



Esteemed Stakeholders,

For over half a century, Kazancı Holding acts with the awareness that quality, trust and stability are the indispensable values of its field of activity. Adopting this approach at every stage of the energy value chain has helped us become one of Turkey's exemplary companies that orients its sector. Having established the Group as a young entrepreneur and subsequently worked for its development, I am now very proud to see that it has today turned into an international force that extends beyond our country's borders and that its companies have become Turkish brands preferred both in Turkey and abroad for their quality and reliability.

Aksa Natural Gas, which pioneers the expansion of natural gas across Turkey and delivers an uninterrupted, economical and high-quality natural gas service to its subscribers, has become one of the Group's most prominent enterprises with its activities. I believe that, as Turkey's largest privately-owned natural gas distribution company with its experience, innovative approach and high quality service perspective, Aksa Natural Gas will extend this profound experience beyond the country's borders, and like other Group companies, gain success in the international arena.

As Kazanci Holding, with our vision, the corporate culture on which we build all of our achievements, and our belief in ethical values, we will continue to focus on sustainable growth, to provide more value to you, our stakeholders, and most importantly, to serve our country. May we all together witness many more accomplishments and advances by Aksa Natural Gas.

Best regards,

### Ali Metin Kazancı

Kazancı Holding Chairman/Founder



Distinguished Business Partners,

Kazancı family's journey, which started in the power generator business, continues with strong and reliable investments in every field of energy in line with the developing needs of our country. We started the Group as a family business under the leadership of our founder Ali Metin Kazancı and then displayed great effort and diligence to reach its current position, and I am proud to see that it is now a modern, institutionalized and prestigious group of companies with a professional management perspective.

The distance covered by Aksa Natural Gas, one of the Group's most important investments, since its inception has become a source of pride and joy for both our group and the Turkish natural gas distribution sector. Our professional staff, who lead the sector with their knowledge, experience and vision, as well as the energy bureaucracy's commitment and support to the sector have been very important in the Turkish natural gas distribution sector's success story.

Our targets for the near future include carrying our experience in this field and the top-quality, reliable service that we provide to domestic natural gas consumers towards other sectors and beyond our country's borders.

Best regards,

### Şaban Cemil Kazancı

Kazancı Holding Vice Chairman



With operations in 27 provinces and 135 districts, Aksa Natural Gas plays a crucial role in the smooth functioning of everyday life and the nation's economy.

We also add warmth and flavor to life, and have a vast knowledge of Anatolian delights.

As a company that continuously introduces innovative practices, we have enriched our 2016
Annual Report with The Map of Natural Flavors. We wish you a 'delicious read'...

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# Message from the Chairman

Aksa Natural Gas does not distinguish between its own development and that of Turkey. The Company places great importance on the economic and socio-cultural development of the region where it operates.



Net Sales (TL Billion)

EBITDA (TL Billion)

2.6

269

40%

Aksa Natural Gas has undertaken 40% of cumulative natural gas investment in Turkey over the last decade.

**18**%

Aksa Natural Gas distributes 18% of the natural gas consumed in Turkey.

Since our establishment, we have helped the domestic economy and subscribers save about TL 17 billion with our top quality, economical energy related services.

Esteemed Stakeholders,

2016 was a very turbulent year for Turkey and across the world. The United Kingdom voted to leave the European Union in the June referendum, while the US presidential campaign and election were tenser than expected. These developments had a major impact on global politics and the world economy, while our region saw a sharp rise in geopolitical risks. Turkey was subjected to the vile coup attempt of July 15, one of the largest threats ever to the country's democracy, peace and stability.

### Risks and tensions set the world agenda while the global economy grew moderately.

The US economic environment was more favorable than that of other developed countries during the year. The Fed raised interest rates at year's end as expected, with a limited impact. However, uncertainty surrounding the implementation of protectionist policies by the new US president Donald Trump caused much larger fluctuations in the markets. Meanwhile, a moderate growth trend continued in the Euro zone. The ECB signaled that it may extend its bond purchase program to provide further support to the region's economies due to factors that threaten growth prospects in the EU. These include the Brexit process, high sovereign debt levels, a fragile banking system, the 2017 French elections, and upcoming elections in Germany.

Despite political uncertainty and major shifts, the global economy moved in a more supportive direction for emerging markets at the start of the year. After OPEC member countries decided to curtail oil supply, the price of oil trended higher, allowing commodity exporting countries to partially recover, with upward revisions to their 2017 economic forecasts. However, from the second half of the year onwards, slowdown in the fund flow owing to expectations of the Fed's interest rate hike coupled with the tense mood in world markets following the US elections. This triggered a sharp depreciation of emerging market currencies against the US dollar.

### The Turkish economy remained resilient in the face of major challenges.

2016 was a tough period for Turkey. After the November 1, 2015 elections, we started the new year hoping to focus on economic reforms and once again be a standout among our peer countries in the global economy. However, political developments such as the heinous coup attempt and rising terrorism incidents cast a giant shadow on the year. Although the Turkish economy started out on a positive note by posting nearly 5% growth, it went on to contract 1.3% in the third quarter. The incentives and measures implemented by the public authorities led to some recovery in domestic consumption. This in turn helped the domestic economy regain some of its momentum in the fourth quarter, with Turkey recording 2.9% GDP growth for the year. Although domestic demand remains a key driver of economic growth, government spending increased its weight in the growth mix.

Global developments and uncertainty about the Fed's rate hike were further aggravated by the decision of S&P and Moody's to lower Turkey's sovereign rating below investment grade, tense relations with the EU, and the serious losses in tourism due to the crisis with Russia. All these factors adversely impacted the Turkish investment climate, leading to significant capital outflows and rising pressure on the local currency. As a result of these developments, key macroeconomic indicators, such as inflation and the current account deficit, which were on a downward trend, started to deteriorate once again.

We believe that the signs of recovery seen at year-end 2016 will increase in 2017, with Turkey turning the upcoming challenges into opportunities. Given the huge potential of the country, we see no reason why Turkey, with its robust economic foundations, should not perform strongly over the medium and long term, despite fluctuations in the short run.

### There were important developments in natural gas distribution during the year.

Undoubtedly, political and economic difficulties in 2016 had a negative effect on the energy industry where we operate. Low prices and exchange rate fluctuations created pressure on the capital structure of some players that finance their investments mainly by credit and hold significant foreign debt due to raw material procurement. Nevertheless, 2016 was an active year for the sector. Key developments that affected the market included: Turkey hosting the World Energy Congress, TANAP loans receiving approval, the International Court of Arbitration ruling in favor of Turkey in the 2012 lawsuit concerning the price of natural gas purchased from Iran, and political relations with Russia starting to normalize.

In natural gas distribution, we left behind a year with a highly charged agenda. In 2016, efforts increased to set up a free market in natural gas – like the one in electricity – to allow demand and supply to determine the prices. Furthermore, the Energy Market Regulatory Authority established the Principles for Natural Gas Market Distribution Activities Investments to clarify natural gas distribution investment expenditures. We believe that these efforts to liberalize the sector and bolster its structure will significantly boost natural gas consumption.

As of year-end 2016, 68% of Turkish citizens living in 76 provinces and 339 districts use natural gas to heat their homes, some 12.5 million buildings in total. Following completion of a series of public tenders in 2017, natural gas coverage will extend to all of Turkey's 81 provinces. Our sector undertook TL 1.4 billion of investment in 2016, bringing the total above USD 11 billion. Due to a decline in the use of natural gas for electricity generation coupled with unseasonably warm weather during the year, natural gas consumption dropped 3.3% in 2016.

### Investments continued and robust results were recorded under tough market conditions.

Aksa Natural Gas, the first company to come to mind in Turkey when continuous and reliable natural gas supply is mentioned, shapes its operations to create cities with cleaner air, and add quality and comfort to people's lives.

Since our founding, we have helped the national economy save some TL 17 billion in energy expenditures by delivering top quality and economical services to our subscribers. In addition, we have expanded the sector with our distribution-related investments, creating a natural gas conversion market worth TL 17.9 billion.

Over the last ten years, Aksa Natural Gas has undertaken 40% of the total natural gas distribution investment in Turkey, while also becoming the group of distribution companies operating across the widest geographic area. Each year across Turkey, one-fourth of the persons who join the natural gas grid do so via Aksa's high quality, reliable services. The Company distributes 18% of all natural gas consumed in Turkey, some 7.6 billion cubic meters (bcm). Aksa's 2016 turnover of TL 2.6 billion accounts for 14.3% of the total turnover in the sector. These results have not only confirmed our undisputed leadership in every facet of the natural gas distribution sector, but also helped us rank 47th in the Fortune 500 Turkey List, whose ninth edition was announced last year.

Aksa Natural Gas continued its investments in 2016 at full speed, despite fluctuations in Turkey and the global economy. The Company was awarded the first TL-denominated natural gas distribution tender held by EMRA, covering Ağrı city center and Doğubayazıt district, in December. We are pleased and excited at this major development. Not only will we deliver natural gas to the people of the region with Aksa's expertise and high service quality, but we will also boost regional economic activity and employment with the investments we plan to undertake in the coming period.

# Message from the Chairman

With its R&D and innovation-related investments, Aksa Natural Gas has become a company that leads the industry in setting new practices and trends.

As the leading company in natural gas distribution, we conduct our operations at the heart of a highly competitive sector currently undergoing rapid transformation. The traditional service concept is being left behind as alternatives multiply and the nature of competition changes. Against this backdrop, Aksa Natural Gas has become a company that leads the pack in setting new practices and trends with its R&D and innovation-related investments. We develop our advanced systems and technologies not only to formulate short-term solutions, but also to fulfill our commitment of providing continuous service over the long-run. Realized solely with our internal resources and on a scale unprecedented in the industry, our Geographical Information Systems project has been widely praised by both domestic and international sector players, once again confirming our achievements in this field.

In 2016, we established a new Call Center in Trabzon in collaboration with our business partner Teleperformance Turkey in order to further raise our service quality standards and boost customer satisfaction. The Company now has a 200-strong Call Center staff – 120 employees at the Istanbul facility and 80 in Trabzon – capable of meeting customer needs and demands at a much greater capacity.

#### We create value for Turkey with our sustainability vision.

Sustainability is at the heart of Aksa Natural Gas's commitment to make the greatest contribution possible to its stakeholders, the surrounding communities, and the environment. The best reflection of the Company's eco-friendly approach is its choice of natural gas distribution as a core business line. In 2016 alone, Aksa prevented 5.5 million tons of carbon emissions from residential units in its various areas of operation.

Aksa Natural Gas aims to meet the natural gas needs of Turkey in a complete, uninterrupted and timely manner. While operating with such a sense of responsibility, we expend intensive efforts to prevent any social, economic and environmental problems that may arise from our business operations. To avoid any environmental damage that our business processes may create, we set the sector standards in the field of environmental sustainability through our waste management and energy saving projects.

Aksa Natural Gas does not distinguish between its own development and that of Turkey. The Company places great importance on the economic and socio-cultural development of the region where it operates. To date, we have created direct or indirect job opportunities for 15,000 people in our areas of operation. In addition to boosting employment, in 2015 we institutionalized our social responsibility approach by becoming the "Life Companion" of our disabled subscribers through a special initiative. This unique project was deemed worthy of the Golden Valve Award at the 2016 Turkey Energy Summit, making us immensely proud and motivating us to design more ground-breaking initiatives in the future.

#### We plan to gear up our investments in the coming year.

In 2017, Aksa Natural Gas's strategic priorities will remain the same: adding value to the national economy by winning new tenders and creating employment, improving the air quality in Turkey, and bolstering our service quality in different geographies via a local approach. We believe that we will achieve all our goals with the diligent work of our highly specialized team of professionals that closely monitors the latest industry developments and focuses on shared goals, as well as the ongoing support of Kazancı Holding and the trust of our stakeholders.

On this occasion, I would like to express my thanks and gratitude to all our employees, to Kazancı Holding, and to all our stakeholders for your contribution to the success of our business activities outlined in this Annual Report. All of which confirm our commitment to work for the development of Turkey and the welfare of our people.

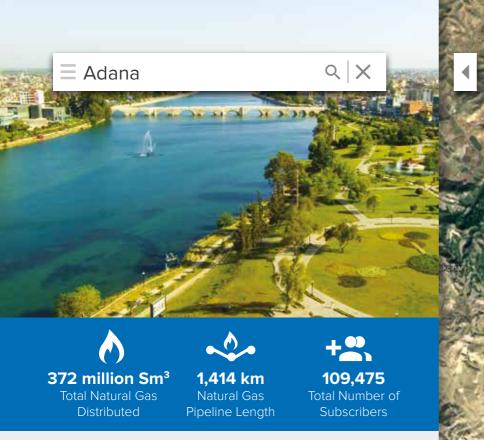
Best regards,

YAŞAR ARSLAN Chairman









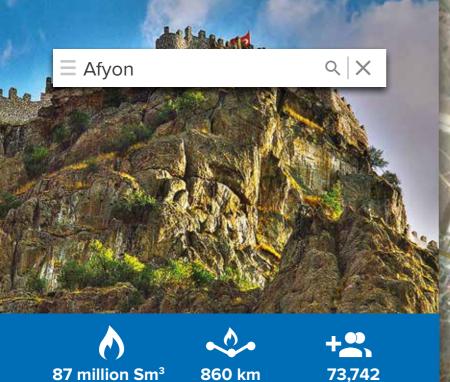
## ADANA CUISINE

One of the oldest settlements in human history, Adana has been home to multiple civilizations. As such, its culinary tradition incorporates a range of flavors. Among the province's most prominent dishes are Adana kebab, analı kızlı soup, stuffed sheep sausages, kırkkat, stuffed meatballs, kedibatmaz, Misis ayran, Kamhi soup and bici bici.



#### AKSA GAZ DAĞITIM A.Ş.





Natural Gas

Pipeline Length

Total Number of

Subscribers

### **AFYON CUISINE**

Total Natural Gas

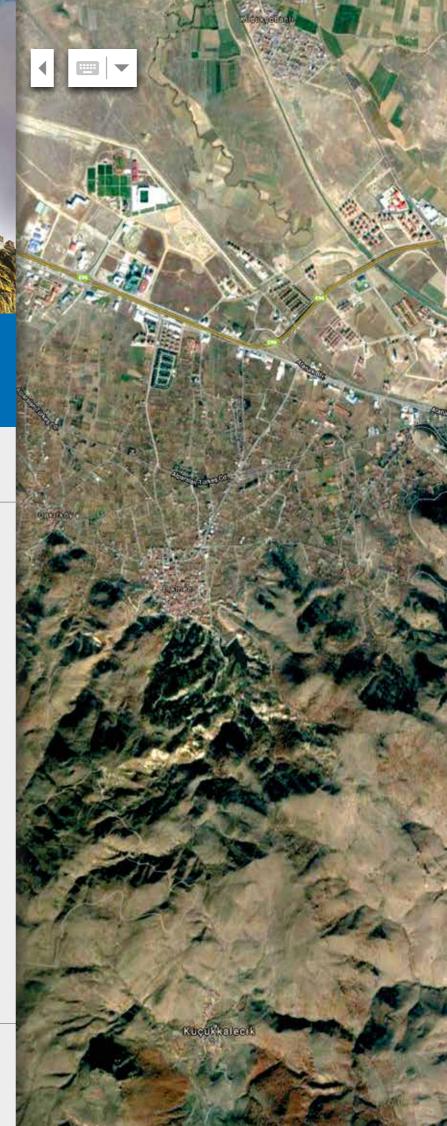
Distributed

Afyon is famous for its delicacies diverse in nature, including pastries, soups and desserts unique to the province. The foremost among these are ağzı açık, sakala çırpan soup, çullama meatballs, bükme, Afyon sucuk (a type of sausage), lamb kebab, düğülü haşhaş dessert, Afyon dish of muttan with coursely ground wheat, şepit, paçık, zürbiye, ilibada stuffed, Turkish delight with clotted cream, and Afyon clotted cream dessert.

