

# INVESTOR PRESENTATION

September 2014



A SUBSIDIARY OF THE TURKISH  
AGRICULTURAL CREDIT  
COOPERATIVES



## Gübre Fabrikaları T.A.Ş

Date of Establishment	25.12.1952
Paid Capital	334.000.000TL
Listing	Borsa Istanbul (BIST)
Ticker Symbol	GUBRF



GÜBRE FABRİKALARI T.A.Ş.

NEGMAR

RAZİ PETROCHEMICAL

1952 Establishment of GÜBRETAS

1954 The first fertilizer factory of Turkey

1974 TSP Plant Launched

1986 GÜBRETAS in Stock Market (BIST)

1993 TACC Acquired GÜBRETAS



1978 NPK-1 Plant Launched

1989 NPK-2 Plant Launched

2008 Acquisition of RAZİ PETROCHEMICAL CO.

2010 Establishment of RAINTRADE Foreign Trade

2012 Acquisition of ARYA PHOSPHORIC CO.

2009 Shareholding TARKİM

2008 Shareholding NEGMAR

2010 İSTANBUL LINES Ro-Ro Management

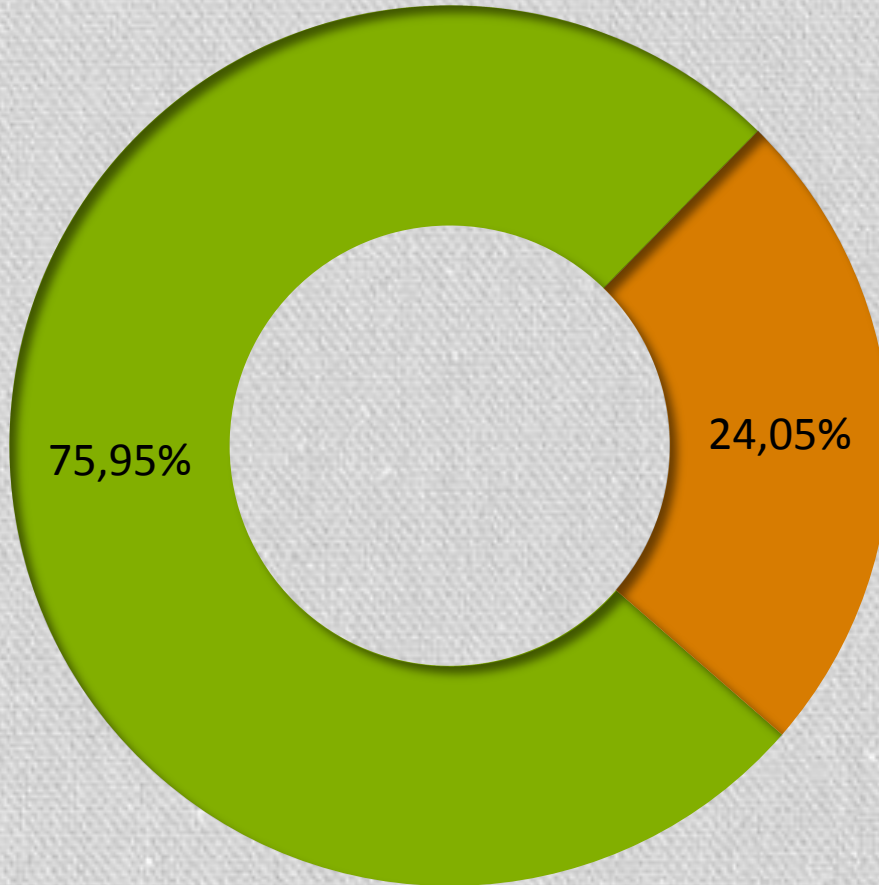
2010 ETİS LOJİSTİK Logistics Services

2012 NARLI FERİBOT Ferry Management

2014 NPK-3 & NPK-4

2014 Ammonia Tank

# OWNERSHIP STRUCTURE

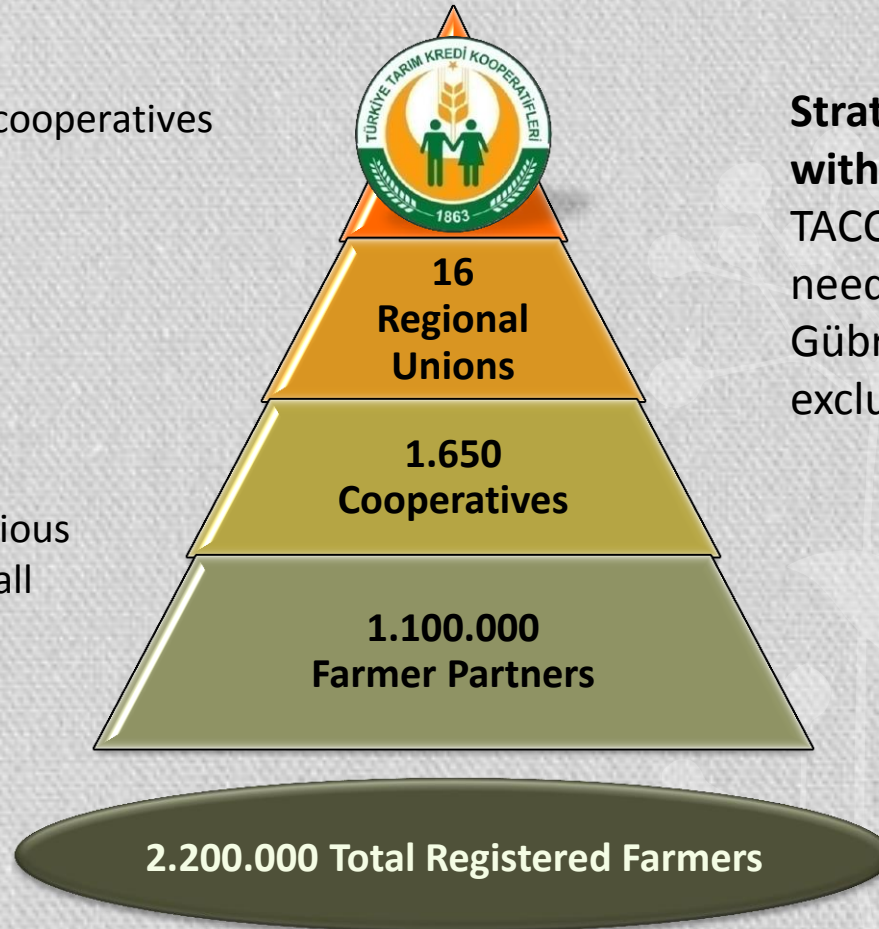


■ Main Shareholder - The Central Union of Turkish Agricultural Credit Cooperatives

