial results are forward-looking statements.

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# GÜBRE FABRİKALARI T.A.Ş

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<b>Company Name</b>	<b>: Gübre Fabrikaları T.A.Ş</b>
<b>Date of Establishment</b>	<b>: 25.12.1952</b>
<b>Share Capital</b>	<b>: 83.500.000TL</b>
<b>Listing</b>	<b>: Istanbul Stock Exchange</b>
<b>Ticker Symbol</b>	<b>: GUBRF</b>
<b>Address</b>	<b>: Kasap Sk. No: 22 Esentepe 34394 Şişli - Istanbul – Türkiye</b>
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<b>Web Site</b>	<b>: <a href="http://www.gubretas.com.tr">www.gubretas.com.tr</a></b>
<b>Mail</b>	<b>: <a href="mailto:noner@gubretas.com.tr">noner@gubretas.com.tr</a></b>

# INTRODUCTION

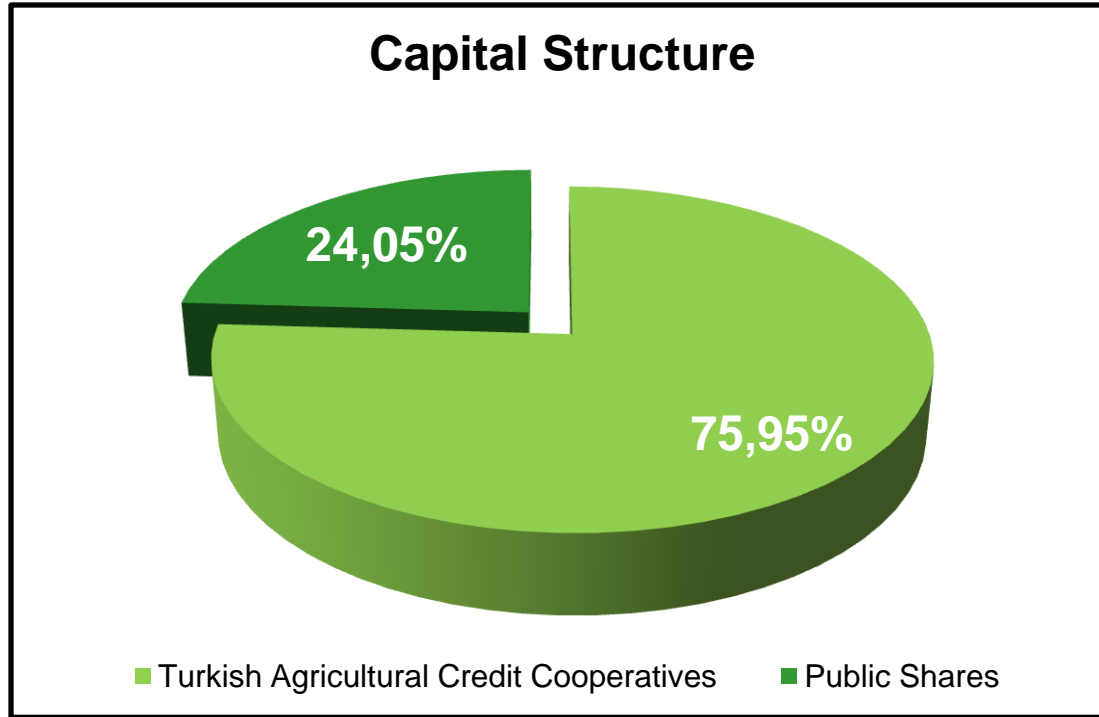
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- ✓ Established in 1952 as Turkey's first fertilizer production and distribution company,
- ✓ Became listed in the Istanbul Stock Exchange as early as 1986,
- ✓ Entry to Pesticide sector in 2007,
- ✓ Entry to Shipping sector in 2008,
- ✓ Purchased 47,81% shares of Razi Petrochemical Co. from Iranian Privatization Organization in 2008,

**Gübretaş continues to serve the Turkish agricultural sector while pursuing its goal to become a major regional producer of fertilizers, hence creating value for its shareholders.**

# OWNERSHIP STRUCTURE

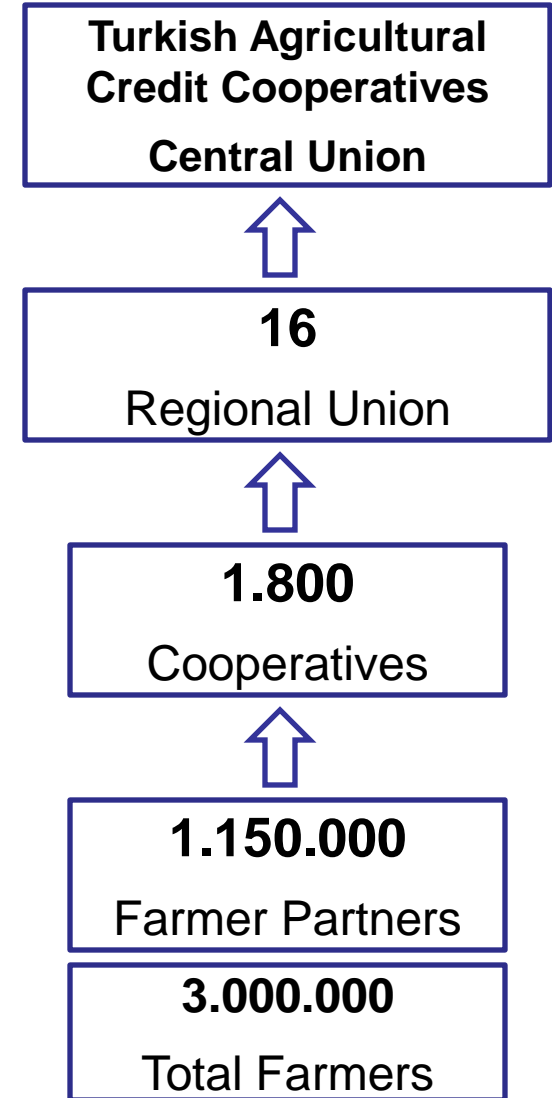
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- ✓ **Main Shareholder: Turkish Agricultural Credit Cooperatives Central Union**
- ✓ **Free Float : 25%**