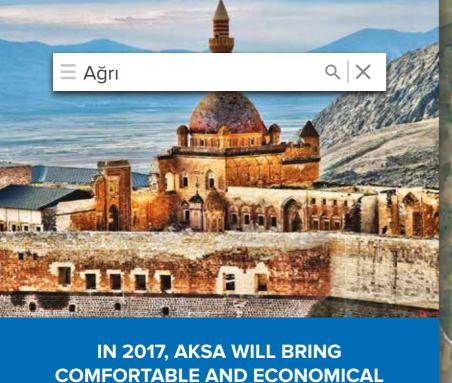


#### AKSA AFYON DOĞALGAZ DAĞITIM A.Ş.

Osmangazi Mah. Cahar Dudayev Cad. No: 2B Afyonkarahisar +90 272 213 67 57







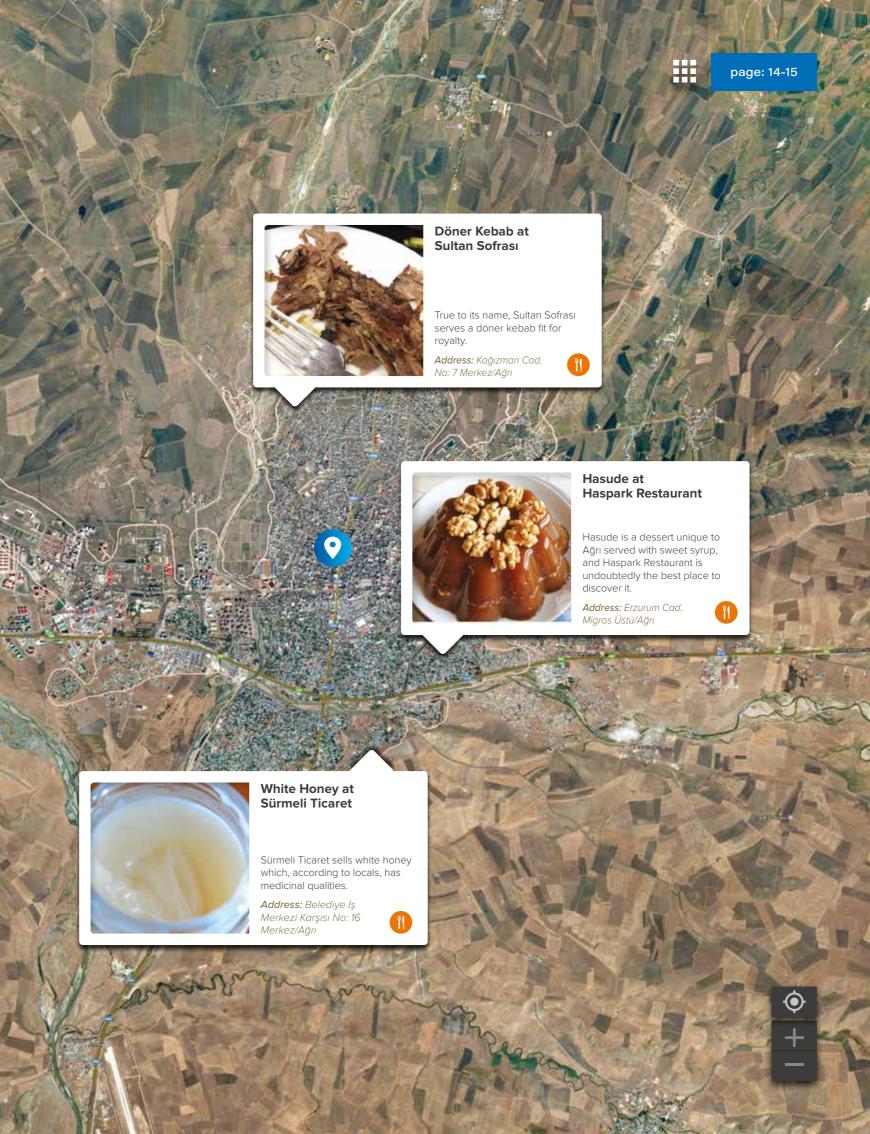
NATURAL GAS SERVICES TO AĞRI...

## **AĞRI CUISINE**

A large part of the population in Eastern Anatolia is engaged in animal husbandry, and Ağrı is famous for its meat dishes. Some of the savors unique to this province are abdigor meatballs, gosteberg meat, selekeli, white honey, haşıl, hengel, kete, hasude, ayranaşı soup and murtuğa.









86 million Sm³
Total Natural Gas
Distributed



**666 km**Natural Gas
Pipeline Length



**68,438**Total Number of Subscribers

### **AMASYA CUISINE**

Home to some of the finest flavors in the extraordinary cuisine of the Black Sea region, Amasya is especially famous for its apples. Dishes unique to Amasya include çatal soup, helle soup, vine leaves stuffed with broad beans, aubergine çullama, bat dish, quince galle, hasuda dessert, Amasya pastry and apple dessert.





Hacılar Meydanı Mah. Hoca Ahmet Yesevi Cad. Gün Apt. 32/A Amasya +90 358 212 31 87 - +90 358 212 82 87







### **BALIKESIR CUISINE**

Balıkesir is home to many different dishes since it has coasts on both the Aegean Sea and the Marmara Sea. Some of these delicacies are höşmerim, Balıkesir meatballs, Bigadiç hot pot stew, tirit, sura, Balıkesir kaymaklı dessert, Balıkesir Turkish style ravioli, mafiş dessert and börülce ekşileme.



#### AKSA BALIKESİR DOĞALGAZ DAĞITIM A.Ş.

Atatürk Mah. Bandırma Cad. No: 109/A - 109/B Balıkesir +90 266 244 42 00

### AKSA BANDIRMA DOĞALGAZ DAĞITIM A.Ş.

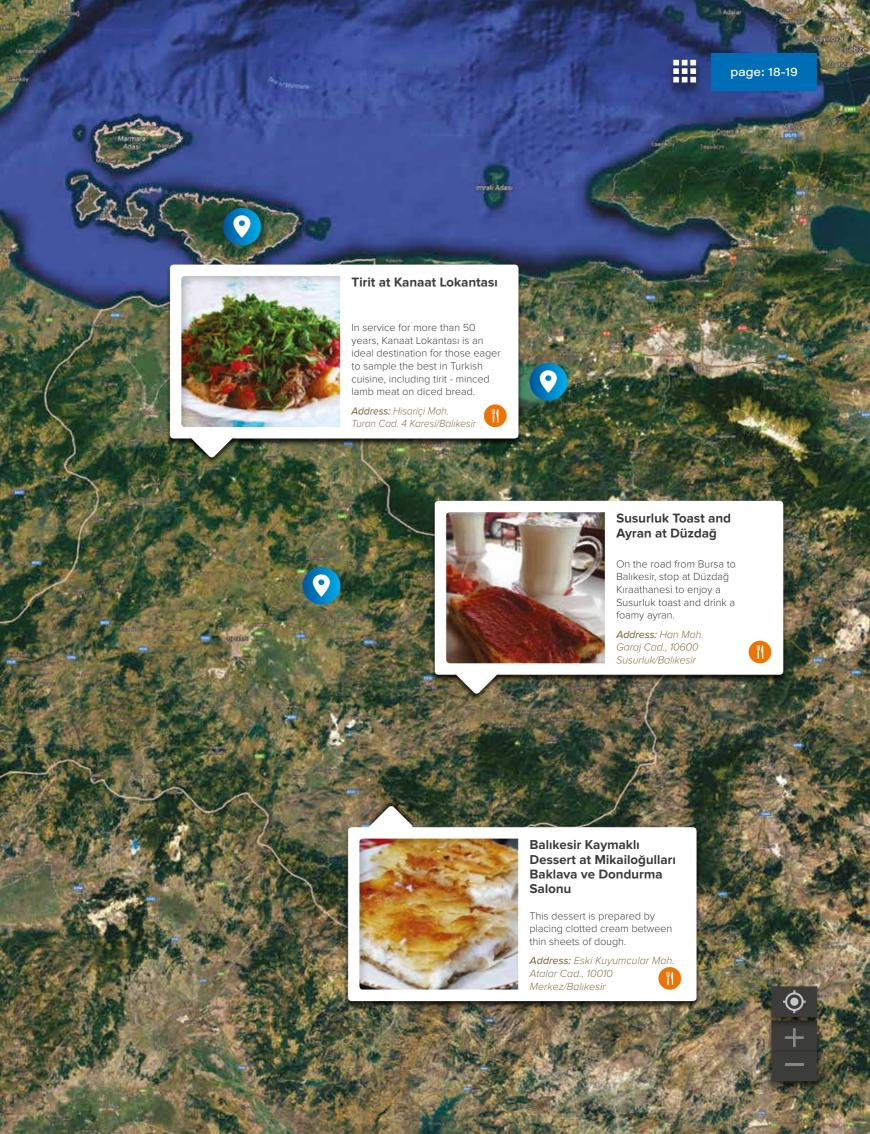
Paşabayır Mah. Mehmet Akif Ersoy Cad. Arabacıoğlu Apt. No: 17/A-B Bandırma/Balıkesir

**\**+90 266 714 39 38

#### AKSA MUSTAFAKEMALPAŞA SUSURLUK KARACABEY DOĞALGAZ A.Ş.

Sabribey Mah. Demirciler Cad. No: 25 (Eski Tahıl Binası) Mustafakemalpaşa/Bursa +90 224 614 17 00







Pipeline Length

Subscribers

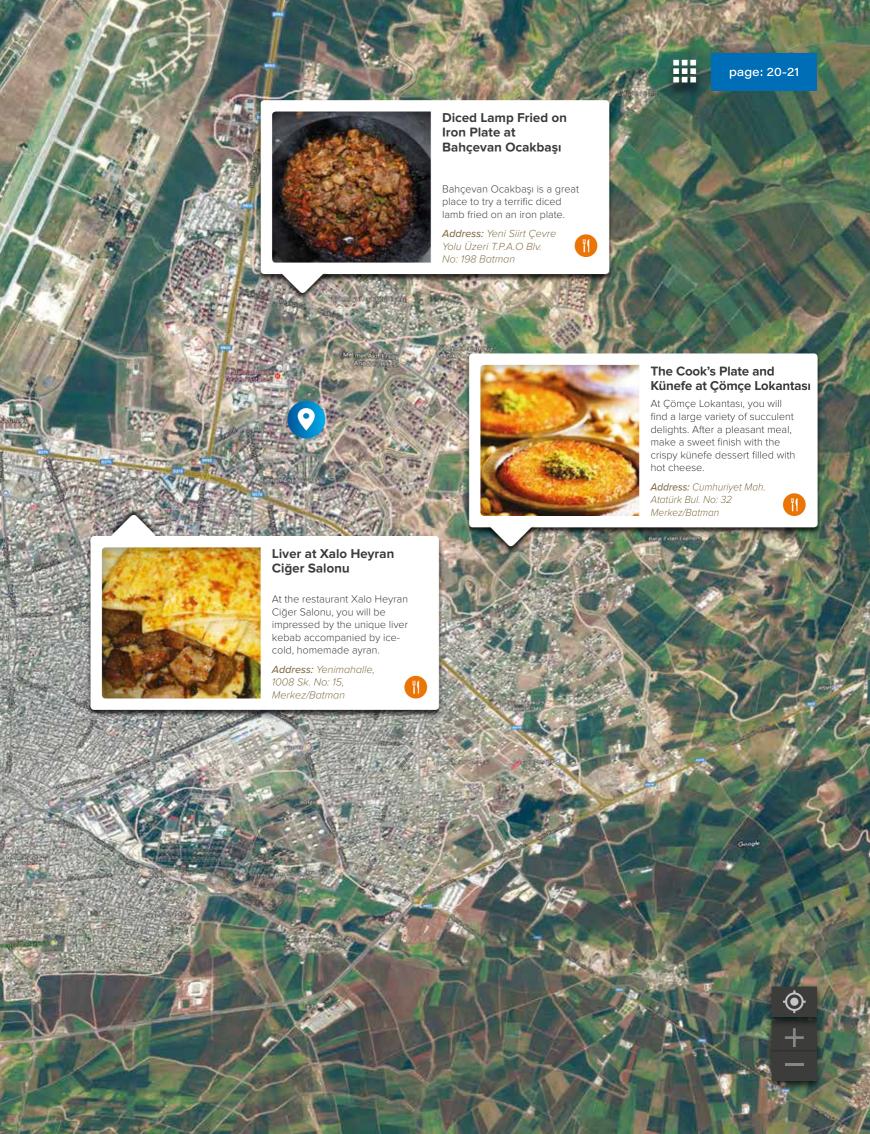
### **BATMAN CUISINE**

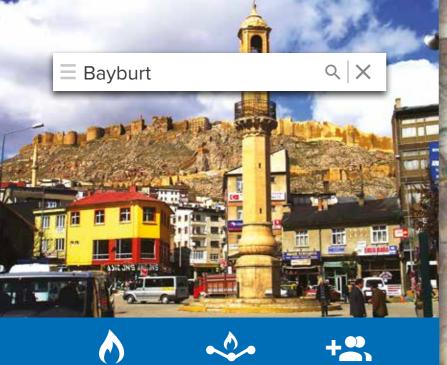
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The province of Batman is famous for meat dishes with plenty of butter, and various pastry plates. Some popular delicacies are vali kebab, ayran soup, mutton tripe stuffed with rice and liver, stuffed lamb ribs, hodgepodge, stuffed cow chitterlings, perde rice, tandır bread and şam pastry.









19 million Sm<sup>3</sup>
Total Natural Gas
Distributed

**172 km**Natural Gas
Pipeline Length

16,381
Total Number of Subscribers

## **BAYBURT CUISINE**

Like the other provinces in the Black Sea Region, Bayburt has a rich culinary culture. Some of the dishes that spring to mind when Bayburt is mentioned are sour cabbage dish, galacoş, stuffed goat cheese, milk pastry, sweet soup, tel halva and yalancı stuffed.

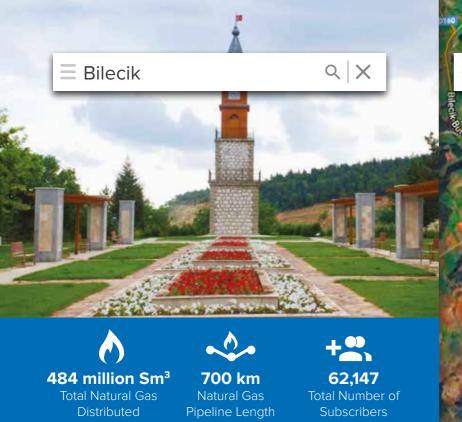




Zahit Mah. Sahil Yolu Sk. No: 3 Merkez/Bayburt +90 458 212 11 11







## **BILECIK CUISINE**

In Bilecik, cereals form the basis of the regional cuisine, and pastry holds a special place in local dishes. Some plates unique to the region are dağ eriği ekşili kesme soup, quail kebab, Turkish style ravioli with chickpeas, büzme dessert and kömme bread.