■ Public Shares

# THE CENTRAL UNION OF TURKISH AGRICULTURAL CREDIT COOPERATIVES

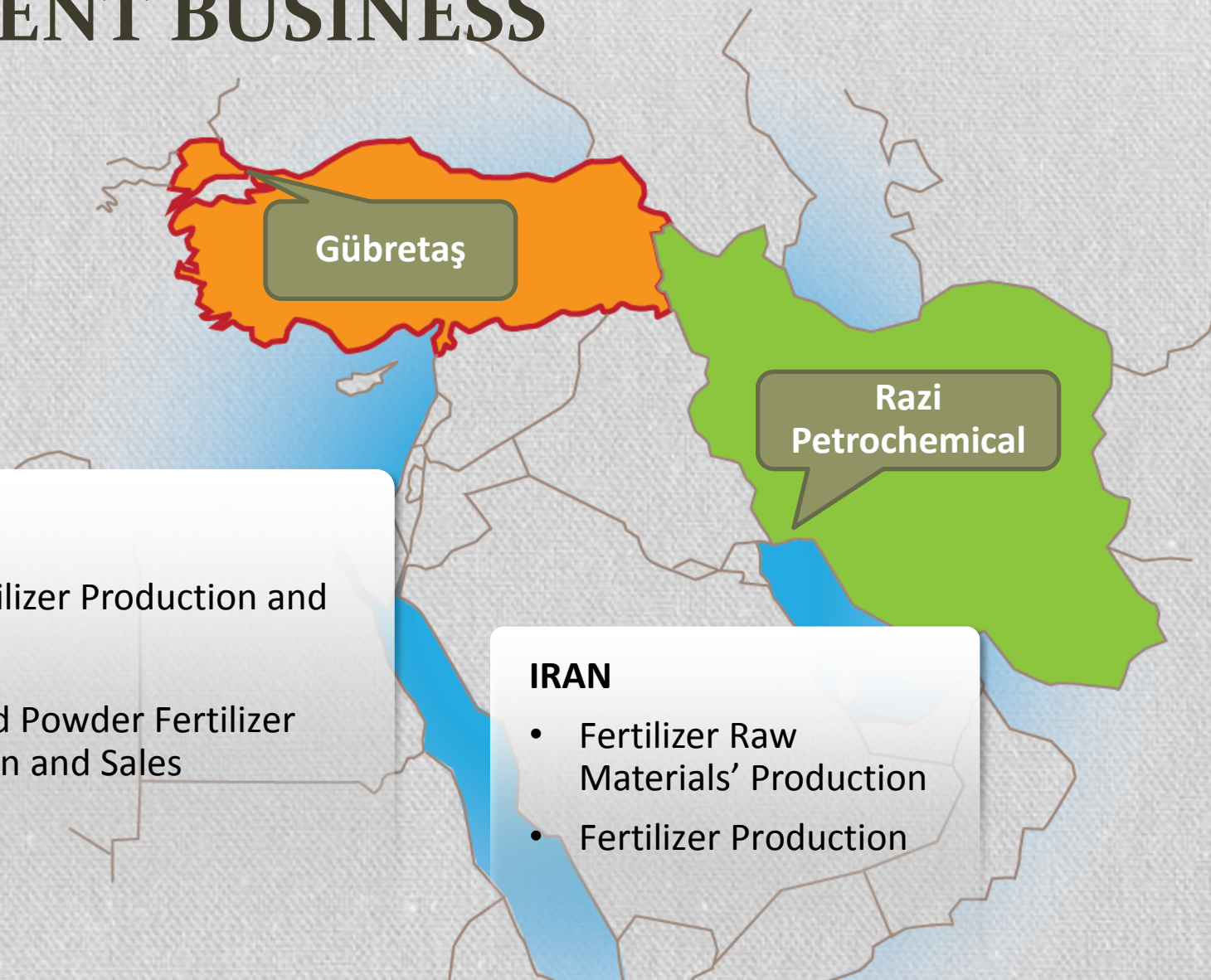
- Leading agricultural cooperatives
- Founded in 1863
- 10.000 employees
- 19 Subsidiaries
- Support farmers' various procurement needs all the way from fertilizers to tractors



## Strategic Relationship with Gübretaş

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

# CURRENT BUSINESS



## TURKEY

- Solid Fertilizer Production and Sales
- Liquid and Powder Fertilizer Production and Sales

## IRAN

- Fertilizer Raw Materials' Production
- Fertilizer Production

# TURKISH FERTILIZER OUTLOOK

## Main Drivers

- Fertilizer Prices
- Agricultural Product Prices
- General Financial Conditions
- Farmers' Purchasing Power
- Irrigation
- Weather Conditions
- Government's Agricultural Policies

## Lack of Fertilizers

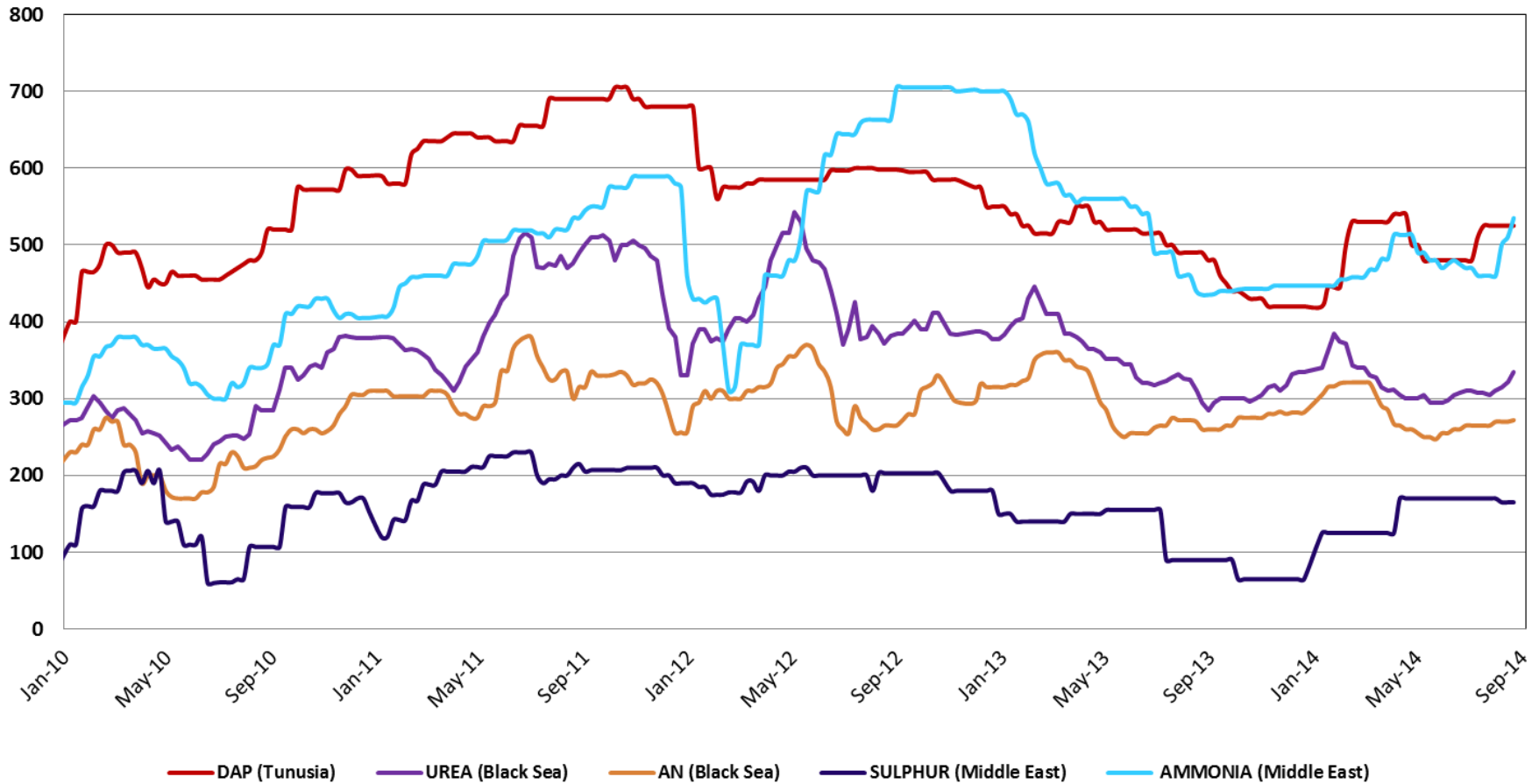
- Lack of main nutrients:
  - Nitrogen (N)
  - Phosphate (P)
  - Potassium (K)
- Depends on raw material rich countries