# TURKISH AGRICULTURAL CREDIT COOPERATIVES CENTRAL UNION

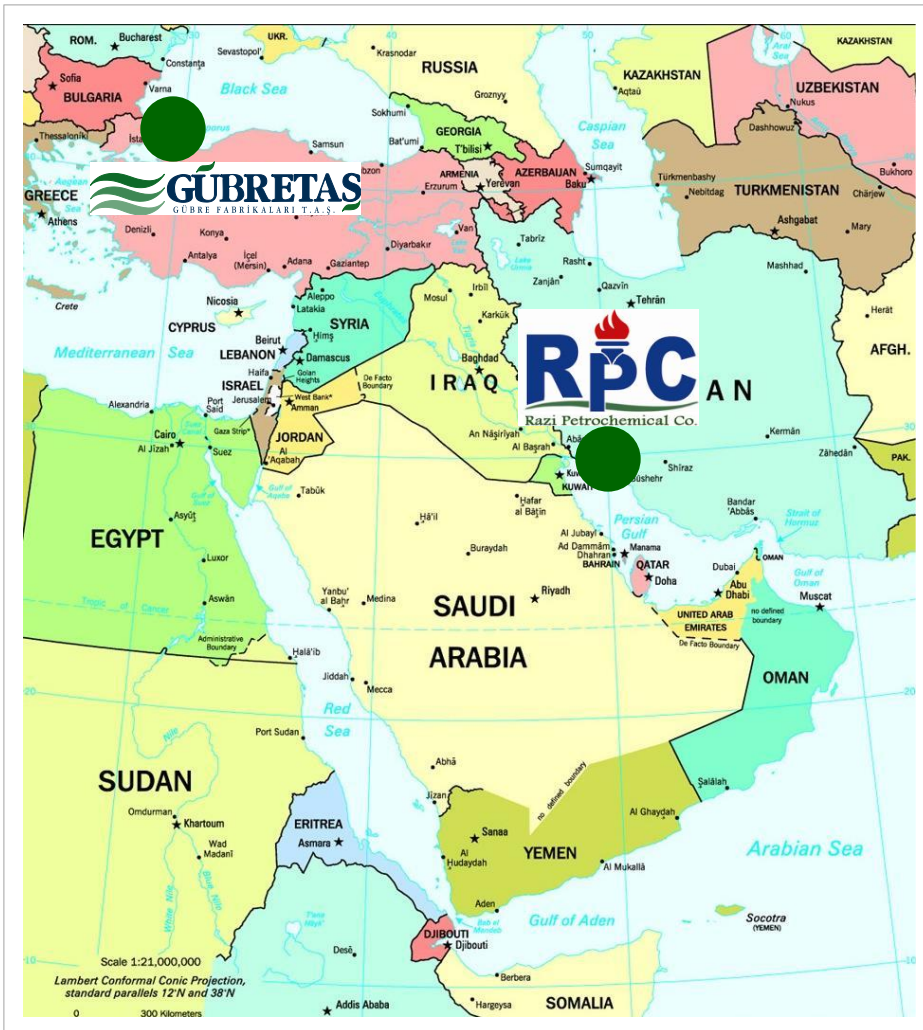
- ✓ Leading agricultural cooperatives
- ✓ Founded in 1863
- ✓ 6.000 employees
- ✓ 23 Subsidiaries
- ✓ Support farmers' various procurement needs all the way from fertilizers to tractors



## Strategic Relationship with Gübretaş

Procure all fertilizer needs of its partners from Gübretaş with the exclusive agreement