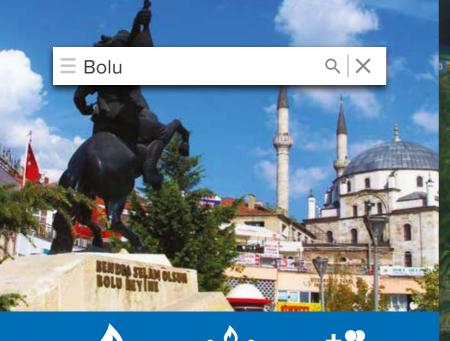


#### AKSA BİLECİK BOLU DOĞALGAZ DAĞITIM A.Ş.

Bahçelievler Mah. Eskişehir – İstanbul Asfaltı No: 5 Yakamoz Sitesi A Blok Merkez/Bilecik +90 228 212 11 66







104 million Sm<sup>3</sup>
Total Natural Gas
Distributed



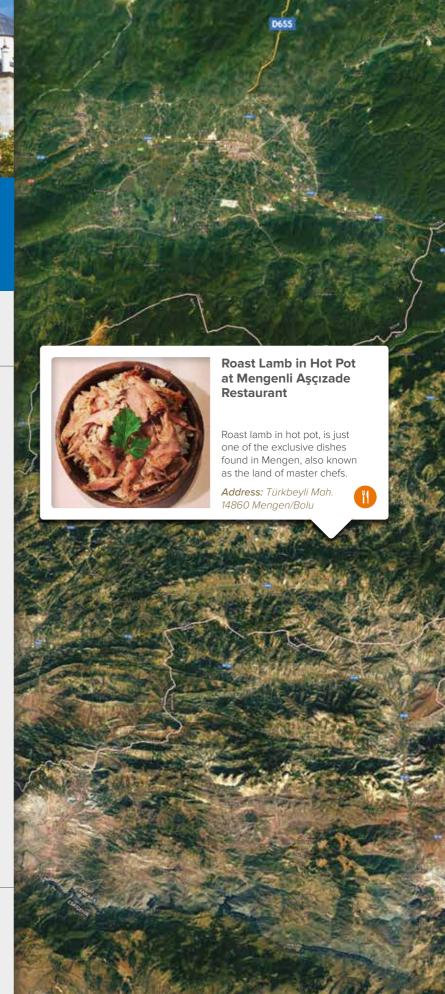
**559 km**Natural Gas
Pipeline Length

**66,781**Total Number of

Subscribers

## **BOLU CUISINE**

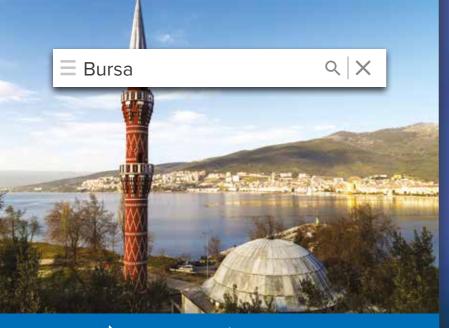
Bolu is home to spectacular natural riches, as well as exquisite dishes. These include ovmaç soup, yayla soup, Abant kebab, Kartalkaya kebab, Yedigöller kebab, Mengen rice, Bolu meatballs, pumpkin pancake, Bolubeyi dessert, saray halva, kaldırık stuffed and keş.





#### AKSA BİLECİK BOLU DOĞALGAZ DAĞITIM A.Ş.







**428 million Sm³**Total Natural Gas
Distributed



**627 km**Natural Gas
Pipeline Length



**66,434**Total Number of Subscribers

### **BURSA CUISINE**

Alongside its celebrated historical heritage, Bursa also boasts a deeply rooted gastronomic tradition. The Bursa culinary repertoire is well-known for the many dishes and desserts that it has contributed to Turkish cuisine, such as İskender Kebab.

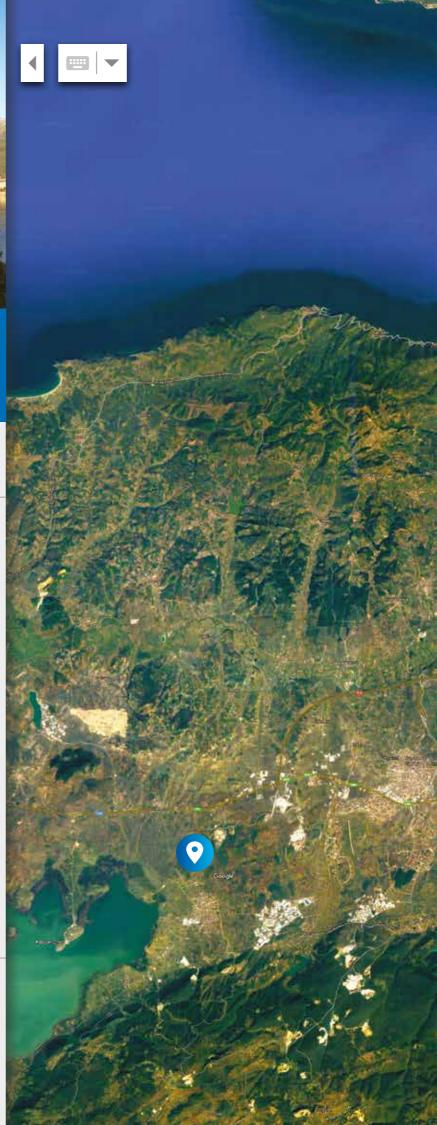


### AKSA GEMLİK DOĞALGAZ DAĞITIM A.Ş.

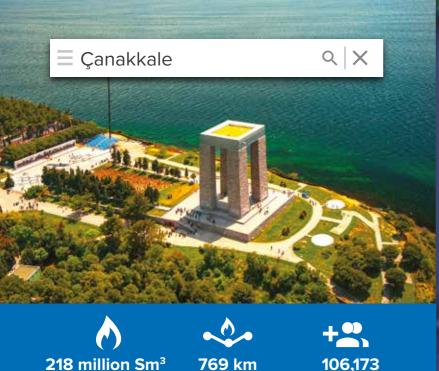
Hamidiye Mah. Irmak Sak. No: 16/E Gemlik/Bursa +90 224 513 29 29

### AKSA MUSTAFAKEMALPAŞA SUSURLUK KARACABEY DOĞALGAZ A.Ş.

Sabribey Mah. Demirciler Cad. No: 25 (Eski Tahıl Binası) Mustafakemalpaşa/Bursa +90 224 614 17 00







# ÇANAKKALE CUISINE

Natural Gas

Pipeline Length

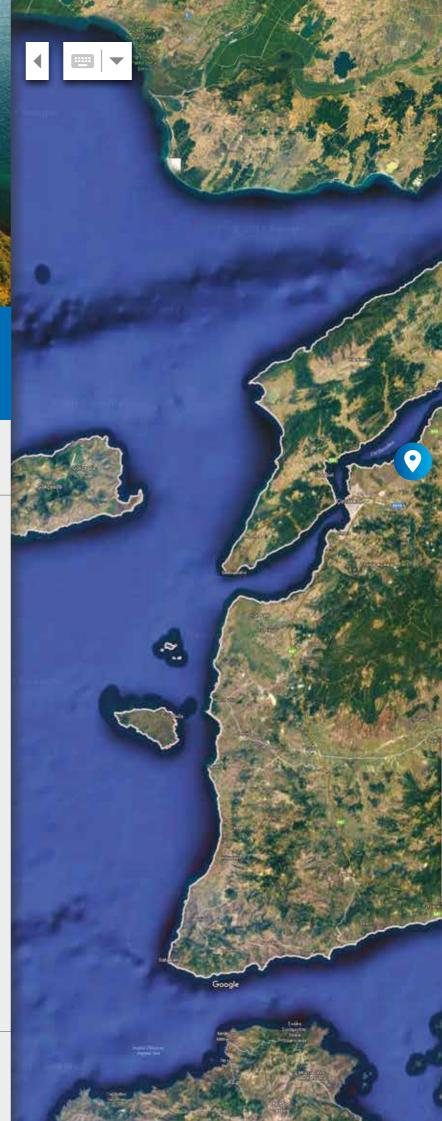
Total Number of

Subscribers

Total Natural Gas

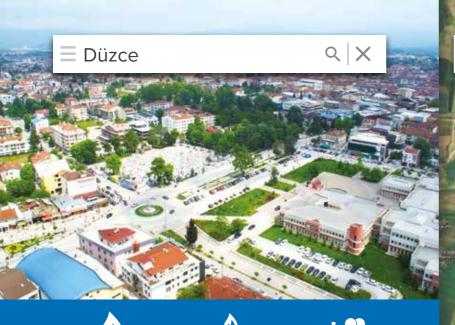
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The mention of Çanakkale evokes rich history, exquisite nature and succulent dishes. Some specialties unique to Çanakkale are iskorpit soup, tumbi, çırpma, melki, eggy tiken, metez, cowpea plant meatballs, bluefish with rice, pickled aubergine and cheese halva.









**179 million Sm³**Total Natural Gas
Distributed

**1,492 km**Natural Gas
Pipeline Length

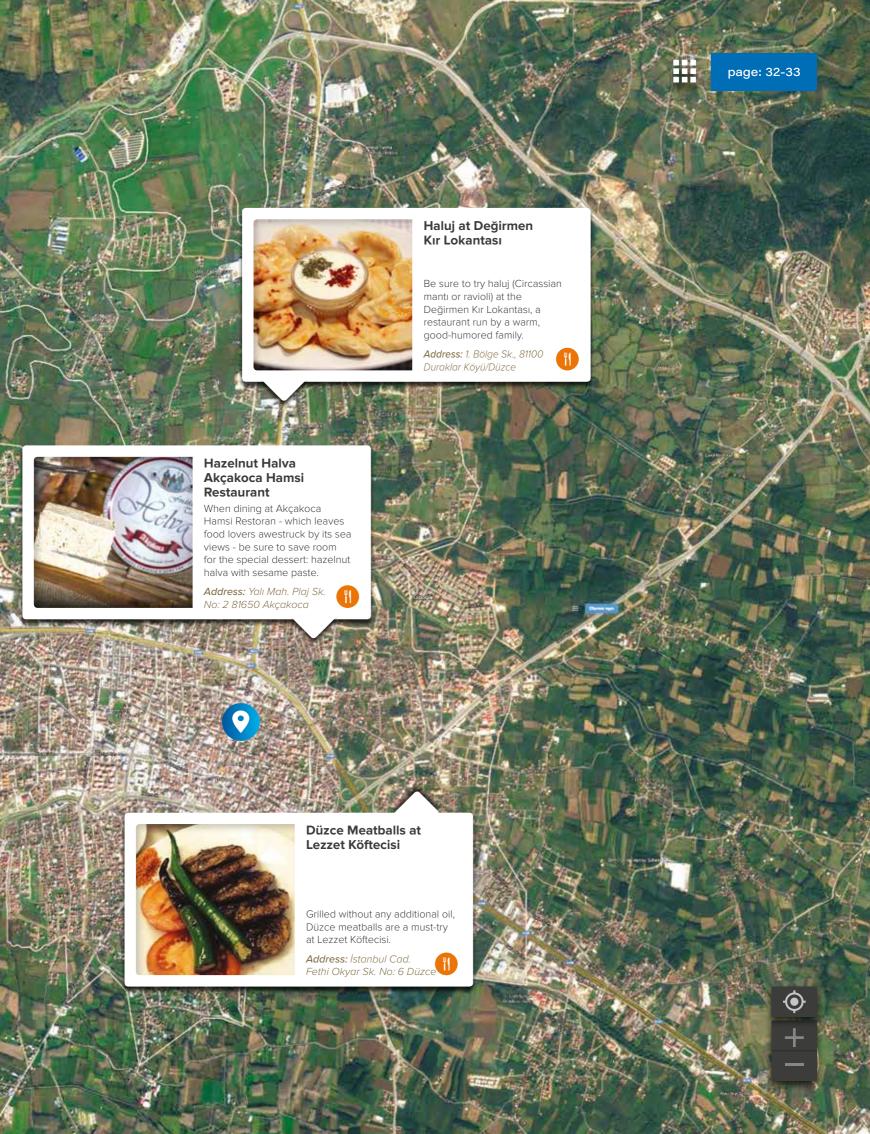
**75,164**Total Number of Subscribers

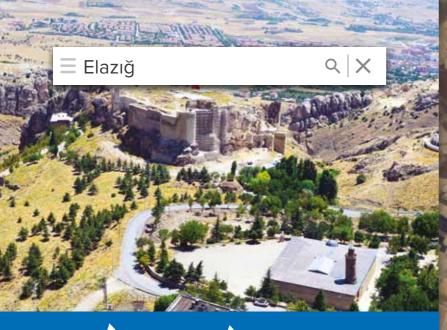
## DÜZCE CUISINE

Owing to its unique geographical location, Düzce is home to various different cultures, and a variety of singular dishes, including bonito on clay tile, trout in hot pot, Düzce meatballs, cutlets, nettle dish, black cabbage dish and melengüççeği.









133 million Sm<sup>3</sup>
Total Natural Gas

Distributed

•

**971 km**Natural Gas
Pipeline Length

+0)

**136,062**Total Number of Subscribers

## **ELAZIĞ CUISINE**

In Elazığ, local residents supplement the three regular daily meals with intermediary ones called kuşluk and yatsılık. Since the latter have their special dishes, Elazığ has a rather rich culinary culture. Some of its most famous delicacies are orcik, gömbe, Harput soup, sırın, aubergine söğürme, Çedene coffee, Lobik soup, Küncülü meatballs, dolanger and patile.

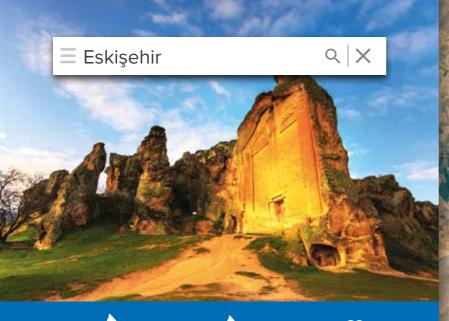




Cumhuriyet Mah. Acem Gülü Sk. No: 41 Elazığ \$\displaystyle{4} +90 424 247 94 99









Pipeline Length



Total Number of Subscribers

# ESKİŞEHİR CUISINE

Known as a city of university students and famous for its Odunpazarı houses, Eskişehir is also renowned for its nature, history, city parks, an epic castle and an artificial beach, as well its regional cuisine. Some of the finest dishes associated with Eskişehir are balaban meatballs, yufkalı büryan, çibörek, kıygaşa and met halva.





Çarşı Mah. M. Kemal Paşa Cad. No: 24 İnönü/Eskişehir **\+90 222 591 26 26** 











Pipeline Length



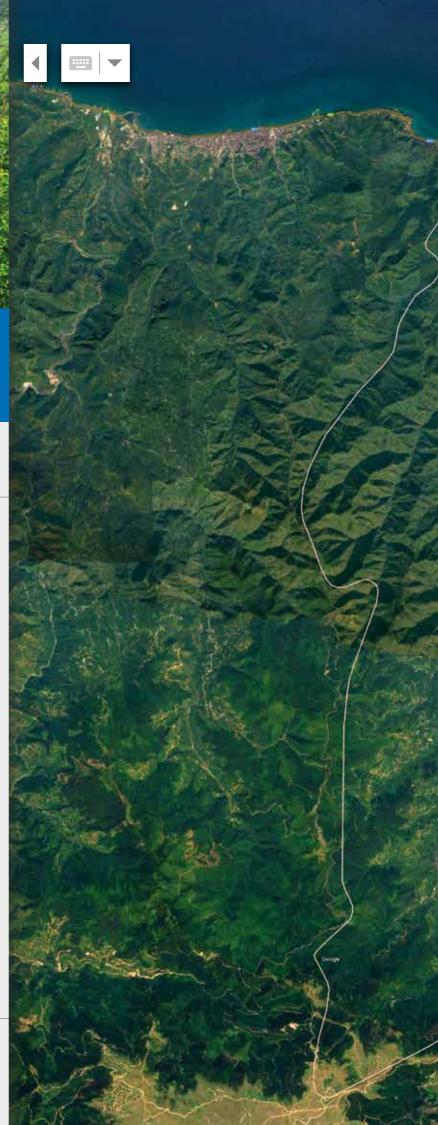
# **GİRESUN CUISINE**

Traditional local delights almost synonymous with Giresun include black cabbage soup, red beet soup, bush flower soup, mendek soup, vine leaves stuffed with meat and red beet, nettle dishes, ovenbaked dried beans, anchovy pastry, yağlaş, samaksa, siron, pickled chard roots, Giresunstyle pita and pickled beans.