## Growth Potential

- Fertilizer (nutrient based) use per hectare of arable land for some countries
- Turkey: 95 kg
  - Greece: 153 kg
  - UK: 252 kg
  - Germany: 211 kg
  - USA: 120 kg
  - World Average: 116

# FERTILIZER PRICES

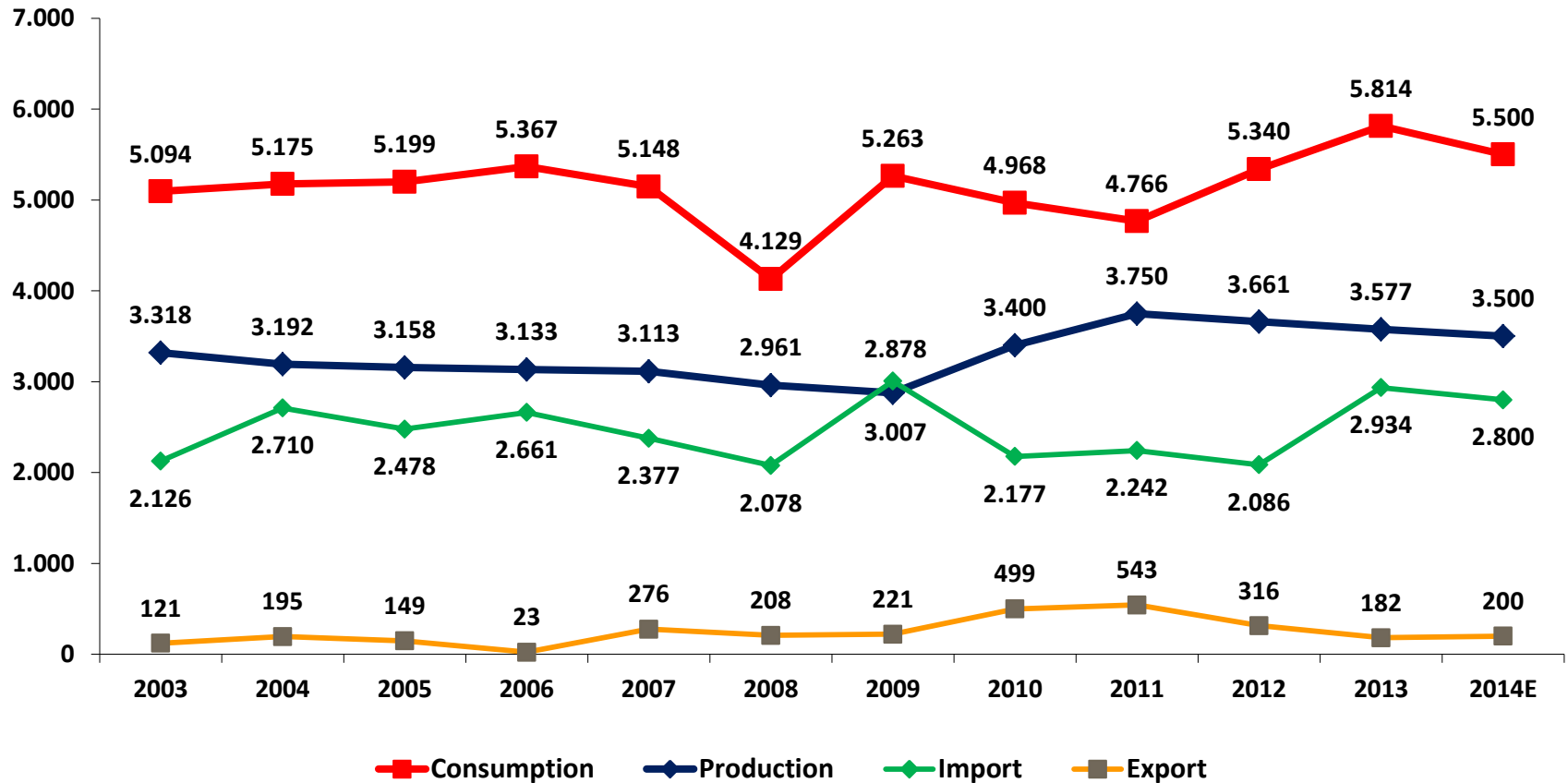
## World Fertilizer Prices (FOB US\$ / Ton)