# CURRENT BUSINESS



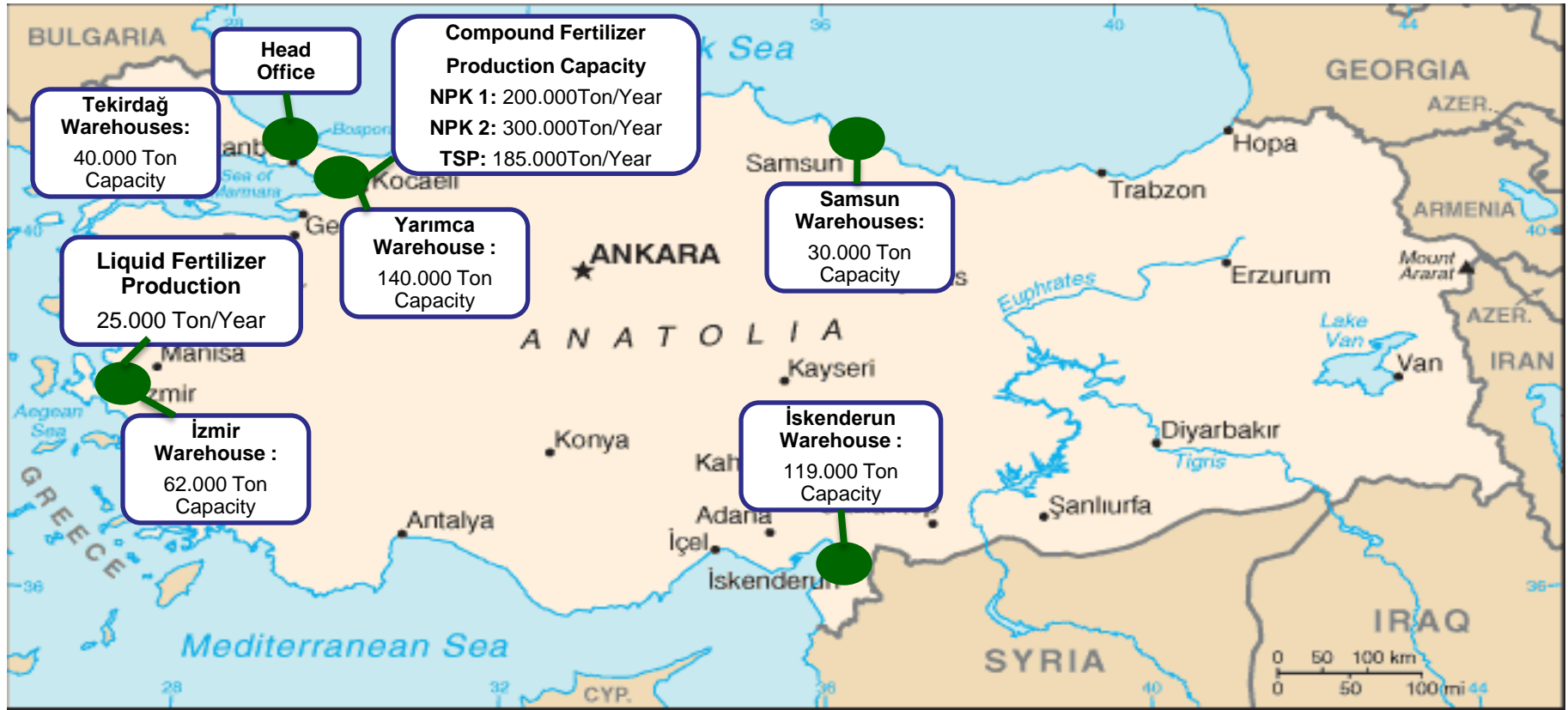
## TURKEY

- ✓ Compound Fertilizer Production
- ✓ Liquid Fertilizer Production
- ✓ Marketer of fertilizer
- ✓ Pesticide Production
- ✓ Shipping
- ✓ Port Management

## IRAN

- ✓ Feedstock Production
- ✓ Fertilizer Production

# CURRENT BUSINESS



- ✓ **685.000ton/year compound fertilizer production capacity**
- ✓ **25.000ton/year liquid fertilizer production capacity**
- ✓ **391.000 ton Warehouse Capacity**

- ✓ **2 Ports: Yarımca & Iskenderun**
- ✓ **7 Regional Sale Office**
- ✓ **2.700 dealers**

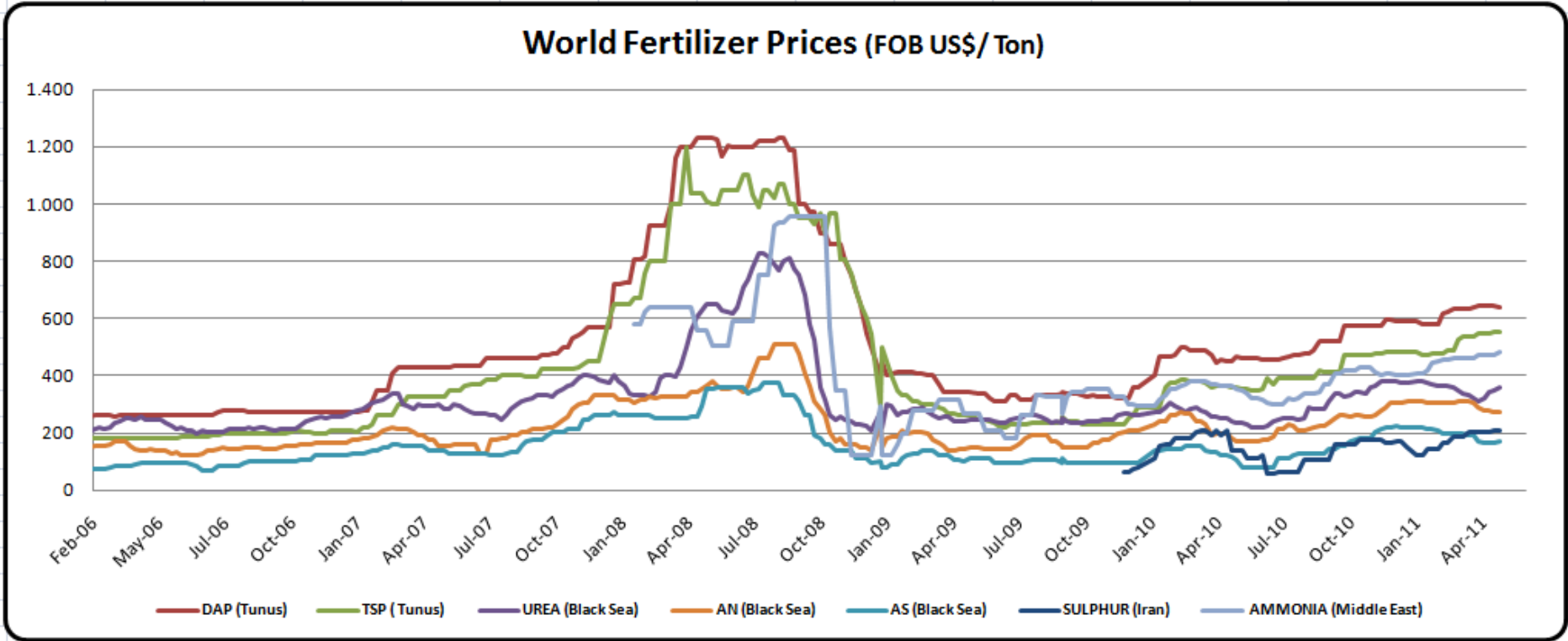
# SECTOR FUNDAMENTALS

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- ✓ Demand for agricultural commodities will continue to expand driven mainly by improvements in per-capita economic conditions especially in emerging economies;
- ✓ The drive to seek greater yields from existing acreage will continue to drive increasing use of agricultural nutrients;
- ✓ Competitive access to feedstock including natural gas, phosphate rock, sulphur and potassium will remain the main factors driving fertilizer company profitability and valuations;

**Gübretaş is ideally positioned to provide investors the twin benefits of increasing fertilizer demand in Turkey and access to one of the lowest cost feedstock for nitrogen based fertilizer production.**

# FERTILIZER PRICES



# TURKISH FERTILIZER OUTLOOK

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- ✓ Main Drivers: Fertilizer Prices, Agricultural Product Prices, General financial conditions, Farmers' purchasing power, Irrigation, Weather conditions and The government's agricultural policies are main drivers.
- ✓ Feedstock Scarcity: Sector imports 95% of its feedstock and is therefore highly subject to international commodity price volatility in natural gas, phosphate rock and potassium. Ultimate feedstock costs are also directly affected by financial conditions and volatility in currency prices and interest rates.
- ✓ Growth potential: Per hectare fertilizer consumption is still modest in Turkey and presents a 40% growth potential for a 7.2 million ton annual demand level.