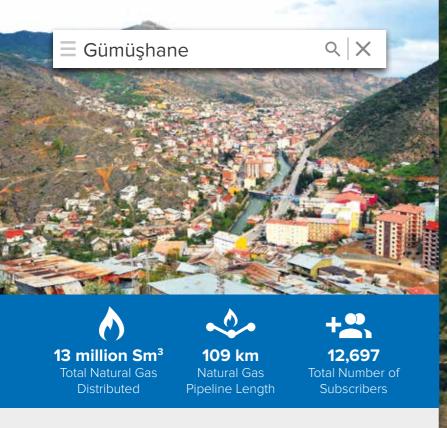




Çıtlakkale Mah. İnönü Cad. No: 171/A Giresun +90 454 215 20 45







# GÜMÜŞHANE CUISINE

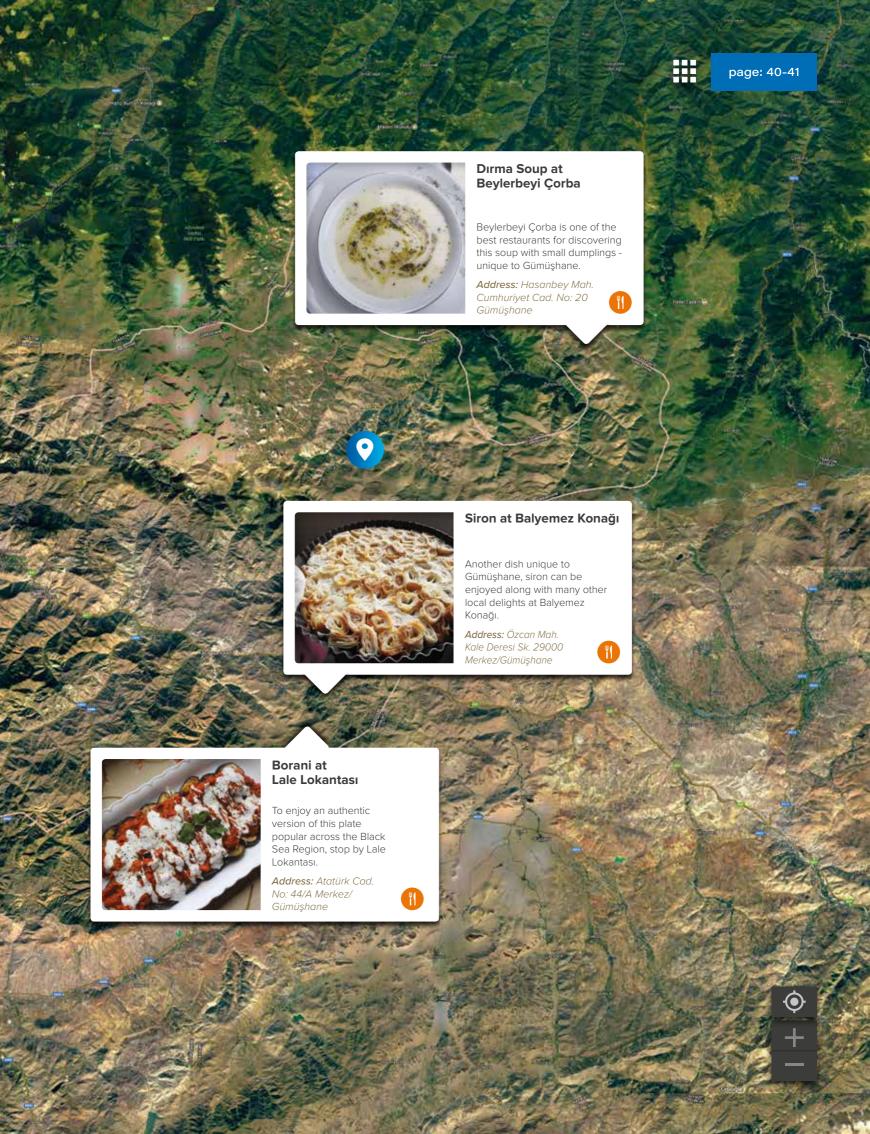
Another Black Sea town known for its wide variety of gourmet delights is Gümüşhane. Dishes such as dırma soup, sweet soup, gendime soup, zuluflu soup, fitfit haşılı, borani, yergök stuffed, sour stuffed, siron, zırıhta, paparna, galıya, erişte halva, and lalanga ve muska dessert have put Gümüşhane on the culinary map.





Hasanbey Mah. Cumhuriyet Cad. No: 85 A/B Merkez/Gümüşhane +90 456 213 72 22











**948 km**Natural Gas
Pipeline Length

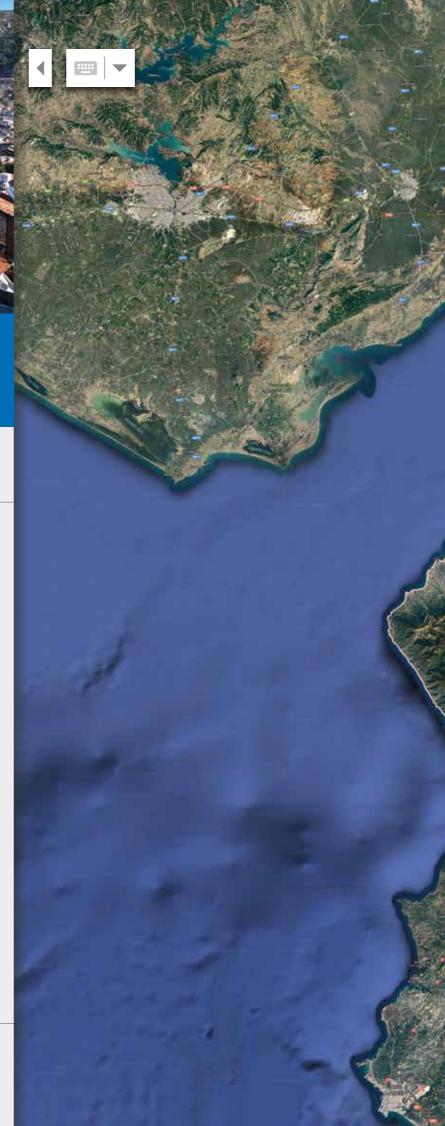


**59,769**Total Number of Subscribers

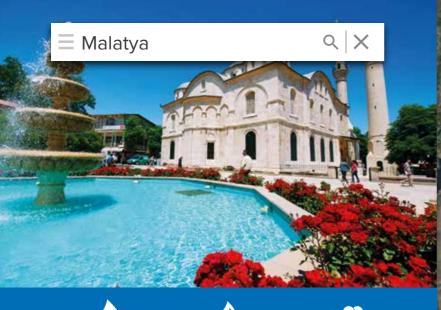
# HATAY CUISINE

Hatay's unique culinary culture springs from its interaction with neighboring provinces. The province's singular dishes include oruk, İskenderun döner, hummus, muhammara, mütebbel, şişperek soup, hettüş salad, paper kebab, sürk and künefe dessert.









1,245 km Natural Gas

Pipeline Length

178,754
Total Number of

Subscribers

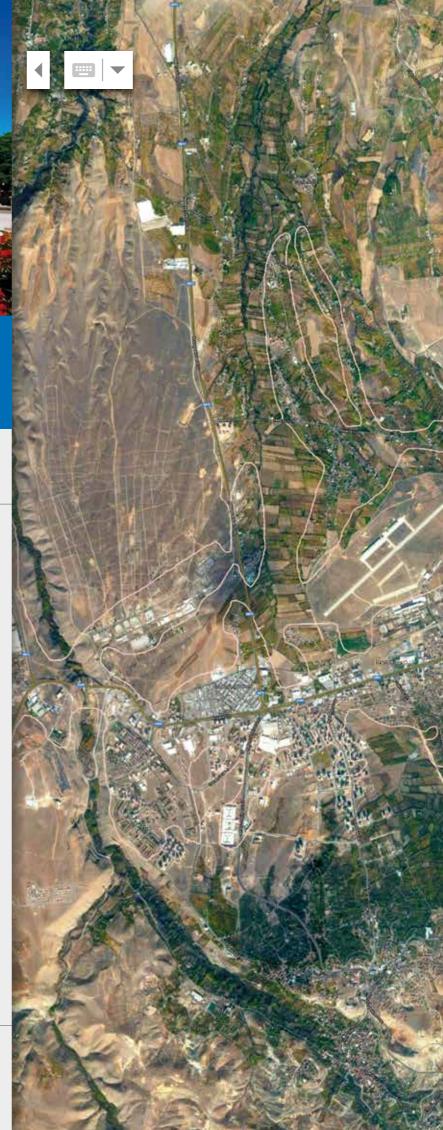
## MALATYA CUISINE

Malatya cuisine is often characterized by its use of bulgur, but the province is also home to delightful pastries and apricot desserts. Malatya cuisine is mainly associated with dishes such as gırık, banık, nahna meatballs, black soup, roasted meat with apricots, pimpirim soup and apricot dessert.

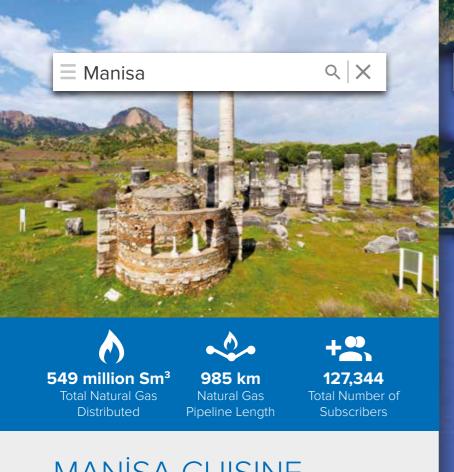




Niyazi Mısri Cad. Ünal İş Merkezi Malatya +90 422 323 42 42





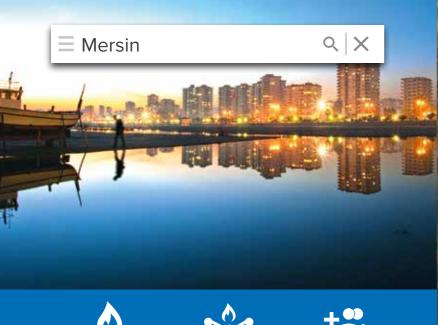


# MANİSA CUISINE

Known as the city of royal princes, Manisa features some singular delights, just like any other Aegean Region city. These dishes include Sultaniye grapes, Manisa kebab, woodfired meatballs, kapama, kula hot pot, sinkonta, bohça kebab, kulak soup, sura and mushroom dessert.









Pipeline Length



**92,703**Total Number of Subscribers

# MERSIN CUISINE

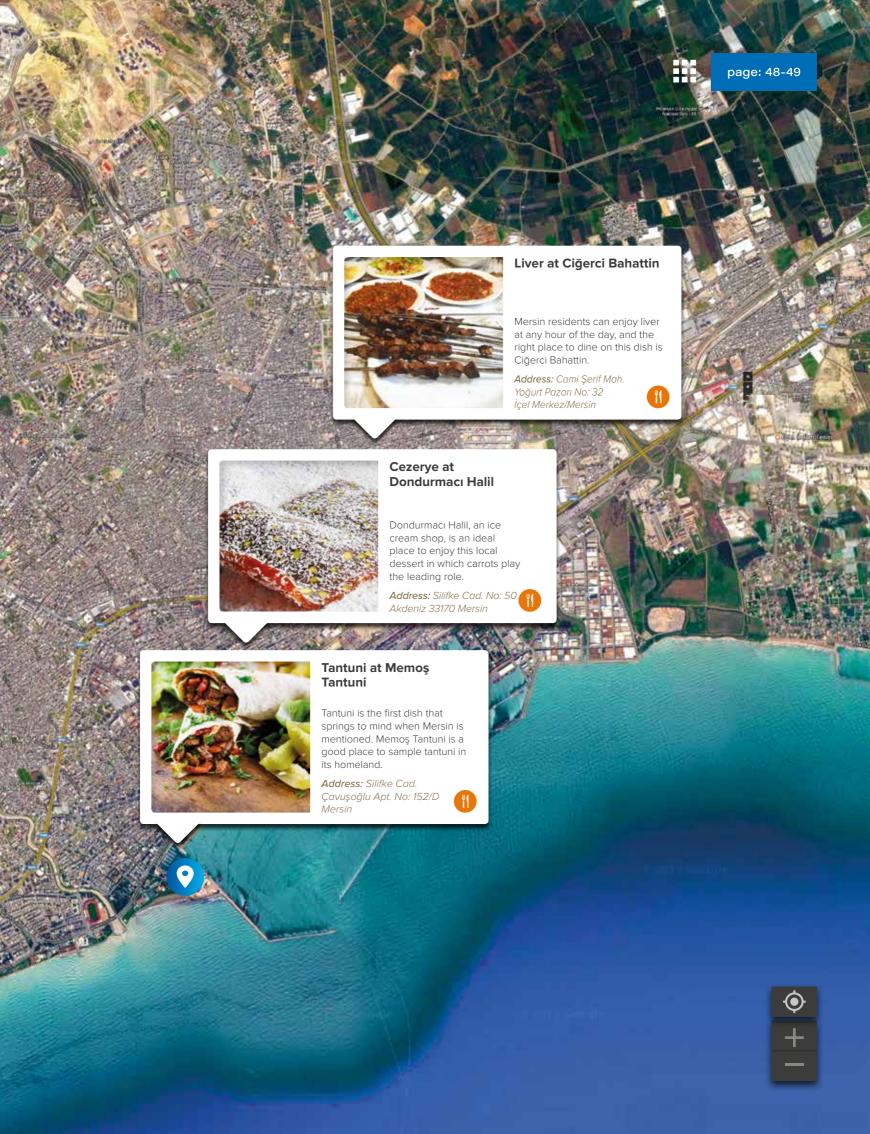
Home to numerous cultures and migrations throughout its long history, Mersin has a vast culinary culture. Mersin cuisine is primarily known for dishes such as tantuni, batırık, kerebiç, mamül, Tarsus kebab, sıkma, cezerye, liver kebab and kaynar.