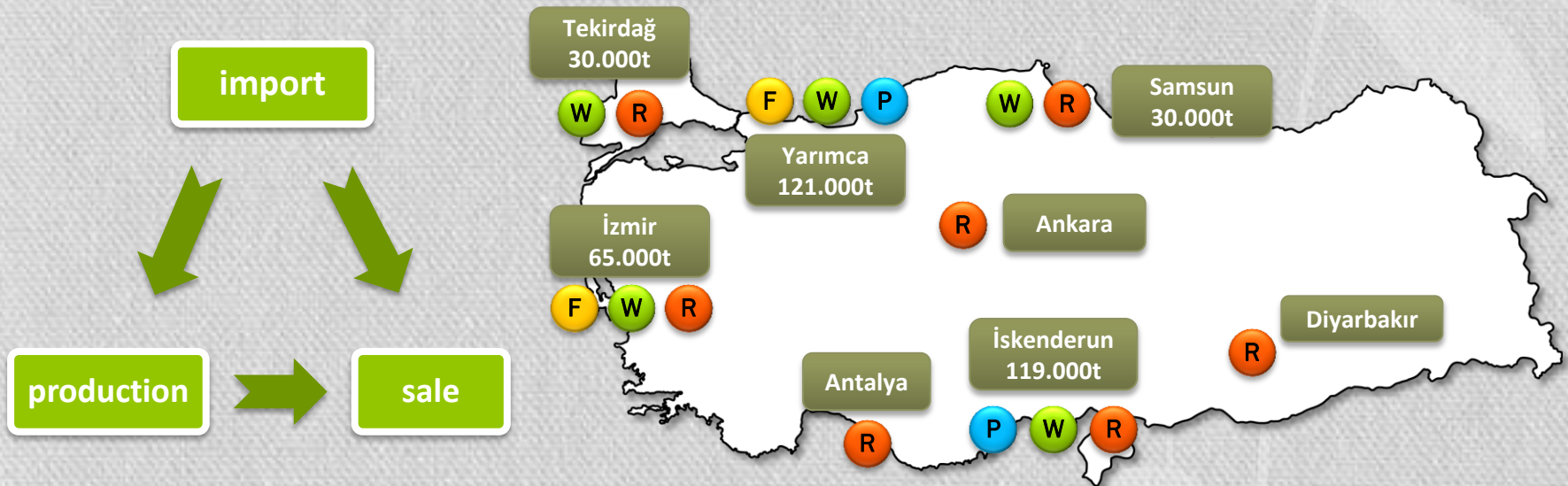


# MARKET OVERVIEW

## Turkish Fertilizer Sector (1.000tons)



# OPERATIONS IN TURKEY



- 2 Ports
- 5 Logistics Centers
- 7 Regional Offices
- 2.720 dealers
- 365.000 tons Warehouse Capacity

- F** : Production Facility
- P** : Port
- W** : Warehouse
- R** : Regional Office

# PRODUCTS

SOLID

LIQUID

POWDER

SPECIAL



167 Type of Products

## Products – General Use

AN	DAP
CAN	TSP
CAN GR	20.20.0
AS	20.20.0 ZN
UREA	15.15.15
UREA GR	15.15.15 ZN

## Products - Specific Use

13.24.12+10SO3+ZN (Corn)	23.12.9+ZN (Sunflower)
10.25.20+20SO3+ZN (Potato)	12.30.12 (Sugar beet)
10.25.5+5CaO+15SO3 (Crop)	15.20.10+1,5ZN (Paddy)
18.9.15+2MGO+10SO3 (Citrus)	13.18.15+2MGO (Super Sugar Beet)
13.25.5+10SO3+0,5ZN (Super Crop)	25.5.10 (Tea)

# PRODUCTION FLOW CHART

## YARIMCA PRODUCTION FACILITIES

### Main Inputs

- AMMONIA
- UREA
- AS
- PHOSPHATE ROCK
- SULPHURIC ACID
- PHOSPHORIC ACID
- POTASSIUM



### Main Products

- TSP
- 20.20.0
- 20.20.0.ZN
- 15.15.15
- 15.15.15.ZN
- 13.24.12
- 13.25.5
- 23.12.9

PRODUCTION CAPACITY:  
985.000 TON/YEAR

**TSP**  
185.000  
ton/year

**NPK 1**  
200.000  
ton/year

**NPK 2**  
300.000  
ton/year

**NPK 3**  
250.000  
ton/year

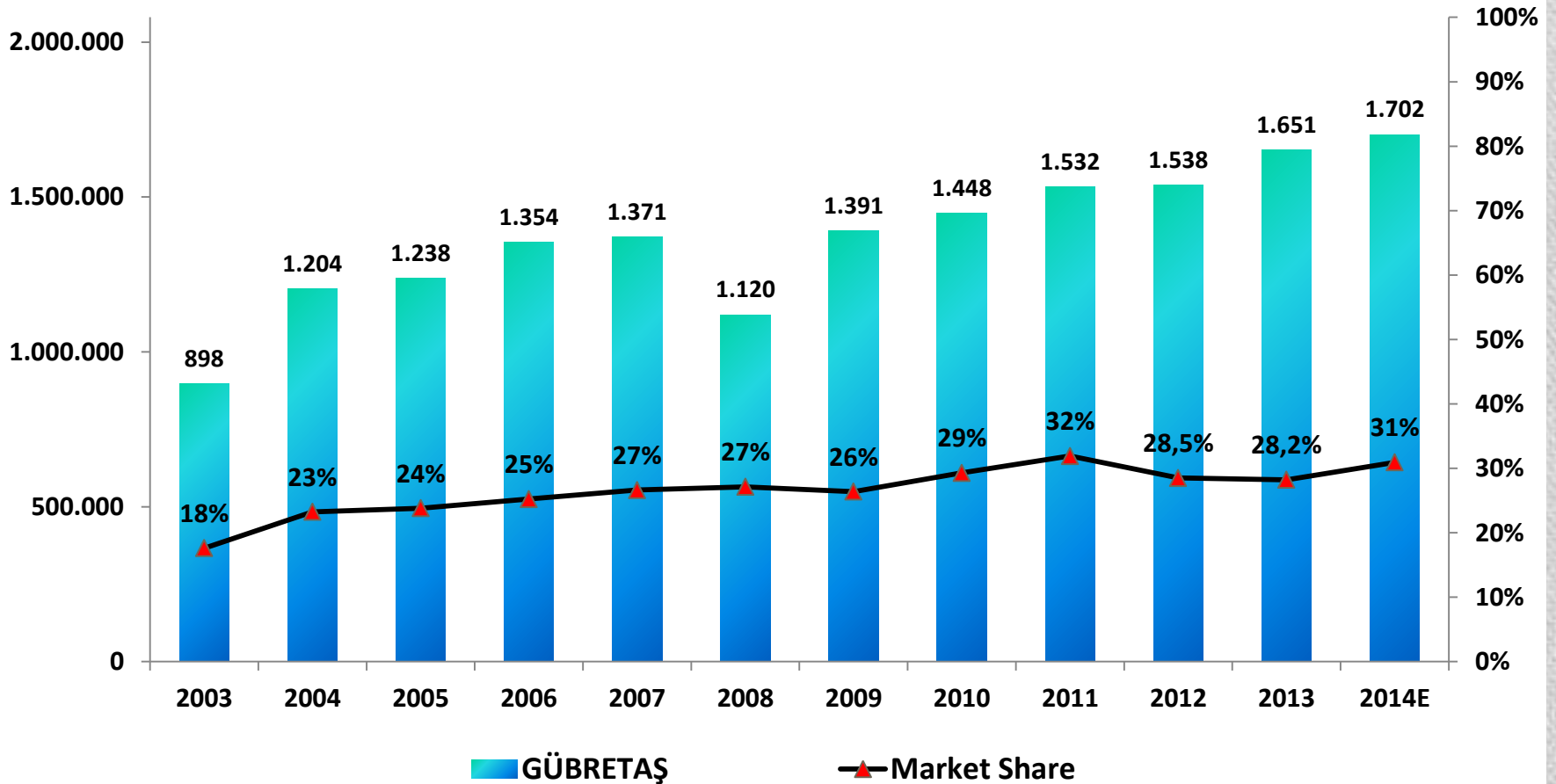
**NPK 4**  
250.000  
ton/year

**Liquid Fertilizer  
Production**  
25.000  
ton/year

NPK3 and NPK4's production will be launched at November 2014  
and NPK1 will be deactivated.