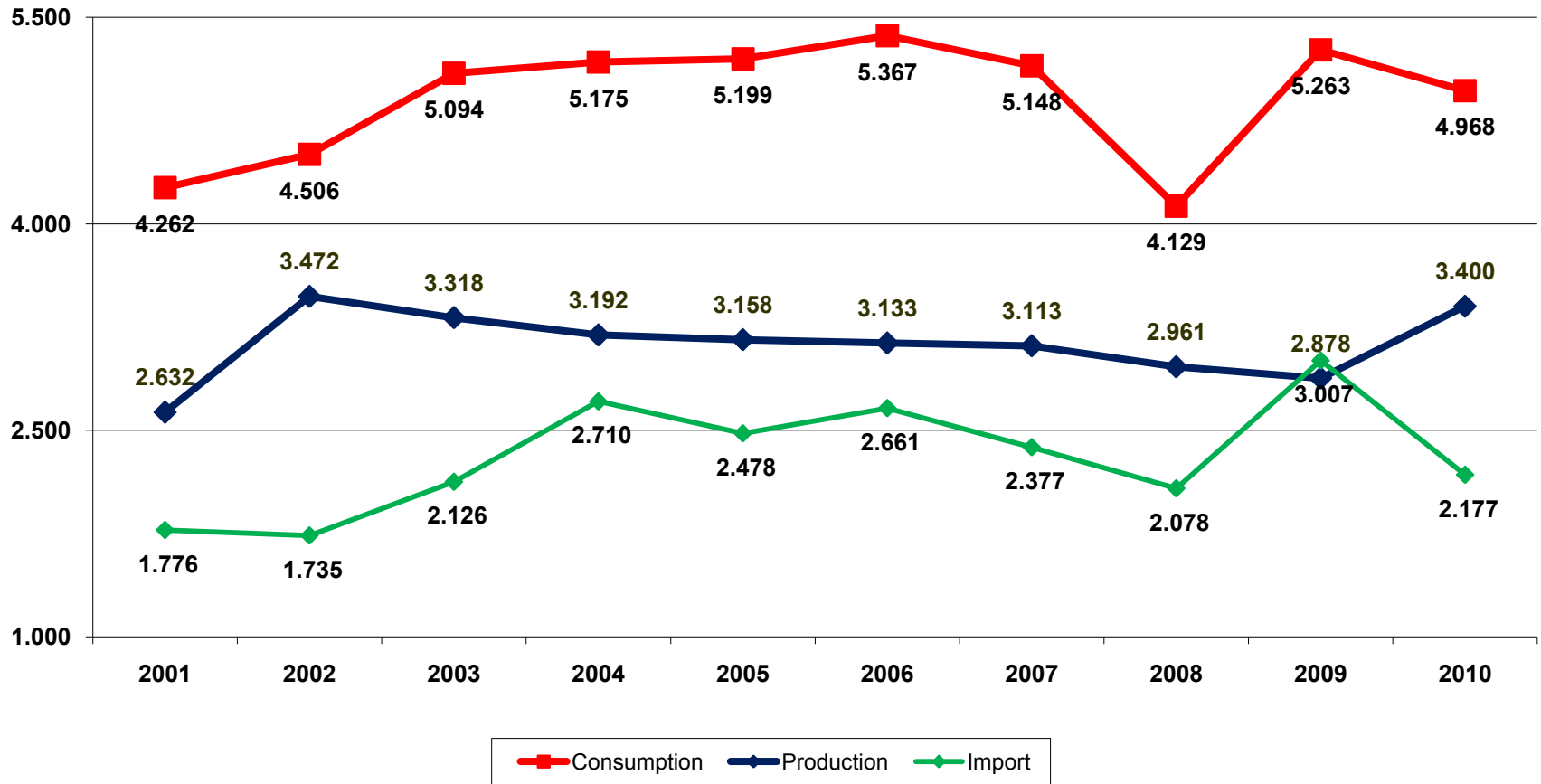
# GÜBRETAŞ PRESENCE IN THE TURKISH MARKET

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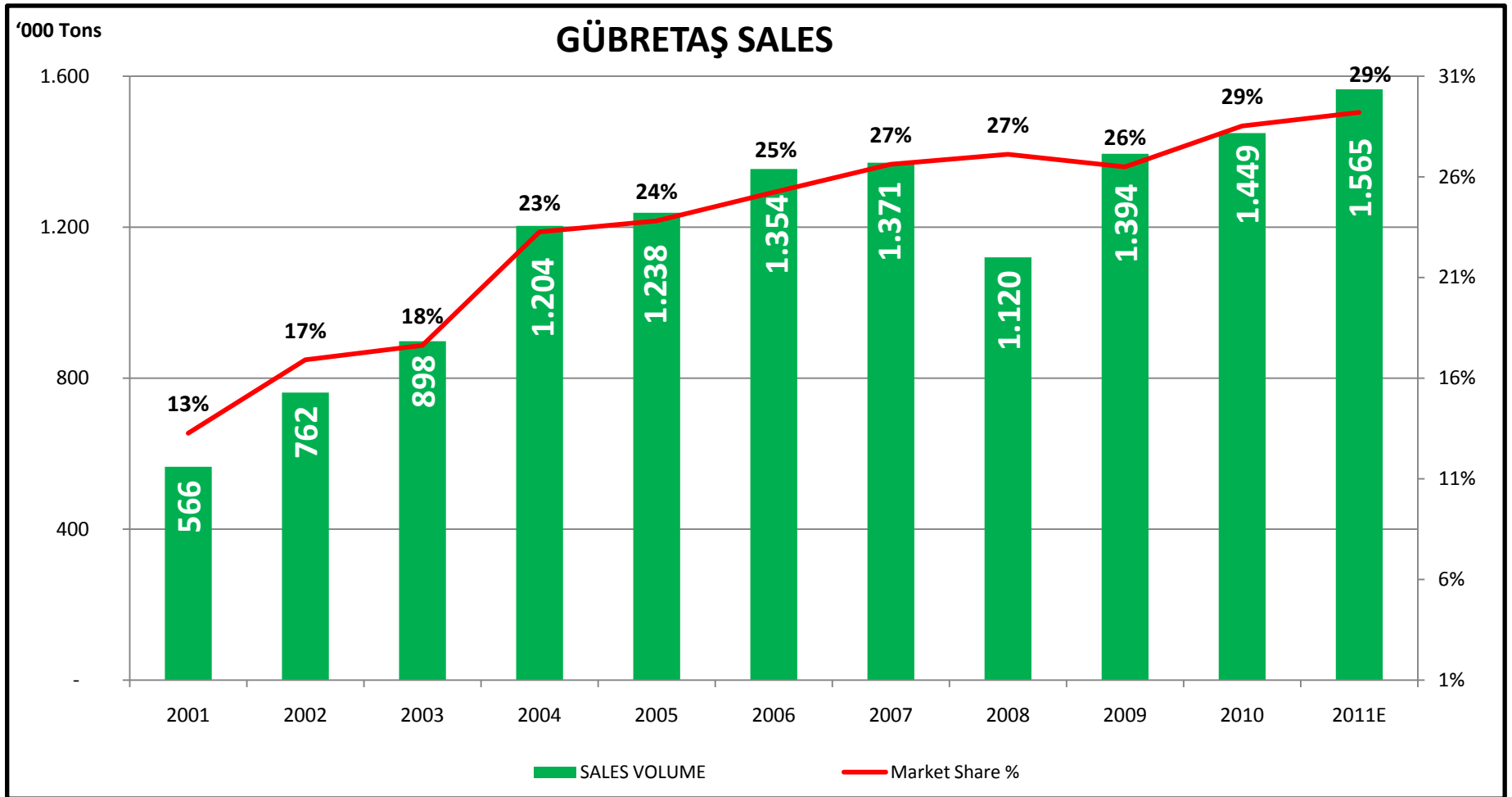
- ✓ Gübretaş supplies compound and liquid fertilizers for the specific requirements of the Turkish farmers. The firm benefits from a nationwide logistic network, which enables it to realize sales at a premium to most of its competitors.