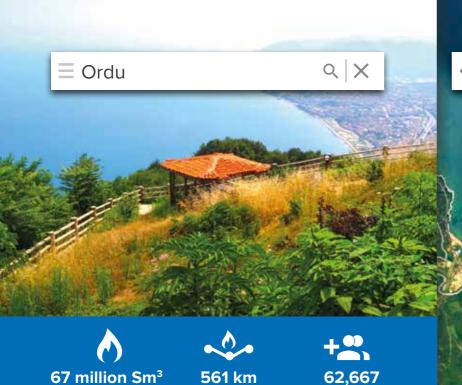




Gazi Mah. Adnan Menderes Blv. No: 64/A Yenişehir/Mersin +90 324 328 58 00







Natural Gas

Pipeline Length

Total Number of

Subscribers

# **ORDU CUISINE**

Total Natural Gas

Distributed

Located on the Black Sea coast, Ordu is rich in fish, as well as vegetables and fruits. These ingredients have largely shaped its culinary culture. Some of the most popular delicacies are red beet soup, white corn soup, Georgianstyle meat fried on iron plate, keşkek, stuffed pan, black cabbage dible, dried pastry, bolaman pita and flour halva with hazelnuts

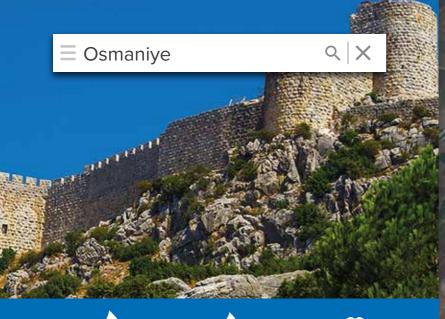


### AKSA ORDU GİRESUN DOĞALGAZ DAĞITIM A.Ş.

Karşıyaka Mah. Atatürk Bulvarı No: 382/A Altınordu/Ordu +90 452 233 09 29







405 km Natural Gas

Pipeline Length

30,007
Total Number of Subscribers

# **OSMANİYE CUISINE**

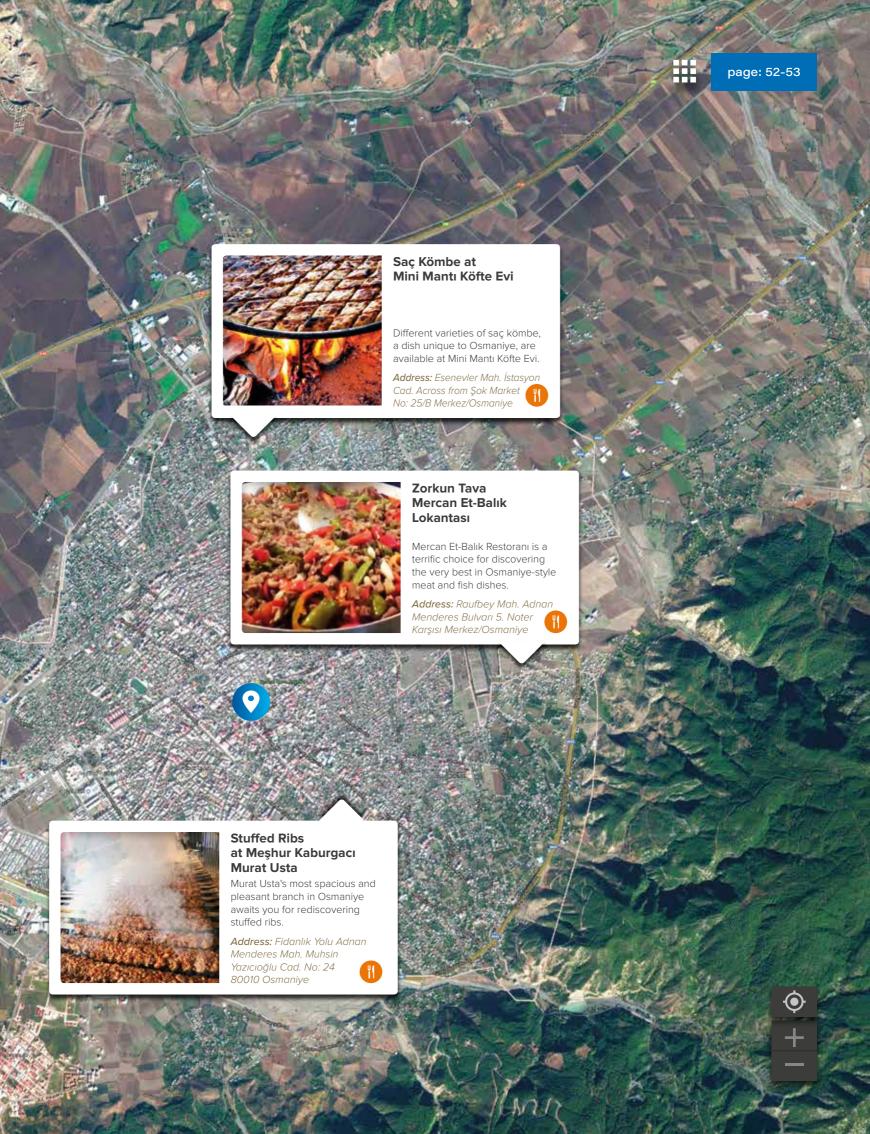
Bulgur is the staple of Osmaniye cuisine, which blends Turkish and Mediterranean delights. The most important local dishes include zorkun tava, sıkma, süllüm, roasted spinach, sour kömeç, lamb's feet soup, söğürme, teleme and stuffed zucchini blossoms.

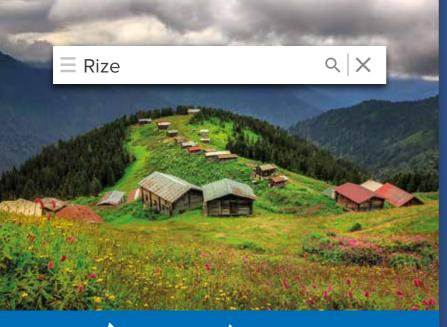




Alibeyli Mah. Akyar Cad. Ozan Apt. No: 178 Osmaniye +90 328 812 03 83







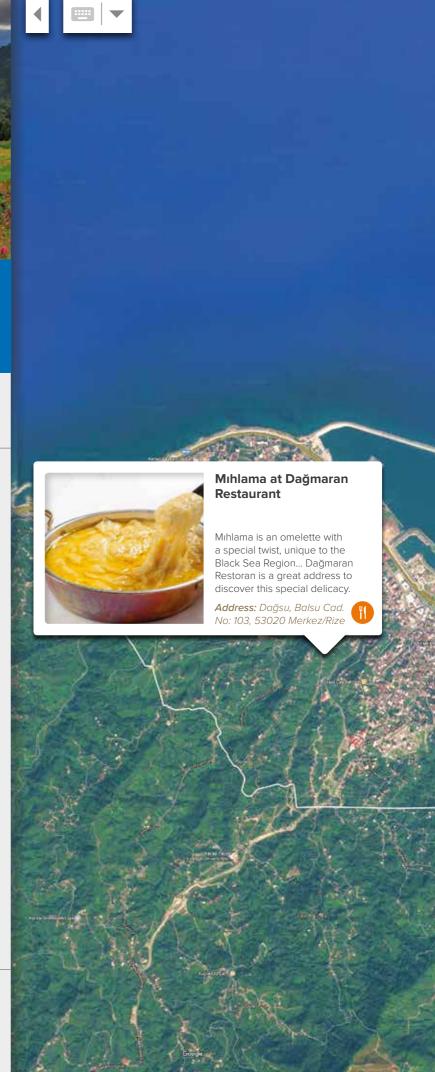
**45 million Sm³**Total Natural Gas
Distributed

211 km Natural Gas Pipeline Length

42,951
Total Number of Subscribers

# RIZE CUISINE

This extraordinary province boasts over 400 dishes in its traditional cuisine. The top local delights include corn and black cabbage dishes, dairy (yoghurt, ayran, butter, cheese) and seafood.





### AKSA KARADENİZ DOĞALGAZ DAĞITIM A.Ş.





Natural Gas

Pipeline Length

Total Number of

Subscribers

### SAMSUN CUISINE

Total Natural Gas

Distributed

Samsun is home to numerous delicious dishes of the Turkish cuisine. Samsun cuisine is associated with such specialties as corn soup, Samsun pita, leeks with ground meat, canik, roasted pickles, vine leaves stuffed with broad beans, tirit, pastry with poppy seeds, yazı beetroot, katık pastry, katık sündürmesi, kaz asması, haluçka, vine leaves stuffed with broad beans, nokul and hazelnut baklava.



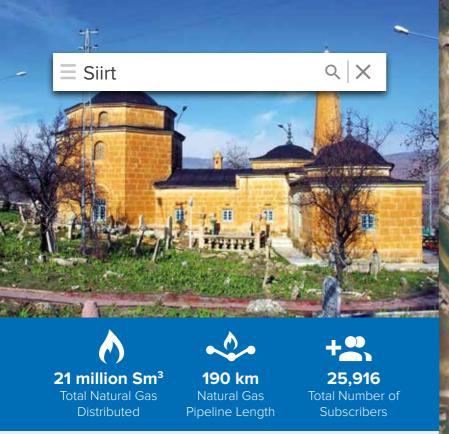
### AKSA ORDU GİRESUN DOĞALGAZ DAĞITIM A.Ş.

Orta Mah. Cemil Şensoy Cad. No: 21/A Çarşamba/Samsun +90 362 833 10 91

Fenk Mah. Alparslan Cad. No: 21/A Terme/Samsun +90 362 888 80 90







# SIIRT CUISINE

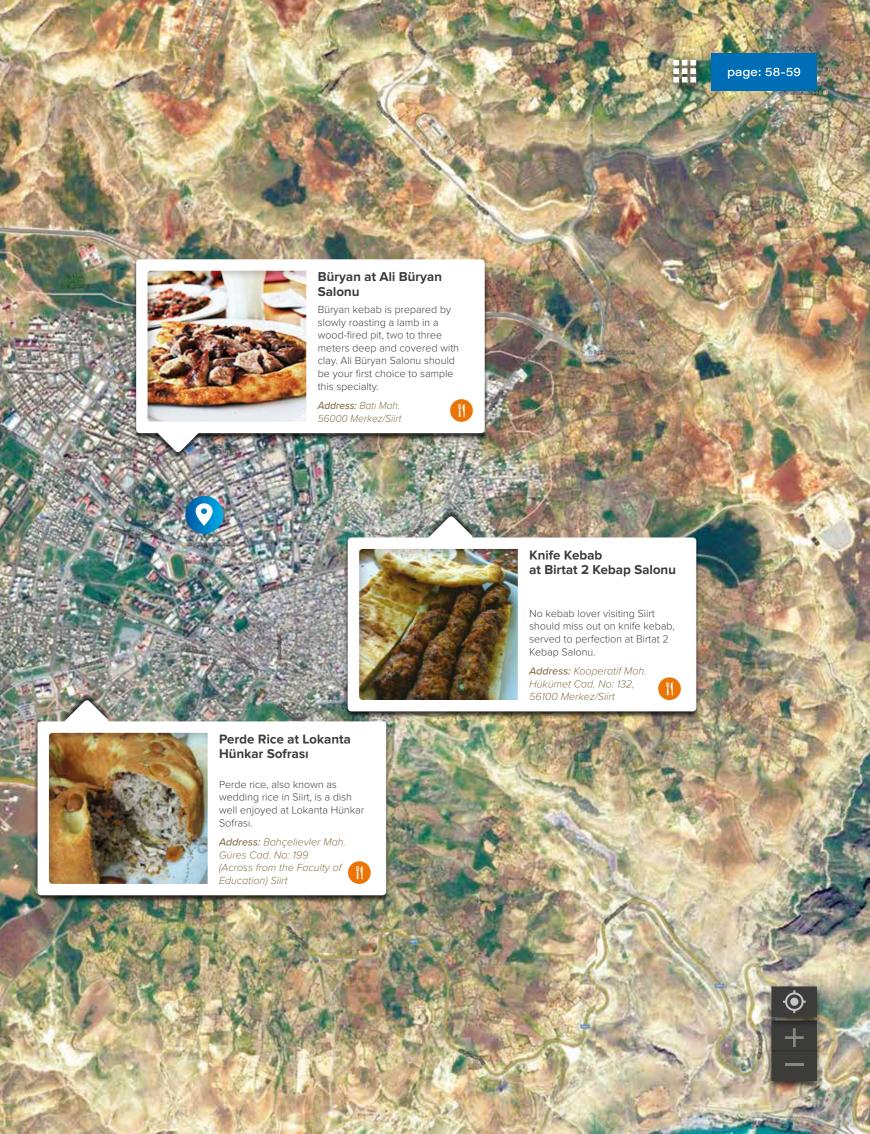
Due to its geographical location, Siirt has been influenced by numerous Mesopotamian civilizations; this is reflected in its rich cuisine, which includes Büryan kebab, knife kebab, Siirt kitel, zerfet, Mihr soup, pırtıke soup, Arabian-style stuffed vegetables, ismeket meatballs, gebole and imçerket.





Bahçelievler Mah, Gaffar Okkan Cad. No: 27, 56000 Merkez/Siirt +90 484 224 83 22







Natural Gas Pipeline Length

Total Number of Subscribers

# SIVAS CUISINE

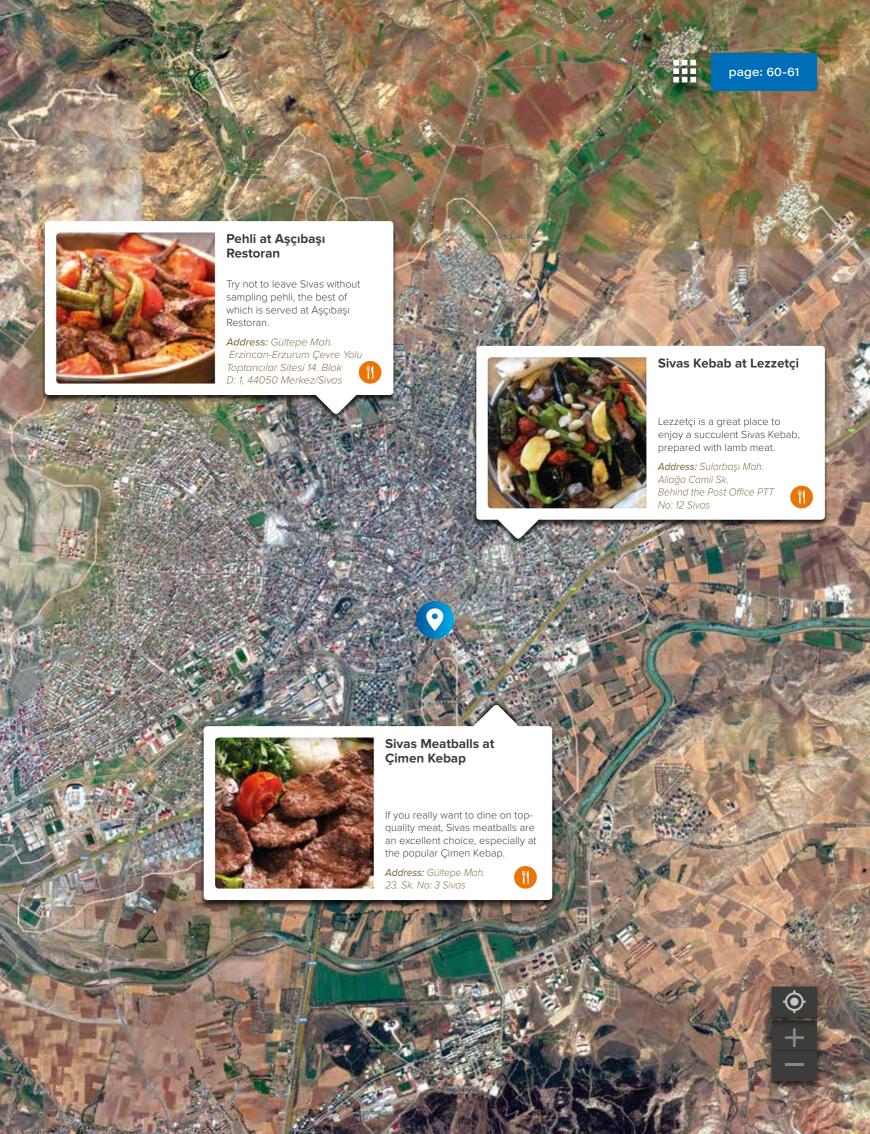
Sivas has a history that goes back 10,000 years. Unsurprisingly, its gastronomic traditions are extraordinarily rich. Some delicacies unique to Sivas are kesme aşı, baviko, kelle dessert, dried cucumber, mercimek badı, peskütan soup, Sivas katmeri, sübüra, Divriğistyle rice, Sivas meatballs and madımak.





Pulur Mah. Reşit Akif Paşa Sk., No: 5A Sivas/Merkez **\+90 346 211 00 74** 







699 km Natural Gas Pipeline Length

97,161
Total Number of Subscribers

# **ŞANLIURFA CUISINE**

Şanlıurfa is renowned in Turkey for its meat dishes with bitter spices. The city's singular plates include lebeniye soup, steak tartar a la turca, lahmacun, şıllık dessert, semsek, lebeni, liver kebab, aya meatballs and sini taraklığı.