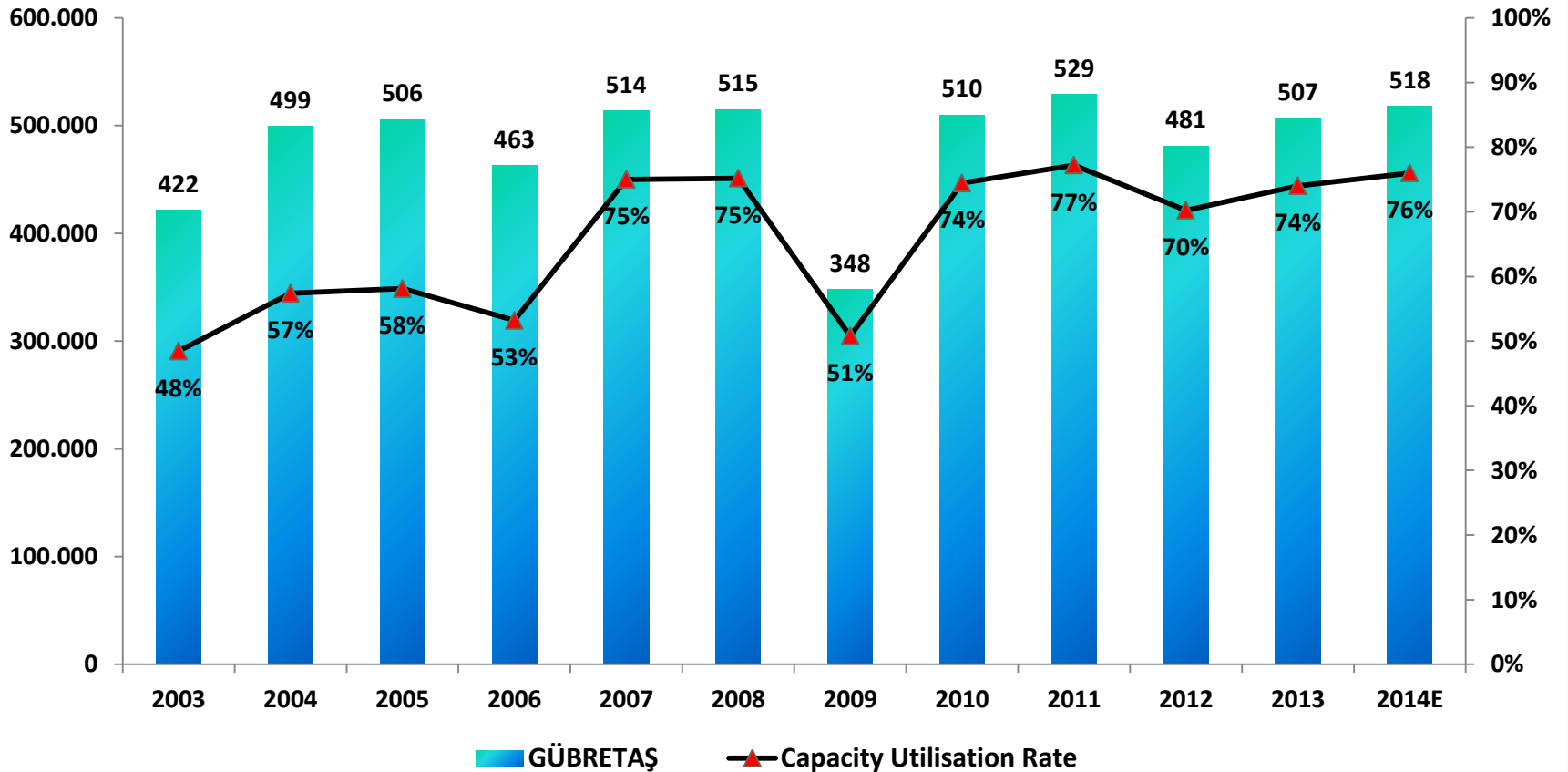
# MARKET SHARE

## Gübretaş Sales (1.000tons)



# PRODUCTION & C.U.R.

## Gübretaş Production (1.000tons)



# RAZI PETROCHEMICAL CO.

- Established in 1968
- The largest fertilizer complex of Iran
- Producer of Ammonia, Urea, Sulphur, Sulphuric Acid, Phosphoric Acid and DAP
- Located near the Mahsahr city at The Khuzestan province of Iran
- Advantage of processing both sour and sweet natural gas