- ✓ Quality, timely delivery, payment terms and trust affect sales performance. Gübretaş produces compound fertilizers specifically addressing the needs of crop growers. The firm currently offers in excess of 80 products addressing the specific requirements of its farmers.
- ✓ Trading performance, storage policies and currency exposure management remain key factors in maintaining competitiveness in this sector.

# MARKET OVERVIEW

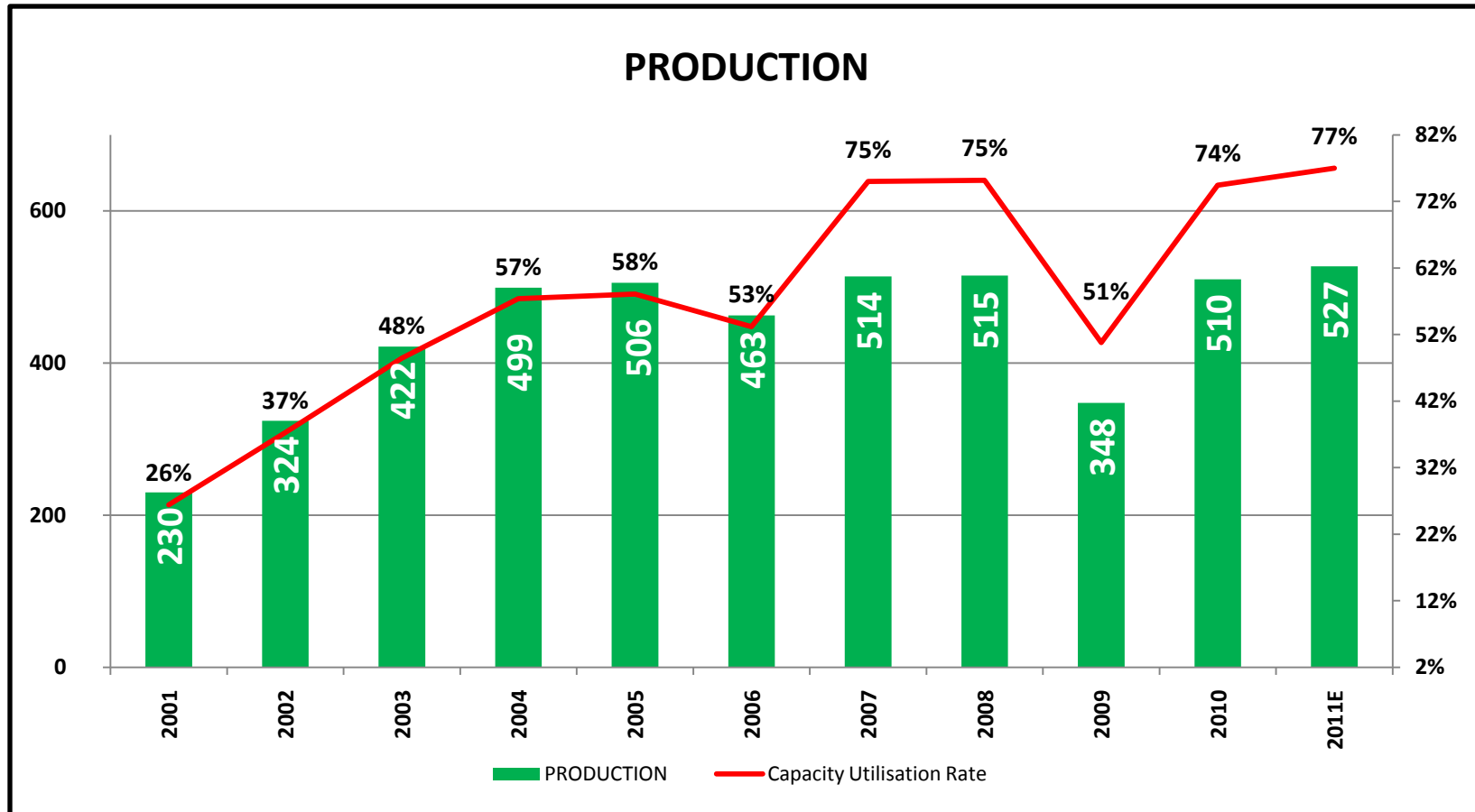
## Turkish Fertilizer Sector (1.000tons)