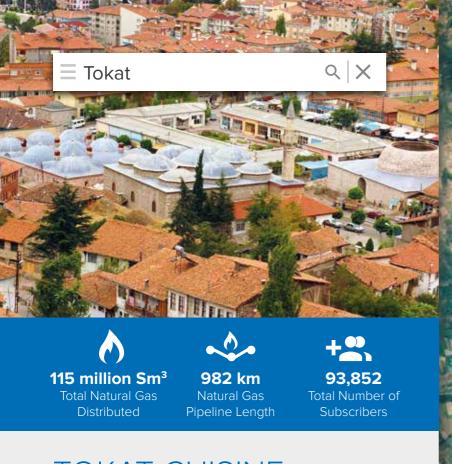




Ertuğrulgazi Mah. Yunus Emre Cad. 106/A Şanlıurfa +90 414 313 15 00







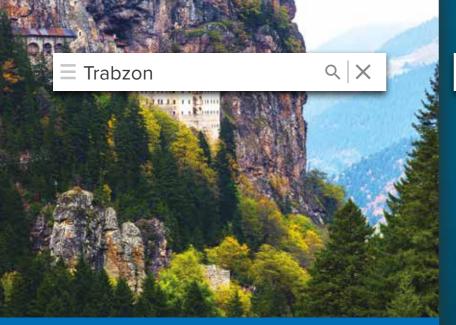
# **TOKAT CUISINE**

Tokat menus are known for stuffed vine leaves, prepared with locally grown leaves.
Other dishes that immediately come to mind include Tokat pağacı, bat, vine leaves stuffed with broad beans, Tokat çökeliklisi, Niksar pastry, Tokat grape molasses, Tokat kebab and Tokat çemen.













**392 km**Natural Gas
Pipeline Length



**70,177**Total Number of Subscribers

## TRABZON CUISINE

Trabzon cuisine features some of the greatest dishes of the Black Sea Region, offering you a wealth of choices.

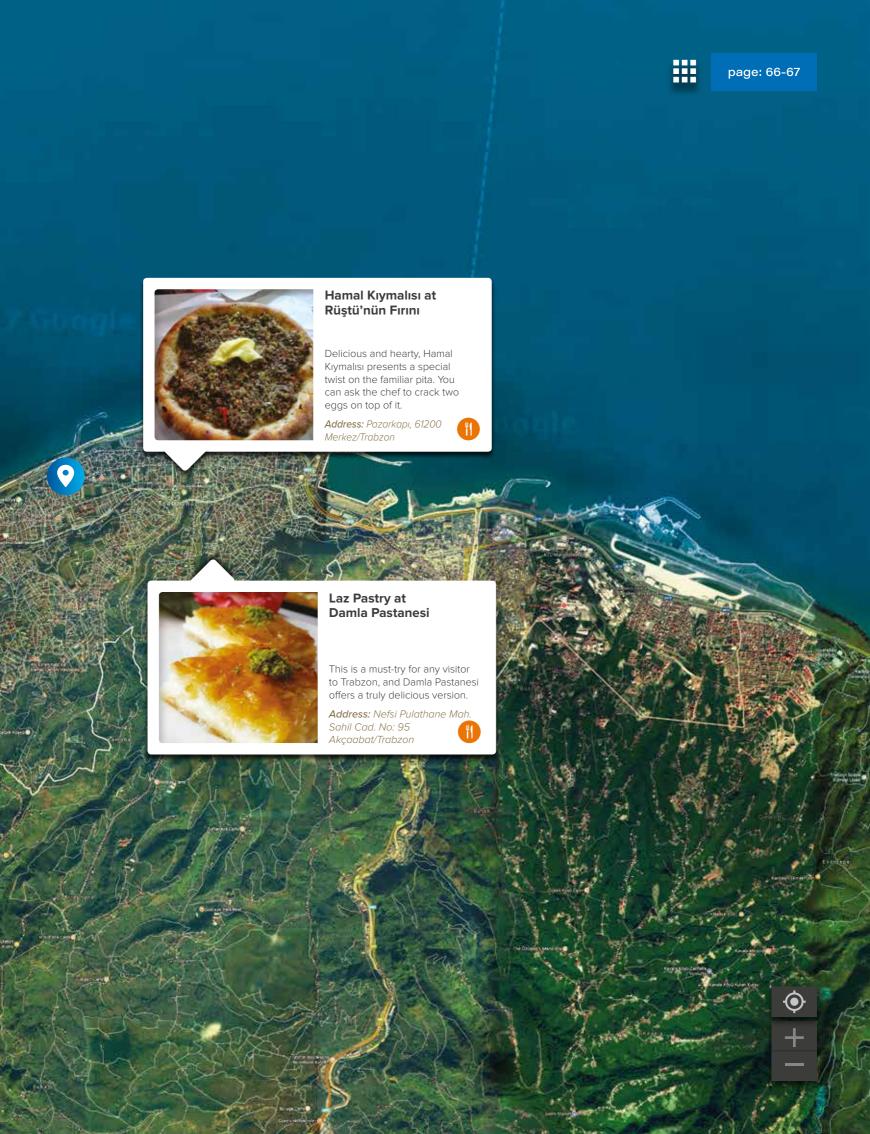
Anchovies and butter reign supreme in Trabzon, causing travelers to go out of their way to enjoy some of the area's extraordinary dishes.



### AKSA KARADENİZ DOĞALGAZ DAĞITIM A.Ş.

Yenimahalle Kahramanmaraş Cad. Hacı Kadıoğlu Sk. Bölükbaşı Sitesi D Blok No: 177-19 Merkez/Trabzon ♣ +90 462 229 11 87







**752 km**Natural Gas
Pipeline Length

**75,105**Total Number of Subscribers

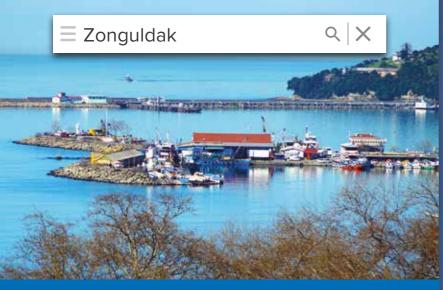
## **VAN CUISINE**

Van is home to a vast range of dishes owing to its geographical location. The first plates that spring to mind are sangeser, meatballs with liver, mumbar or stuffed sheep sausages, kurut aşı, eşkili, çırış rice, çılbır, murtuğa, cheese with herbs, gavut and fried plums.











**534 km**Natural Gas
Pipeline Length



Subscribers

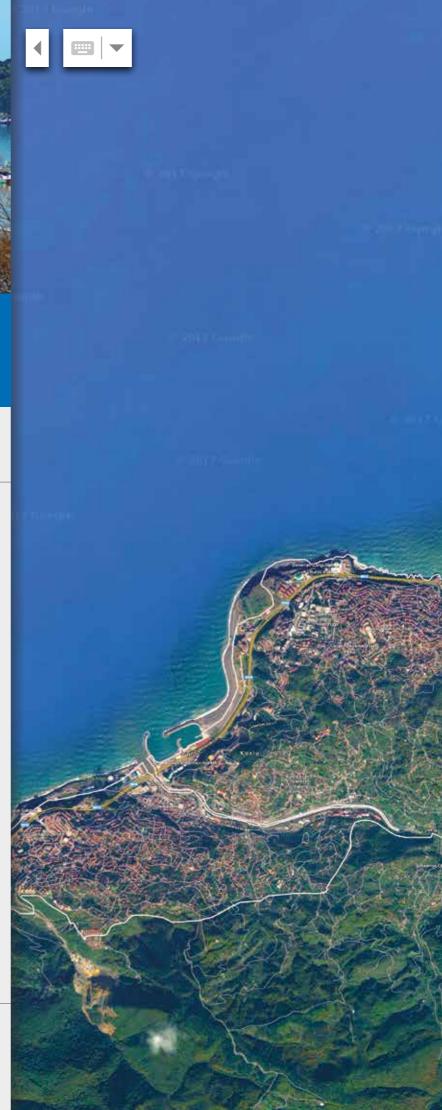
## **ZONGULDAK CUISINE**

Highly appreciated for its rich culinary culture, Zonguldak offers a series of extraordinary dishes. A flour mix of both maize and wheat, dubbed ağırlık, forms the basis of the local cuisine. This quaint Black Sea town awaits you with its uğmaç soup, kömeç and white baklava.





Müftü Mah. İbrahim Efe Cad. No: 28 Karadeniz Ereğlisi/Zonguldak +90 372 316 19 77









# **About Kazancı Holding**

Kazancı Holding significantly contributes to the Turkish economy by investing in the energy, agricultural and tourism industries, paying taxes, and creating employment.



7,200

Employees



9 billion 18

Turnover



18 countries

Operations

### **Kazancı Holding**

The foundation of Kazancı Holding dates back to the 1950s. In its history spanning half a century, the Group has remained committed to upholding customer satisfaction and trust, thereby becoming a leader in power generator manufacturing, natural gas distribution, energy generation, electricity distribution and sales. The Group significantly contributes to the Turkish economy by investing in the energy, agricultural and tourism industries, paying taxes, and creating employment.

The companies under Kazancı Holding's umbrella are established leaders of their respective sectors thanks to their successive achievements. The following companies operate under the Aksa brand in different business lines:

Aksa Natural Gas is Turkey's largest natural gas distributor company. With 21 licensed distribution areas, and operations covering 27 provinces and 135 districts, the Company provides seamless service for its subscribers to enjoy a safe, ecological and comfortable lifestyle.

Turkey's largest independent power producer listed on the stock exchange, Aksa Energy is a global energy company that establishes and operates lignite, natural gas, fuel oil, wind and hydroelectric power plants in Turkey and overseas.

In the electricity segment, the Holding's Çoruh and Fırat electricity distribution companies provide 5.72 billion KWh of energy to a population of 4.5 million in their license areas. Aksa Electricity Sales and the Çoruh and Fırat retail sales companies deliver 11.3 billion KWh of electricity across Turkey every year.

The leader of the Turkish power generator market, Aksa Power Generation ranks among Turkey's largest exporters, shipping products to over 100 countries. The company conducts manufacturing operations in factories located in Turkey, China and the USA.



With foundations dating back to the 1950s, Kazancı Holding has always been committed to customer satisfaction and trust during its history that spans over half a century.

Aksa Agriculture entered the agricultural industry in 2004, introducing a corporate approach to this key sector. Since that time, it has become a leading company in ornamental plants, arboriculture, stockbreeding and dairy farming. Aksa Agriculture operates its farms in Samsun and Tekirdağ at EU standards.

Aksa Tourism conducts summer and congress tourism operations at the five-star Mirada Del Mar Hotel located in Göynük, Antalya, and runs winter tourism operations at the four-star Mirada Del Lago and three-star Mirada Del Monte hotels, located on Erciyes Mountain

At a Glance 75

### **Aksa Natural Gas**



2.1 million subscribers



**7.6 billion m³** of natural gas distribution





### **Aksa Electricity**



2.2 million subscribers



**3.6 million** people served





### Aksa Energy



Total number of power plants: **16** 



Aksa Energy's total installed capacity: **2,198 MW** 





# Aksa Power Generation



**50% of production** exported



**130,000 m²** of total production area





### **Aksa Agriculture**



**22,000 tons**Milk production



**33,000 tons** Corn production for silage



www.aksatarim.com



### **Aksa Tourism**



**685** room capacity



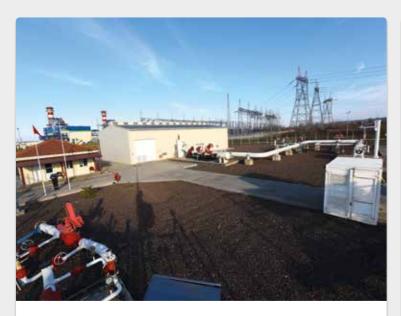
1,460 bed capacity



www.kazanciholding.com.tr/tr/AksaTurizm.aspx

# **About Kazancı Holding**

Kazancı Holding companies are established leaders in their respective sectors thanks to their successive achievements.



### **Aksa Natural Gas**

- Natural Gas Distribution and Sales
- 99.96% Participation Rate

The Aksa Natural Gas license area spans 27 provinces and 135 districts, home to some 14 million persons. The Company is the largest natural gas distribution firm in Turkey, boasting 21 distribution licenses, 2.1 million subscribers, 7.6 bcm of gas distributed, a 20,316 km network, and a market share of 21.6%.



### **Aksa Electricity**

- Electricity Distribution and Sales
- 100% Participation Rate

Kazancı Holding sells electricity to independent consumers via Aksa Electricity Sales – a subsidiary of Aksa Electricity – and delivers distribution and retail sale services in the Fırat and Çoruh regions as the authorized power supplier. Aksa Electricity sells about 11.3 billion KWh of electricity across Turkey, and serves the entire country with nearly 100 dealers and a specialized sales staff.

At a Glance 77



### **Aksa Energy**





Aksa Energy is Turkey's largest publicly listed independent power producer. Some 21.4% of its capital is in free float; Goldman Sachs holds a 16.6% stake in the company. Aksa Energy has an installed capacity of 2,198 MW as of end-2016. Since 2015, the company has appeared in the BIST Sustainability Index; the company's shares are also included in the BIST 50 and BIST 100 indices.



### **Aksa Power Generation**

Power Generator Production and Sale



With more than 300 sales points around the globe, Aksa Power Generation ranks among the world's five largest power generator manufacturers and is the leader in the Turkish market.

# About Kazancı Holding

Aksa Tourism operates in summer and winter tourism with three hotels located in Antalya and Kayseri.



### **Aksa Agriculture**

- Agriculture and Livestock
- 100% Participation Rate

Aksa Agriculture has leased İnanlı Agricultural Enterprise (Tekirdağ) and Gelemen Agricultural Enterprise (Samsun) for a period of 30 years. The company is currently engaged in dairy and meat production on a land area totaling 25,000 decares.