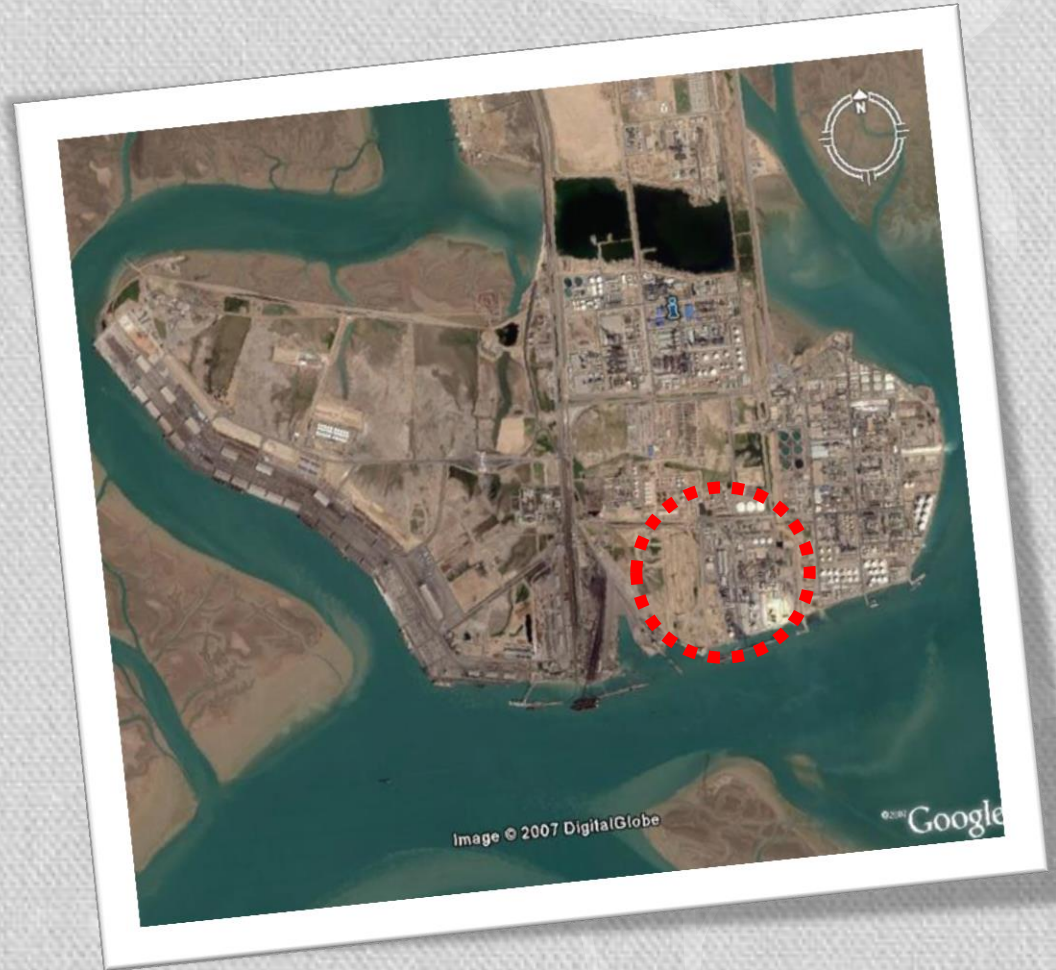


شرکت پتروشیمی رازی  
Razi Petrochemical Co.



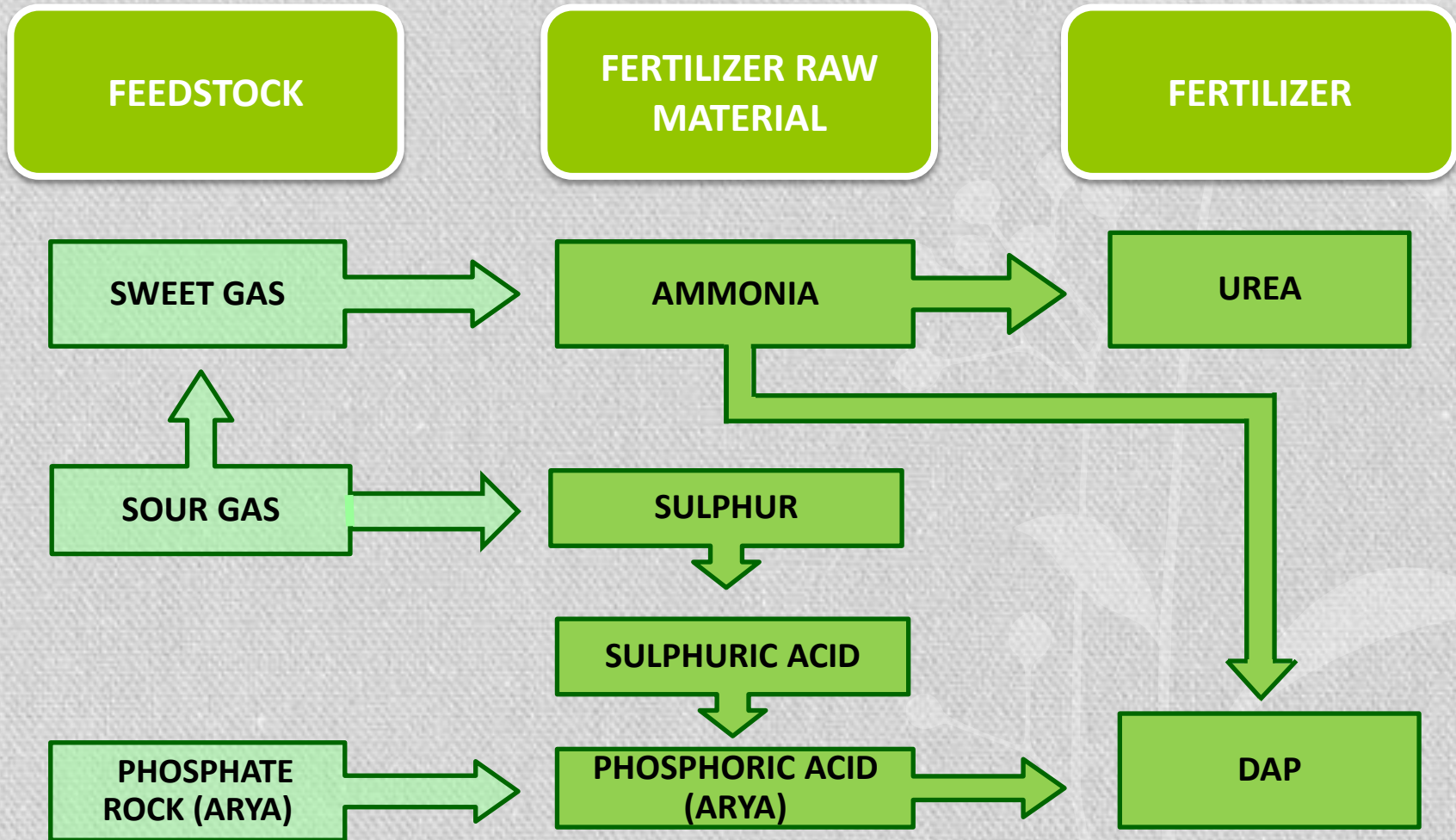
# RAZI PETROCHEMICAL CO.

- The consortium led by Gübretaş purchased 95.62% of Razi Petrochemical Co. shares from Iranian Privatization Organization in 2008 (656 million USD).
- Gübretaş has 48,88% stake in Razi Petrochemical Co.
- 3 members out of 5 at the board.
- Full consolidation





# RAZI PETROCHEMICAL CO.



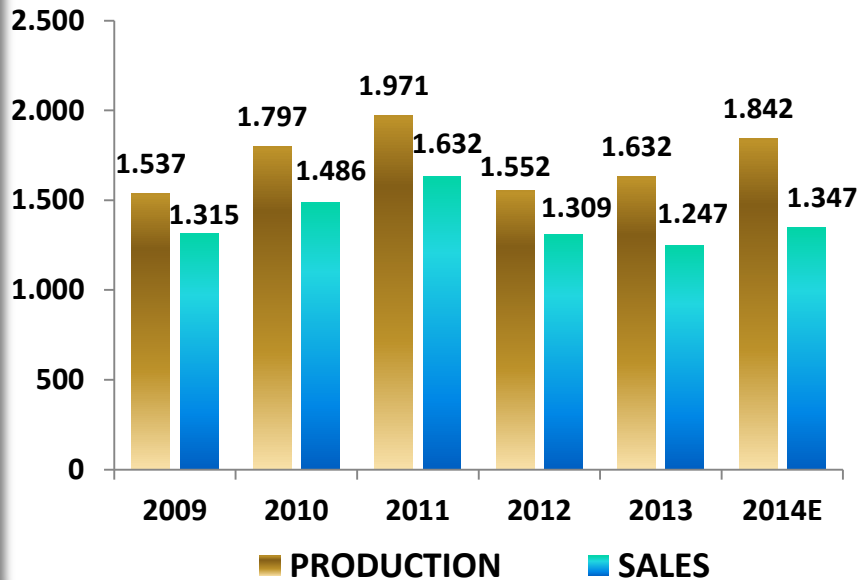
# RAZI PETROCHEMICAL CO.