# MARKET SHARE



# PRODUCTION



# PROFITABILITY

<b>TRY Million</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Revenues	610	1.412	1.045	1.385
Cost & Expenses	561	1.150	1.087	952
Earnings Before Tax	49	262	-42	280
<b>Net Profit</b>	<b>39</b>	<b>103</b>	<b>-59</b>	<b>120</b>
<b>Ebitda</b>	<b>46</b>	<b>238</b>	<b>71</b>	<b>224</b>
<b>USD Million</b>				
Revenues	473	935	670	894
Cost & Expenses	435	762	697	614
Earnings Before Tax	38	174	-27	181
<b>Net Profit</b>	<b>30</b>	<b>68</b>	<b>-38</b>	<b>77</b>
<b>Ebitda</b>	<b>36</b>	<b>158</b>	<b>46</b>	<b>145</b>
<b>Earning per Share (EPS) (TRY)</b>	<b>0,47</b>	<b>1,23</b>	<b>-0,71</b>	<b>1,44</b>
EPS Growth	18%	162%	-157%	303%

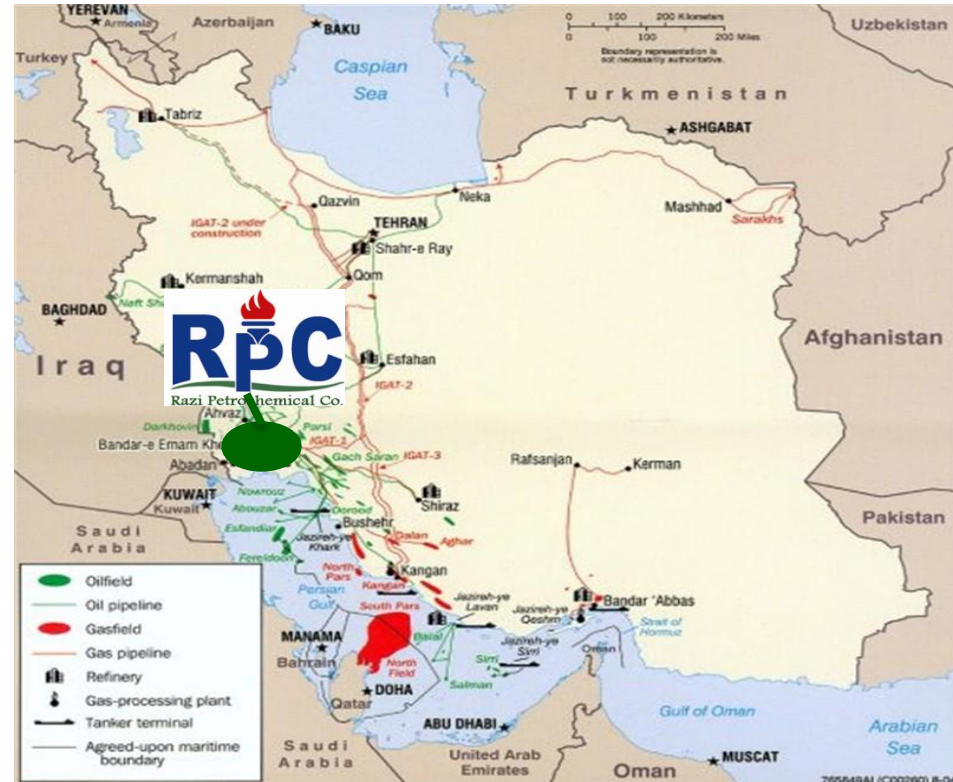
# GÜBRETAS STRATEGY

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- Build Selectively on Core Competency
- Secure long-term and diversified access to raw materials
  - ✓ Nitrogen based assets in Iran
  - ✓ Seeking new investments in the nitrogen and phosphate segment
- Expand logistic capabilities and facilities
- Fully leverage domestic distribution and market access for further regional growth
- Develop opportunities downstream with new products and services in existing and new markets

# THE RAZI PETROCHEMICAL CO.

- ✓ Established in 1968
- ✓ The largest fertilizer complex
- ✓ Producer of Ammonia, Urea, Sulphuric Acid, Phosphoric Acid and DAP.
- ✓ Located near the Mahsahr city located at The Khuzestan province of Iran.
- ✓ It is the only facility producing DAP in Iran.
- ✓ Advantage of sour and sweet natural gas



# THE RAZI PETROCHEMICAL CO.

- ✓ Our consortium purchased 95.62% of Razi Petrochemical Co. shares for 6.072 billion Iranian Rials from Iranian Privatization Organization. (approximately 656 million USD).
- ✓ Gübretaş has 48,88% stake in Razi Petrochemical Co.
- ✓ 3 members out of 5 at the board.
- ✓ Full consolidation