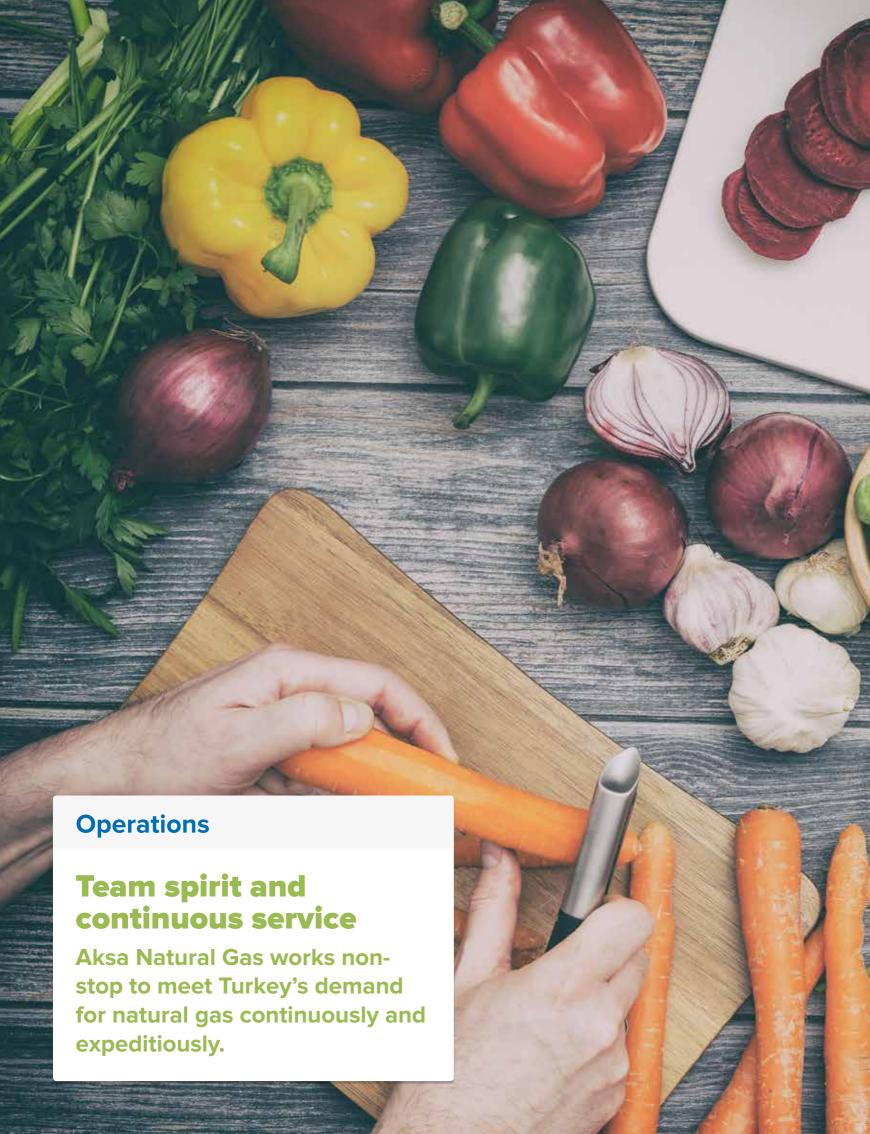


### **Aksa Tourism**

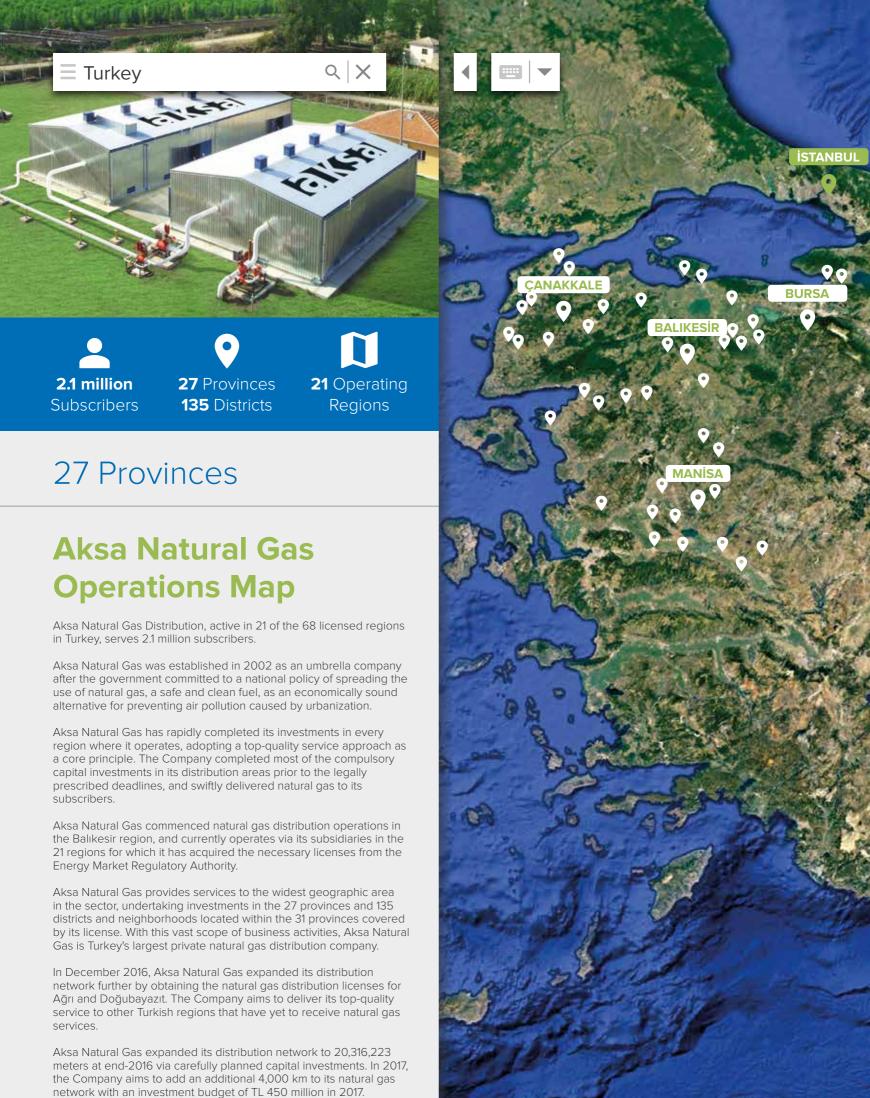
- Tourism
- 100% Participation Rate

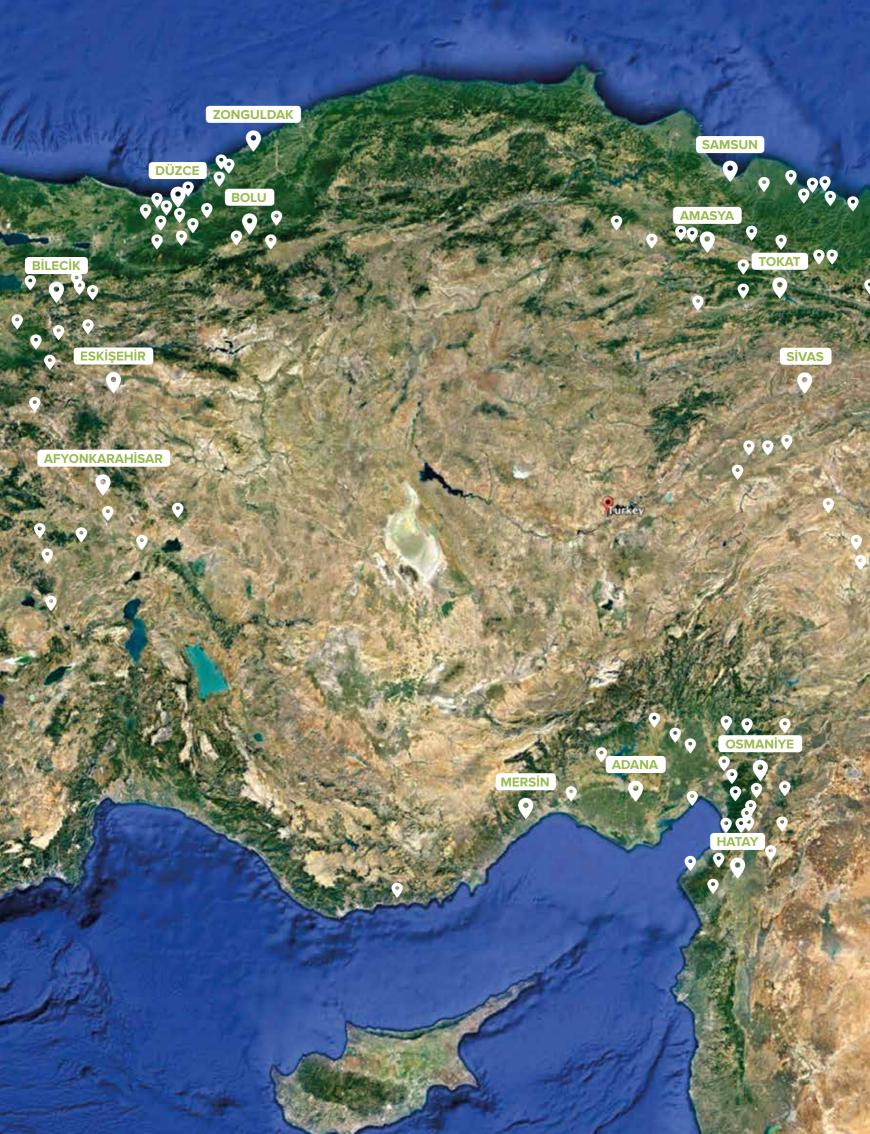
Aksa Tourism operates in summer and winter tourism with three hotels located in Antalya and Kayseri.













### PROVINCES AND DISTRICTS SERVED AS OF DECEMBER 31, 2016

### Aksa Afyon Natural Gas Distribution

- Afyonkarahisar
- Bolvadin
- Cay
- Dinar
- Emirdağ
- Suhut
- Sandıklı
- Erkmen
- İscehisar

#### **Aksa Gas Distribution**

- Adana
- Mersin
- Osmaniye
- Hatay
- Antakya
- İskenderun
- Tarsus
- Ceyhan
- Dörtyol
- Toprakkale
- Payas
- Karayılan
- Sarıseki
- Denizciler
- Bekbele
- Nardüzü
- Azganlık
- Belen
- Kadirli
- Yumurtalık
- Defne
- Kırıkhan
- ☑ Bahçe☑ Erzin
- Aksa Balıkesir Natural Gas

### Distribution

Balıkesir

### Aksa Bandırma Natural Gas Distribution

Bandırma

### Aksa Bilecik Bolu Natural Gas Distribution

- Bilecik
- Bolu
- Bozüyük
- Söğüt
- Pazaryeri
- İnönü
- Qukurhisar
- Osmaneli
- Vezirhan
- Bayırköy
- YeniçağaDörtdivan
- Karacasu

## Aksa Çanakkale Natural Gas Distribution

- Canakkale
- Biga
- Can
- Kepez
- Gönen
- Ezine
- Bayramiç
- Mahmudiye
- Lapseki
- Dardanos
- Güzelyalı

### Aksa Düzce Ereğli Natural Gas Distribution

- Düzce
- Karadeniz Ereğli
- Gülüç
- Kaynaşlı
- Konuralp
- Alaplı
- Cumayeri
- Culliaye
- Gümüşova
- Beyköy
- Cilimli
- Akçakoca Gölyaka
- Boğaziçi

#### Aksa Elazığ Natural Gas Distribution

- Elazığ
- Yazıkonak
- Yurtbaşı
- Hankendi
- Karakoçan
- Sarıcan
- Akçakiraz

#### Aksa Gümüşhane Bayburt Natural Gas Distribution

- Gümüşhane
- Bayburt
- ✓ Kelkit
- Şiran

### Aksa Gemlik Natural Gas Distribution

- Gemlik
- Umurbey

### Aksa Şanlıurfa Natural Gas Distribution

- Şanlıurfa
- Siverek
- Suruc
- Karaköprü
- Onbirnisan

### Aksa Karadeniz Natural Gas Distribution

- ☑ Trabzon
- Rize
- Akcabat
- Of
- Gündoğdu
- Ortahisar
- Güneysu

#### Aksa Manisa Natural Gas Distribution

- Manisa
- Turgutlu
- Akhisar
- Muradiye
- Gölmarmara
- Gördes

### Aksa Ordu Giresun Natural Gas Distribution

- □ Ordu
- Giresun
- Carşamba
- Ünye
- ▶ Fatsa
- Terme

#### Aksa Mustafakemalpaşa Susurluk Karacabey Natural Gas Distribution

- Karacabey
- Mustafakemalpaşa
- Susurluk
- Ovaazatlı
- Yalıntas
- Tatkavaklı

### Aksa Malatya Natural Gas Distribution

- Malatya
- Konak
- Gündüzbey
- Yeşilyurt
- Bostanbaşı
- Yakınca
- Topsöğüt
- Şahnahan
- Dilek
- Hatunsuyu
- ı Haturisuyu I Hanımçiftliği
- ☑ Orduzu
- Battalgazi
- Hasırcılar
- Doğanşehir
- Akçadağ

#### Aksa Sivas Natural Gas Distribution

- Sivas
- Sarkışla
- Suşehri
- CemelDivriği
- Kangal
- Zara
- GemerekGürçayır
- Gürün

### Aksa Tokat Amasya Natural Gas Distribution

- Amasya
- Amasy
- TokatMerzifon
- Suluova
- Turhal
- Niksar
- ErbaaZile
- ZiyaretTaşova
- Gümüşhacıköy

Reşadiye

### Aksa Van Natural Gas Distribution

- Van
- Edremit

### **Aksa Natural Gas Distribution**

Aksa Natural Gas is committed to delivering the comfort and convenience of natural gas via top-quality services in every region where it operates.



Number of Subscribers (million)

2.1

G (H

Gas Distribution (billion m³)

7.6

2002

Aksa Natural Gas was established in 2002 in light of the government's decision to support the distribution of natural gas by the private sector and to mitigate the air pollution caused by urbanization.

▼ TL 371 MILLION

Aksa Natural Gas undertook direct investments totaling TL 371 million in 2016.

Aksa Natural Gas's strategic priorities include maintaining customer satisfaction at the highest level and ensuring continuous improvement, by providing uninterrupted service 24/7 with its expert staff.

Aksa Natural Gas was established in 2002 in light of the government's decision to support the distribution of natural gas by the private sector and to mitigate the air pollution caused by urbanization.

Aksa Natural Gas commenced natural gas distribution operations in the Balıkesir region, and currently operates via its subsidiaries in the 21 regions for which it has acquired the necessary licenses from the Energy Market Regulatory Authority. It is the largest private gas distribution company in Turkey with:

- 2.1 million subscribers
- 7.6 bcm (billion cubic meter) of gas distributed
- 20,316 km network
- 21.6% market share

Aksa Natural Gas boasts the widest aggregate geographic distribution area in the sector, covering 27 provinces, 135 districts and neighborhoods, where a total of 14 million persons reside.

In 2016, Aksa Natural Gas invested a total of TL 371 million, bringing its cumulative direct investment up to TL 1.81 billion. As of end-2016, the total size of the network has climbed to  $20,316 \, \mathrm{km}$ .

In every region where it operates, Aksa Natural Gas is committed to rapidly completing its investments, and offering consumers the comfort and convenience of natural gas by delivering top quality service. To this end, the Company has completed a large part of the capital investments in its license areas and delivered natural gas to subscribers.

#### **Key Indicators of the Distribution Companies**

| Distribution Company  | Number of<br>Subscribers<br>(BBS) | Number<br>of Houses<br>(Houses) | Net Sales<br>(million TL) | Consumption (m³) | Workforce* | Network<br>Length (km) |
|---|-----------------------------------|---------------------------------|---------------------------|------------------|------------|------------------------|
| Aksa Afyon Doğalgaz Dağıtım A.Ş.                                  | 73,781                            | 62,465                          | 95                        | 86,514,455       | 59         | 860                    |
| Aksa Balıkesir Doğalgaz Dağıtım A.Ş.                              | 127,154                           | 104,460                         | 112                       | 129,431,960      | 58         | 971                    |
| Aksa Bandırma Doğalgaz Dağıtım A.Ş.                               | 51,223                            | 46,069                          | 48                        | 1,170,495,786    | 36         | 341                    |
| Aksa Bilecik Bolu Doğalgaz Dağıtım A.Ş.                           | 130,680                           | 110,204                         | 293                       | 758,224,481      | 128        | 1,408                  |
| Aksa Çanakkale Doğalgaz Dağıtım A.Ş.                              | 120,638                           | 103,370                         | 110                       | 236,576,575      | 92         | 916                    |
| Aksa Düzce Ereğli Doğalgaz Dağıtım A.Ş.                           | 125,045                           | 111,865                         | 209                       | 598,252,665      | 96         | 2,026                  |
| Aksa Elazığ Doğalgaz Dağıtım A.Ş.                                 | 136,061                           | 116,843                         | 131                       | 132,608,695      | 52         | 971                    |
| Aksa Gaz Dağıtım A.Ş.   | 292,039                           | 229,214                         | 301                       | 1,758,113,030    | 246        | 3,958                  |
| Aksa Gemlik Doğalgaz Dağıtım A.Ş.                                 | 30,160                            | 27,177                          | 28                        | 329,784,283      | 33         | 222                    |
| Aksa Gümüşhane, Bayburt Doğalgaz Dağıtım A.Ş.                     | 29,156                            | 20,427                          | 39                        | 31,443,908       | 36         | 281                    |
| Aksa Karadeniz Doğalgaz Dağıtım A.Ş.                              | 113,093                           | 87,290                          | 117                       | 149,002,993      | 82         | 603                    |
| Aksa Malatya Doğalgaz Dağıtım A.Ş.                                | 178,470                           | 144,083                         | 184                       | 208,092,868      | 71         | 1,245                  |
| Aksa Manisa Doğalgaz Dağıtım A.Ş.                                 | 127,300                           | 110,334                         | 164                       | 549,342,791      | 84         | 985                    |
| Aksa Mustafakemalpaşa Susurluk Karacabey<br>Doğalgaz Dağıtım A.Ş. | 44,787                            | 41,274                          | 80                        | 126,928,143      | 47         | 527                    |
| Aksa Ordu Giresun Doğalgaz Dağıtım A.Ş.                           | 86,106                            | 74,104                          | 94                        | 514,869,769      | 101        | 826                    |
| Aksa Sivas Doğalgaz Dağıtım A.Ş.                                  | 132,740                           | 110,223                         | 142                       | 151,323,716      | 70         | 1,077                  |
| Aksa Şanlıurfa Doğalgaz Dağıtım A.Ş.                              | 97,167                            | 70,848                          | 128                       | 334,793,777      | 67         | 699                    |
| Aksa Tokat, Amasya Doğalgaz Dağıtım A.Ş.                          | 162,541                           | 136,191                         | 176                       | 200,991,001      | 120        | 1,648                  |
| Aksa Trakya Doğalgaz Dağıtım A.Ş.                                 | 0                                 | 0                               | 44                        | 50,489,128       | 1          | 0                      |
| Aksa Van Doğalgaz Dağıtım A.Ş.                                    | 75,015                            | 51,467                          | 84                        | 82,793,857       | 42         | 752                    |
| TOTAL   | 2,133,156                         | 1,757,908                       | 2.580                     | 7,600,073,881    | 1,521      | 20,316                 |

Aksa Natural Gas's primary objective is delivering uninterrupted service 24/7 with its expert staff, maintaining customer satisfaction at the highest level, and ensuring continuous improvement. In keeping with this vision, Aksa Natural Gas offers solutions to subscriber demands with its Customer Services lines: Alo 187 Emergency and 444 4 187. The Aksa Solution Center is seen as a pioneer and model in the sector thanks to its internationally recognized advanced technology and software infrastructure, state-of-the-art physical environment and high quality service.