PRODUCTION CAPACITY		
Plant	Number of Plant	Capacity (tons)
Ammonia	3	1.336.000
Urea	1	594.000
DAP	2	450.000
Sulphuric Acid	2	627.000
Sulphur Granular	1	508.000
Phosphoric Acid (ARYA)	1	126.000
<b>Total</b>	<b>10</b>	<b>3.641.000</b>

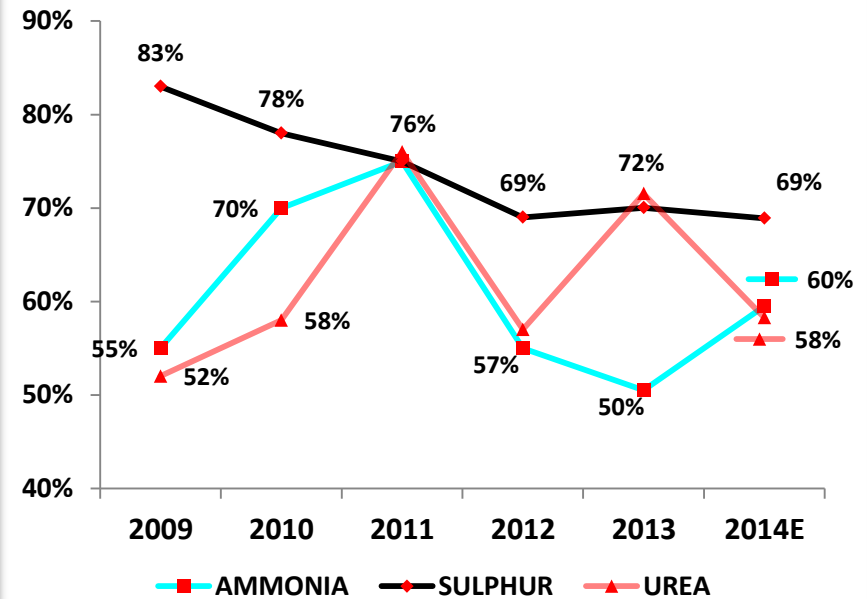


# RAZI PETROCHEMICAL CO.

## Production-Sales (1.000tons)



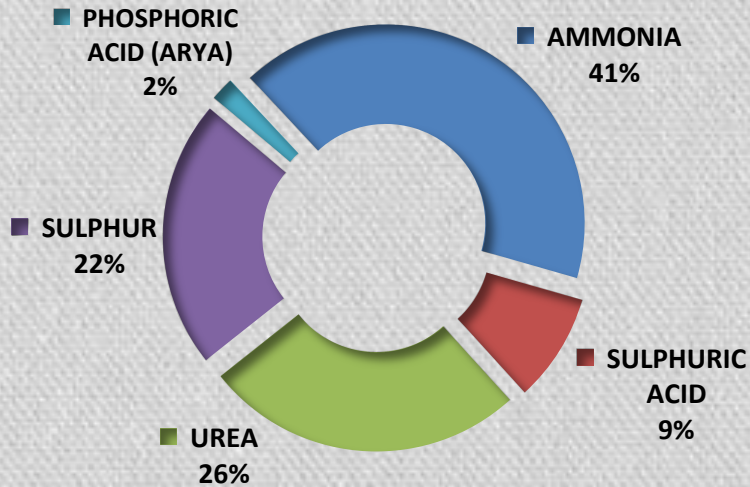
## Capacity Utilization Rate



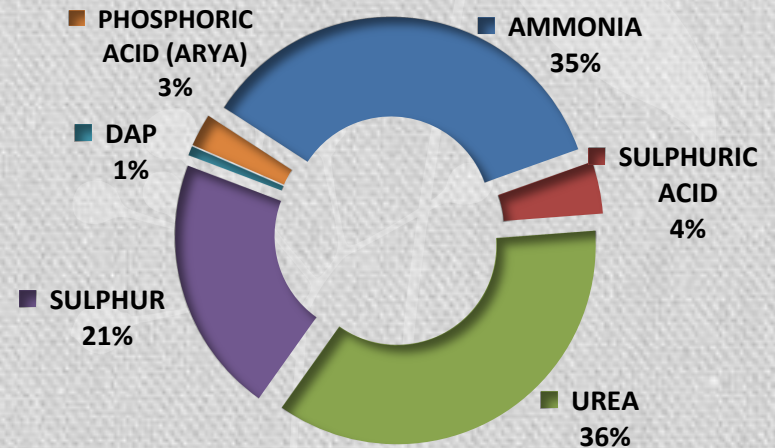
Since Razi is fully consolidated with Arya Phosphoric by 2013, the consolidated production and sales figures have been revised from this date.

# RAZI PETROCHEMICAL CO.-2013

## PRODUCTION-Ton



## SALES-Ton



## SALES COMPOSITION



# RAZI PETROCHEMICAL CO.

Estimated Production (Ton)		
Product	C.U.R.	2014E
Ammonia	67%	795.000
Urea	76%	346.000
Sulphur	62%	350.000
Sulphuric Acid	38%	245.000
DAP	16%	45.000
Phosphoric Acid (ARYA)	48%	61.000
<b>Toplam</b>	<b>51%</b>	<b>1.842.000</b>

Estimated Sales (Ton)	
Product	2014E
Ammonia	561.000
Urea	335.000
Sulphur	308.000
Sulphuric Acid	60.000
DAP	45.000
Phosphoric Acid (ARYA)	38.000
<b>Toplam</b>	<b>1.347.000</b>

# RAZI PETROCHEMICAL CO.



OPERATING PROFORMA		2014E
Capacity Utilization Rate		51%
Production	'000 Ton	1.842
Sales	'000 Ton	1.347
Revenues	US\$ Mil.	555
<b>EBITDA</b>	<b>US\$ Mil.</b>	<b>155</b>
EBITDA Margin		28%
Net Income	US\$ Mil.	162
<b>Net Income Margin</b>		<b>29%</b>
Capex	US\$ Mil.	43