# THE RAZI PETROCHEMICAL CO.

## PRODUCTION CAPACITY

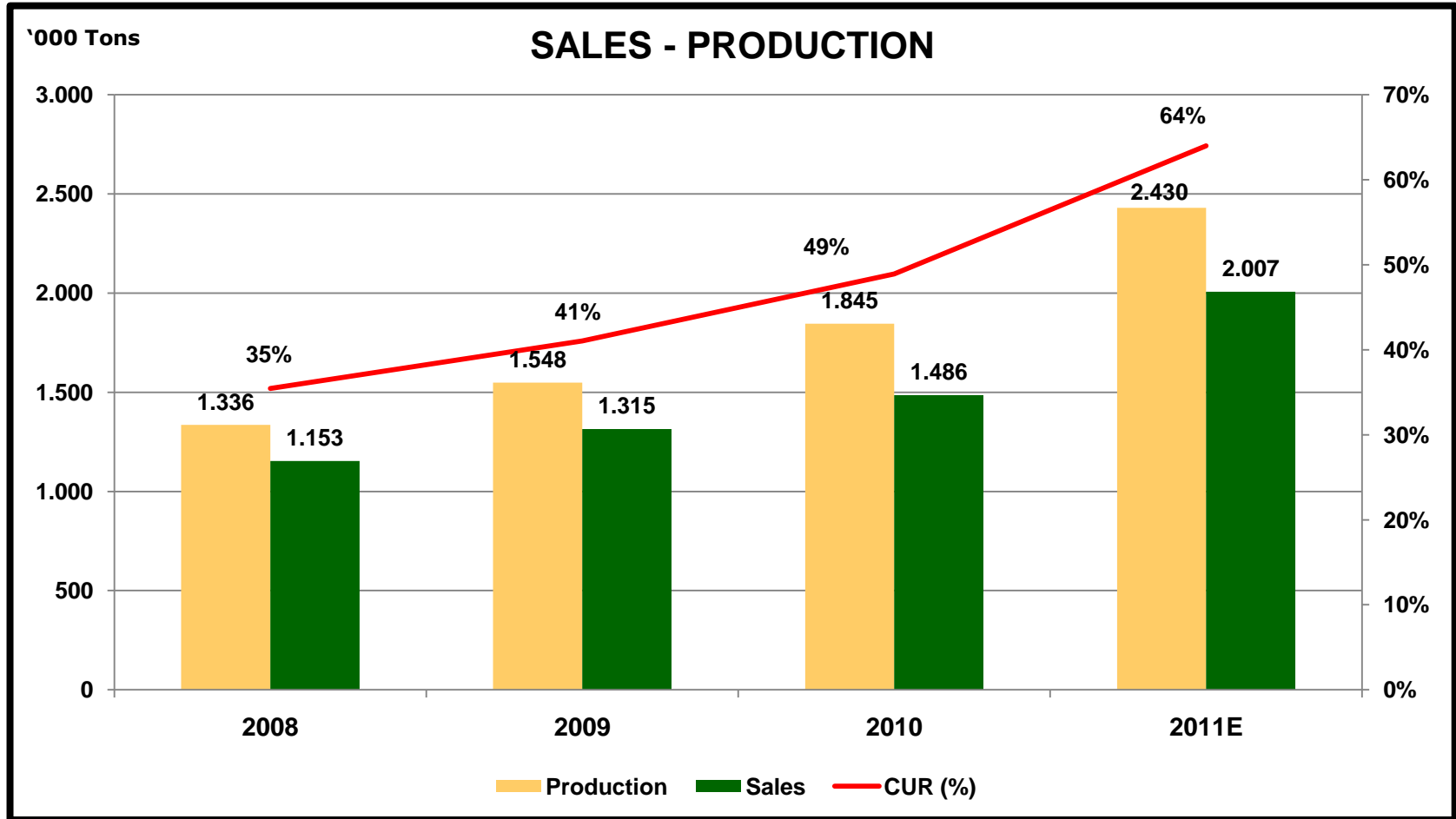
Product	Plant	Capacity (tons)
Ammonia	3	1.336.000
Urea	1	594.000
DAP	2	450.000
Sulphuric Acid	2	627.000
Phosporic Acid	1	255.000
Sulphur Granul.	1	508.000
<b>Total</b>	<b>10</b>	<b>3.770.000</b>



## PLANT REVAMPING DATES

Plants	Operation Date	Revamping Date
Ammonia 1	1969	2010
Ammonia 2	1975	1999
Ammonia 3	2008	
Urea	1989	
DAP 1	1970	
DAP 2	1990	
Phosporic Acid	1970	

# THE RAZI PETROCHEMICAL CO.



# THE RAZI PETROCHEMICAL CO.

## Production Estimates (Ton)

Product	2011E	
	CUR	Production
Ammonia	81%	1.080.000
Sulphuric Acid	62%	390.000
Urea	67%	400.000
DAP	27%	120.000
Sulphur	87%	440.000
Phosphoric Acid	0%	-
<b>Total</b>	<b>64%</b>	<b>2.430.000</b>

## Products Available for Sale (Ton)

	2011E
Ammonia	787.600
Sulphuric Acid	390.000
Urea	400.000
DAP	120.000
Sulphur	310.000
<b>Total</b>	<b>2.007.600</b>

## Sales Price Assumptions (US\$/Ton)

	2011E
Ammonia	375
Sulphuric Acid	90
Urea	310
DAP	650
Sulphur	150

## Sales Revenues (US\$/Mil)

	2011E
Ammonia	295
Sulphuric Acid	35
Urea	124
DAP	78
Sulphur	47
<b>Total</b>	<b>579</b>