# 2004 - 2014 ECONOMIC PROFILE

## Consolidated Income Statement (Million TL)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014E
<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>2.276</b>	<b>2.227</b>	<b>2.265</b>	<b>2.738</b>
Sales Growth	68%	-3%	16%	27%	131%	-26%	33%	64%	-2%	2%	21%
<b>COG</b>	<b>374</b>	<b>371</b>	<b>421</b>	<b>529</b>	<b>943</b>	<b>930</b>	<b>952</b>	<b>1.582</b>	<b>1.580</b>	<b>1.683</b>	<b>2.110</b>
<b>Gross Profit</b>	<b>54</b>	<b>43</b>	<b>60</b>	<b>81</b>	<b>469</b>	<b>115</b>	<b>433</b>	<b>695</b>	<b>647</b>	<b>582</b>	<b>628</b>
Gross Margin	13%	10%	12%	13%	33%	11%	31%	31%	29%	26%	23%
G & A Expenses	36	36	38	42	72	79	104	182	166	251	269
G & A / Sales	9%	9%	8%	7%	5%	8%	8%	8%	7%	11%	10%
<b>EBIT</b>	<b>18</b>	<b>7</b>	<b>22</b>	<b>39</b>	<b>398</b>	<b>36</b>	<b>329</b>	<b>513</b>	<b>482</b>	<b>332</b>	<b>359</b>
EBIT Margin	4%	2%	5%	6%	28%	3%	24%	23%	22%	15%	13%
Net Other Income/Exp.	6	6	7	-10	136	78	49	120	-8,5	56	35
<b>Earnings Before Tax</b>	<b>11</b>	<b>1</b>	<b>15</b>	<b>49</b>	<b>262</b>	<b>-42</b>	<b>280</b>	<b>392</b>	<b>472</b>	<b>276</b>	<b>395</b>
<b>Net Income</b>	<b>7</b>	<b>1,2</b>	<b>9</b>	<b>39</b>	<b>282</b>	<b>-48</b>	<b>245</b>	<b>375</b>	<b>430</b>	<b>281</b>	<b>349</b>
Net Income Margin	2%	0,3%	2%	6%	20%	-5%	18%	16%	19%	12%	13%
<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>130</b>	<b>190</b>	<b>95</b>	<b>172</b>
Adjusted Net Income Margin	2%	0,3%	2%	6%	7%	-6%	9%	6%	9%	4%	6%
<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>606</b>	<b>534</b>	<b>394</b>	<b>422</b>
EBITDA Margin	4%	2%	5%	8%	32%	10%	29%	27%	24%	17%	15%
<b>Adjusted EBITDA</b>	<b>19</b>	<b>8</b>	<b>24</b>	<b>46</b>	<b>238</b>	<b>43</b>	<b>224</b>	<b>316</b>	<b>250</b>	<b>220</b>	<b>256</b>
Adjusted EBITDA Margin	4%	2%	5%	8%	17%	4%	16%	14%	11%	10%	9%

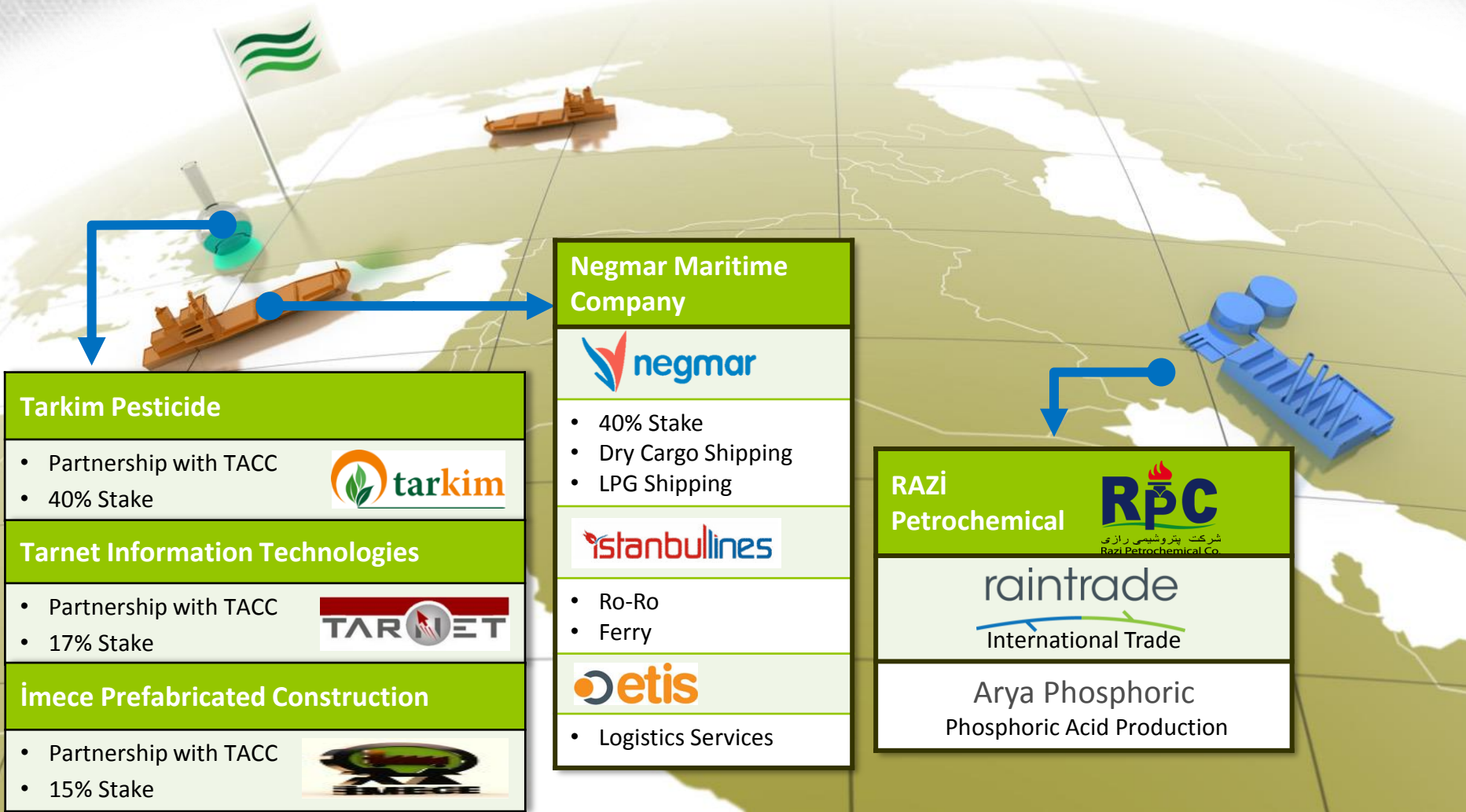
# NEW INVESTMENT AT YARIMCA FACILITY

- NPK/DAP Plant
  - 500.000 Ton/Year capacity
- Ammonia Tank
  - 25.000 Ton Capacity
- 60.000.000€ Capex
  
- Capacity Increase
- NPK & DAP Production
- Liquid Raw Material Usage
- Cost Advantage





# SUBSIDIARIES



## Tarkim Pesticide

- Partnership with TACC
- 40% Stake



## Tarnet Information Technologies

- Partnership with TACC
- 17% Stake



## imece Prefabricated Construction

- Partnership with TACC
- 15% Stake



## Negmar Maritime Company



- 40% Stake
- Dry Cargo Shipping
- LPG Shipping



- Ro-Ro
- Ferry



- Logistics Services

## RAZI Petrochemical



Arya Phosphoric  
Phosphoric Acid Production

# Thank You

## INVESTOR RELATIONS MANAGEMENT

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