# THE RAZI PETROCHEMICAL CO.

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## Operating Proforma

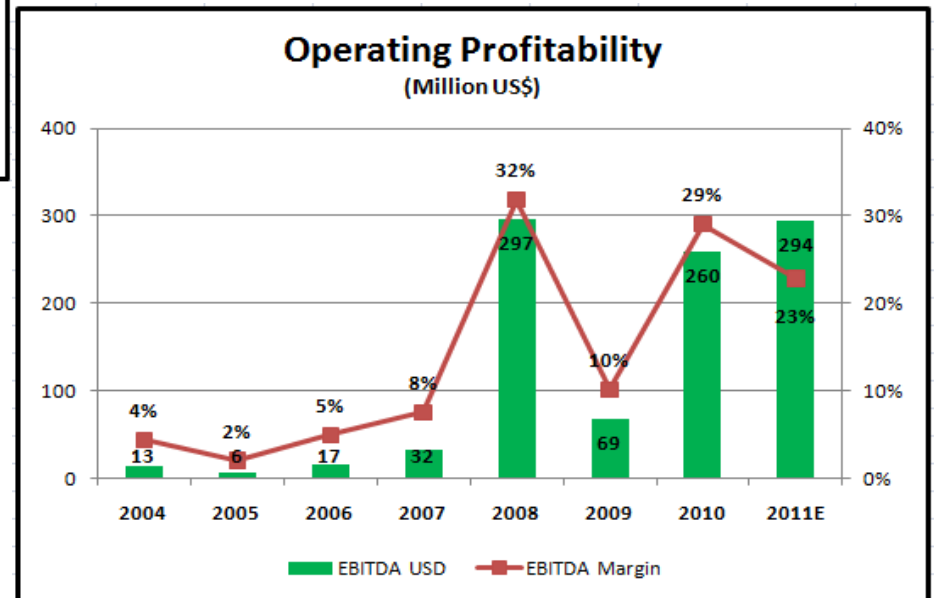
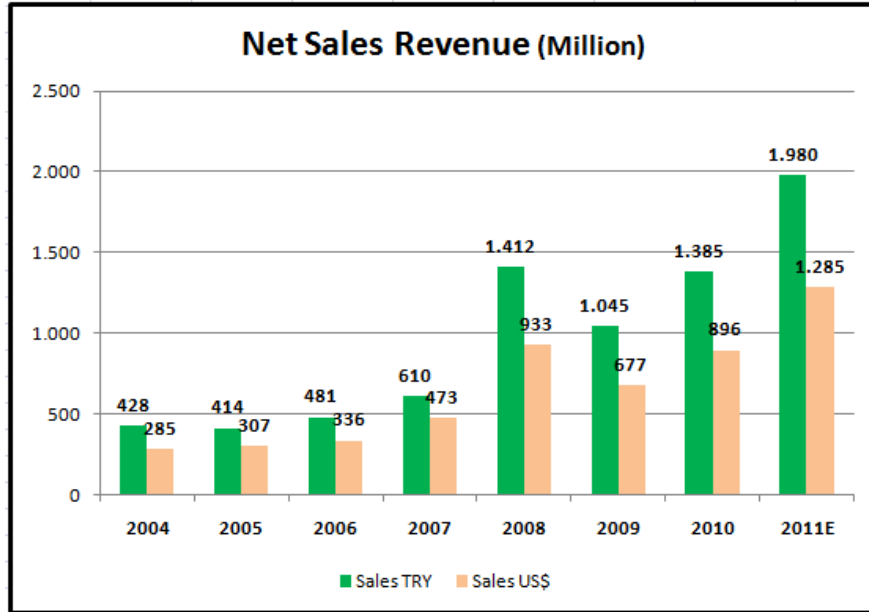
		2010	2011E
Avg. Capacity Utilization	%	49%	64%
Production	'000 Tons	1.845	2.430
Product Sold	'000 Tons	1.486	2.008
Sales Revenues	US\$ Mil.	380	579
<b>EBITDA</b>	<b>US\$ Mil.</b>	<b>226</b>	<b>251</b>
EBITDA Margin	%	59%	43%
Net Income	US\$ Mil.	158	187
<b>Net Income Margin</b>	<b>%</b>	<b>42%</b>	<b>32%</b>
Estimated Capex	US\$ Mil.	8	10

# 2004 - 2012 ECONOMIC PROFILE

## Consolidated Income Statement

In TRY Million	2004	2005	2006	2007	2008	2009	2010	2011E
<b>Revenues</b>	<b>428</b>	<b>414</b>	<b>481</b>	<b>610</b>	<b>1.412</b>	<b>1.045</b>	<b>1.385</b>	<b>1.980</b>
Sales Growth	68%	-3%	16%	27%	131%	-26%	33%	43%
COG	374	371	421	529	943	930	952	1.482
<b>Gross income</b>	<b>54</b>	<b>43</b>	<b>60</b>	<b>81</b>	<b>469</b>	<b>115</b>	<b>433</b>	<b>498</b>
Gross margin	13%	10%	12%	13%	33%	11%	31%	25%
G & A Expenses	36	36	38	42	72	79	104	119
G & A / Sales	9%	9%	8%	7%	5%	8%	8%	6%
<b>Operating income</b>	<b>18</b>	<b>7</b>	<b>22</b>	<b>39</b>	<b>398</b>	<b>36</b>	<b>329</b>	<b>379</b>
Operating Income Margin	4%	2%	5%	6%	28%	3%	24%	19%
Financial Exp. (Inc.)	9	1	2	-7	140	102	49	40
Earnings Before Tax	11	1	15	49	262	-42	280	339
Net income	7	1	9	39	282	-48	245	304
<b>Adjusted Net income</b>	<b>7</b>	<b>1</b>	<b>9</b>	<b>39</b>	<b>103</b>	<b>-59</b>	<b>120</b>	<b>157</b>
<b>Net Income Margin</b>	<b>2%</b>	<b>0%</b>	<b>2%</b>	<b>6%</b>	<b>7%</b>	<b>-6%</b>	<b>9%</b>	<b>8%</b>
<b>EBITDA</b>	<b>19</b>	<b>8</b>	<b>24</b>	<b>46</b>	<b>449</b>	<b>106</b>	<b>402</b>	<b>453</b>
<b>Adjusted EBITDA</b>	<b>19</b>	<b>8</b>	<b>24</b>	<b>46</b>	<b>238</b>	<b>71</b>	<b>224</b>	<b>255</b>
<b>EBITDA Margin</b>	<b>4%</b>	<b>2%</b>	<b>5%</b>	<b>8%</b>	<b>32%</b>	<b>10%</b>	<b>29%</b>	<b>23%</b>

# OPERATING PERFORMANCE



# SUBSIDIARIES

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## **Negmar Shipping Company**

- ✓ %40 Stake
- ✓ 105.000DWT with 4 vessels
- ✓ Capital increased to 30.000.000 TRY
- ✓ Mid-term objective: To establish fleet including 10 vessels



## **Tarkim Pesticide Company**

- ✓ Partnership with Turkish Agricultural Credit Cooperatives
- ✓ %40 Stake
- ✓ 25.000Ton/year production capacity
- ✓ Mid-term objective: To have 10% market share with 40 million TRY revenues

# GÜBRETAS INVESTMENT THESIS

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## **Gübretaş remains well positioned for a recovery in the agricultural and chemical sectors**

- Strong market position and potential to become a regional market leader
- TACC strategic relationship
- A proven management track record
- Unique assets including dedicated natural gas
- Ideal geographic positioning and logistic capabilities
- Improvement opportunities at the newly acquired facilities.



**THANK YOU!**



**AN AFFILIATE OF THE TURKISH AGRICULTURAL CREDIT COOPERATIVES**