In 2016, Aksa Natural Gas distributed a total of 7.6 billion  $\rm m^3$  of gas in its distribution areas and recorded turnover of TL 2.6 billion. In 2017, the Company aims to deliver a total of 8.25 billion  $\rm m^3$  of natural gas with the completion of new production facilities and investments in its license areas. Aksa Natural Gas was ranked  $\rm 47^{th}$  in the Fortune 500 "Turkey's Top Companies" list.

<sup>\*</sup> The workforce numbers do not include outsourced personnel.

### **Board of Directors**







#### YAŞAR ARSLAN Chairman

(1959) Yaşar Arslan graduated from Istanbul Technical University, Faculty of Metallurgy. During his military service as sub-lieutenant, he served as Lecturer at the Turkish Military Academy, Machinery Department, while also conducting research studies in Materials, Fluids and Resource Technology. Between 1985 and 1987, he worked at EMAŞ A.Ş. as Operations Manager for three years, before holding managerial positions at Saudi Arabiabased Al-Fahd for five years. At İGDAŞ's Istanbul Natural Gas Project, he served as Manager for five years, joining Vinsan in 1996 as Project Manager, where he executed projects on natural gas, environmental integration and energy generation from waste, in collaboration with SAE, Sofregaz, Gaz de France, Lurgi and Degremont. After working as Coordinator at Yapısal in 2003, he joined Kazancı Holding Natural Gas Distribution Group in 2004 as General Coordinator and Vice Chairman. In 2010, he became President of Aksa Natural Gas Distribution and Trade Group. Currently, Yaşar Arslan serves as Vice Chairman of two electricity distribution companies, and Chairman of 21 natural gas distribution, two natural gas wholesales, CNG and LNG companies at Kazancı Holding. He is a co-founder of GAZBİR, where he worked as General Secretary for three terms; more recently, he served as the organization's President for two terms. He is also Vice President of TOBB Natural Gas Assembly and Vice Chairman at ELDER.

### NECATÍ BAYKAL Vice Chairman

(1950) Necati Baykal was born in Rize and is a graduate of Istanbul Technical University, Faculty of Mechanical Engineering. He started his professional career in 1982 at WAT Electric Engine Factory as Production Planning Manager, and became Imports Manager in 1984 at Aksa Machine Industries. After serving in various executive positions at Kazancı Holding companies, he became the Chairman of Aksa Power Generation. Currently, Necati Baykal serves as Chairman at Aksa Power Generation, Chairman at various Kazancı Holding electricity distribution companies, and as a Board Member at Aksa Natural Gas.

### MEHMET AKİF ŞAM Board Member

(1968) Mehmet Akif Şam obtained his Bachelor's degree from Anadolu University, Faculty of Communication, Department of Journalism. He started his professional career as a Media Planner at Pronto Public Relations and Consultancy, which offered corporate communications services to major companies such as McDonald's, Sun Microsystems, Amoco Power, Garanti Bank, and ToyotaSA. He later worked as Advisor at the Ministries of Environment and Urbanization; Transportation, Communication and Maritime Affairs; and Energy and Natural Resources. After serving as a Board Member at EÜAŞ-Kemerköy Electricity Generation, he joined Kazancı Holding in 2011. Mehmet Akif Şam continues to serve as Kazancı Holding's Ankara Representative, and as a Board Member of Aksa Natural Gas Distribution Companies, Aksa Energy Production, Aksa Göynük Energy Production, Coruh Electricity Distribution and Firat Electricity Distribution.

# Our Vision, Mission and Values

### **Our Vision**

- To maintain our leading position in the Turkish natural gas sector.
- To play an active role in formulating and executing national sector-specific strategies, and to support the development and advancement of the sector,
- To extend our sector know-how and experience to international projects.

#### **Our Mission**

- Aksa Natural Gas provides a safe, economical and uninterrupted supply of natural gas, which is an environmentally friendly, clean and convenient fuel, to its subscribers in the distribution areas where it holds a license.
- The Company builds confidence among customers by closely monitoring and adopting advanced technology developments in line with its high-quality service approach.
- Aksa Natural Gas Kazancı Holding's driving force grows in parallel with the increasing pace of urbanization thanks to its experience as a pioneering, deeply-rooted company, while its profitability continues to rise through an efficient management approach
- Shaping the sector with its know-how and experience, Aksa Natural Gas invests in the development of its young, dynamic and creative employees who embrace the team spirit, and makes them feel that they are a valuable part of the Company.
- The Company protects the environment and natural resources with its core business activities and social responsibility efforts, upholds ethical values, and contributes to social and economic development.

#### **Our Values**

#### **Passion for Quality**

Under current market and competitive conditions, offering high quality services to boost customer satisfaction is the main motivation underlying our constant self-renewal, and evergrowing passion for quality.

#### **Scientific and People-Centered Expertise**

Our expertise is based on closely monitoring every relevant technical and technological innovation, implementing improvements in response to our hardware and training requirements, and expanding these rapidly to all our departments. Our basic corporate policy is to embrace every advancement that is centered on science and people.

#### **Solutions Focused**

Our approach is to serve the common good and formulate swift solutions for our customers, country and environment.

#### Creativity

Even under unchangeable conditions, our corporate philosophy is to always aim for the best in line with our pioneering and creative approach, believe in the power of innovation, and translate change into development.

#### Respect for People, Nature and Society

In all our business operations, we strive to strike an inclusive balance beginning from the moment the investment decision is made in order to create value that benefits the environment, people and all facets of society.

We aim to contribute to production, employment, energy supply security, and the national economy through our investments. We always prioritize people and the environment while implementing our projects.

# **Senior Management**







# ALPER KONYALI Vice President 1st Group General Manager

(1964) Alper Konyalı graduated from Istanbul Technical University, Faculty of Electric and Electronics Engineering, Department of Energy and started his professional career in 1986 at VM Engineering as Worksite Manager. In 1989, he joined İGDAŞ Istanbul Gas Distribution Company as Construction Control Manager, later serving as Head of Construction Control, and Advisor to the General Manager at the same company. At İGDAŞ, Mr. Konyalı's work focused mainly on improving and reorganizing investment processes, preparing corporate strategic plans, and establishing the materials management system. In 2007, Alper Konyalı joined Aksa Natural Gas Distribution as General Manager. He chaired the GAZBİR Occupational Standard Designation Commissions under the Occupational Proficiency Agency. Mr. Konyalı currently serves as Vice President at Aksa Natural Gas Group, as well as Group General Manager and Board Member at the nine natural gas distribution companies that he leads.

### YÜCEL YAZICI Vice President 2<sup>nd</sup> Group General Manager

(1966) Yücel Yazıcı graduated from Istanbul Technical University, Faculty of Mechanical Engineering and received his Master's degree in Energy at the same university. He started his professional career in 1990 at İGDAŞ as Worksite Manager, becoming Worksite Director at the İzmit Natural Gas Distribution project from 1996 to 2000, Budget and Planning Officer at ALSİM-ALARKO from 2000 to 2002, and Investments Manager at İZGAZ from 2002 to 2004. In 2004, he joined Aksa Natural Gas Distribution Group as General Manager. Yücel Yazıcı currently serves as Vice President at Aksa Natural Gas Group, as well as Group General Manager and Board Member at the six natural gas distribution companies that he leads.

### NURİ BAŞ Vice President 3<sup>rd</sup> Group General Manager

(1963) Nuri Baş graduated from Istanbul Technical University, Petroleum and Natural Gas Engineering Department. He started his professional career in 1988 at İGDAŞ, where he worked until 1994 as Marketing Manager and Subscriptions Manager. From 1994 to 1996, Mr. Baş led his own company, Tesan Heating Systems, where he was active in building natural gas and heating systems. From 1996 to 1998, he worked at the heating company Yetsan, in charge of sales and marketing, as well as after-sales services. Between 1998 and 2000, Mr. Baş worked at Bahçeşehir Distribution Marketing and Tourism as Facilities Group Manager, in charge of the management and coordination of technical and administrative operations. From 2000 until 2002, he was the Planning Coordinator at İlka Machinery and Heating. Between 2003 and 2004, Mr. Baş served as General Manager at ÇORDAŞ Çorlu Natural Gas Distribution. He joined Aksa Natural Gas Distribution Group in 2004, working as Customer Services Coordinator until 2009. Nuri Baş currently serves as Vice President at Aksa Natural Gas Group, as well as Group General Manager and Board Member at the seven natural gas distribution companies that he leads.







### **ŞİNASİ GÖLBAŞI Gas Shipment and Commerce Director**

(1981) Şinasi Gölbaşı obtained his Bachelor's degree from Kocaeli University, Department of Chemical Engineering and then completed his Master's degree at Istanbul Technical University, Department of Chemical Engineering. In 2004, Mr. Gölbaşı started his professional career as Measurement Engineer at Aksa Natural Gas, before becoming Gas Control Manager, Gas Control Director and, subsequently, Operations Director. In January 2016, he was appointed Gas Shipment and Trade Director. Since 2013, Şinasi Gölbaşı has also served as Shipment Control and EBT Commission President at GAZBİR.

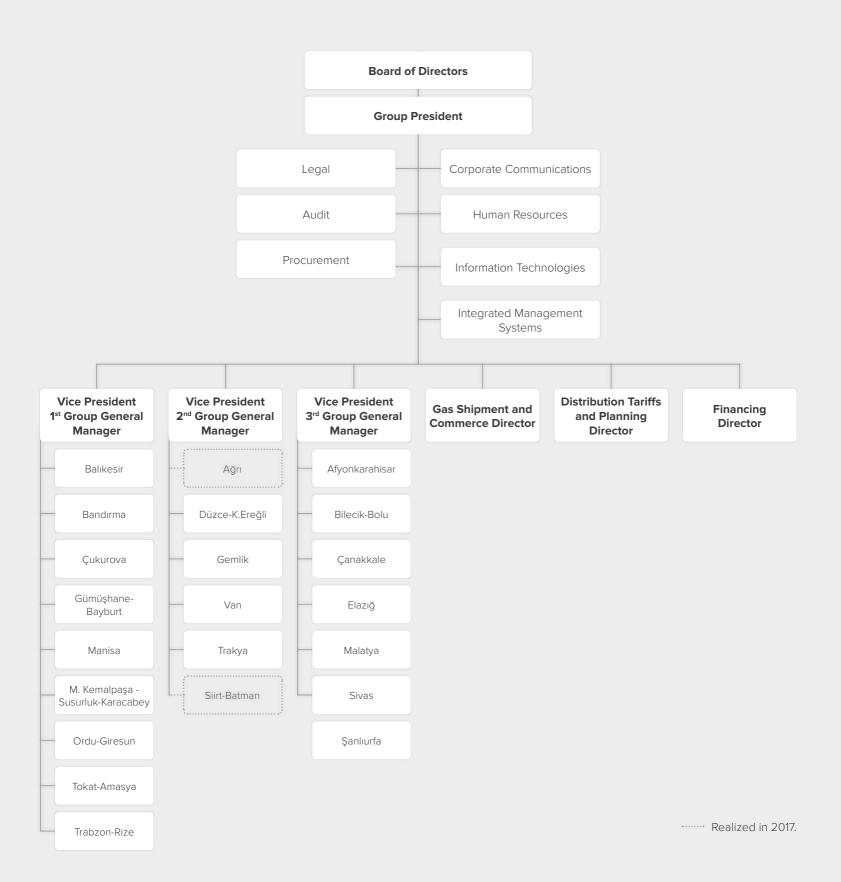
### SEÇKİN ODABAŞI Distribution Tariffs and Planning Director

(1980) Seçkin Odabaşı graduated from Selçuk University, Department of Geodesy and Photogrammetry Engineering. He commenced his professional career at STFA Holding Energy Group's subsidiary Enerya Gas Distribution, where he served as Project Specialist, Project Manager and Project Director. In 2010, Mr. Odabaşı joined Aksa Natural Gas Distribution as Distribution Tariffs and Planning Manager, and was later appointed Distribution Tariffs and Planning Director in 2016. Since 2014, Seçkin Odabaşı has also served as the Tariffs Commission President at GAZBİR.

### BANU GÜREL Financing Director

(1964) Banu Gürel graduated from Marmara University, Faculty of Economics and started her professional career in 1989 in the banking sector, working as Assistant Manager at Akbank Foreign Exchange Fund Management and, subsequently, at Tekfenbank Fund Management and Securities. In 1996, she transitioned from finance to the real economy, joining Merko Food Industry and Trade as Finance Director. Banu Gürel joined Aksa Natural Gas Group in 2004, and currently serves as Finance Director.

# **Organization Chart**





# **Company Directors**



MURAT CERAN
Aksa Afyon Doğalgaz Dağıtım A.Ş.
Birthplace: İstanbul 1977
Commencement Date: 2007
murat.ceran@aksadogalgaz.com.tr



FERHAT ÖZTÜRK
Aksa Balıkesir Doğalgaz Dağıtım A.Ş.
Birthplace: Ankara 1973
Commencement Date: 2004
ferhat.ozturk@aksadogalgaz.com.tr



MEHMET ÇELİK Aksa Bilecik Bolu Doğalgaz Dağıtım A.Ş. Birthplace: 1967 Commencement Date: 2008 mehmet.celik@aksadogalgaz.com.tr



MUHAMMET ALOĞLU Aksa Çanakkale Doğalgaz Dağıtım A.Ş. Birthplace: Rize 1970 Commencement Date: 2006 muhammet.aloglu@aksadogalgaz.com.tr



MUSTAFA DOĞAN Aksa Düzce Ereğli Doğalgaz Dağıtım A.Ş. Birthplace: Kahramanmaraş 1970 Commencement Date: 2004 mustafa.dogan@aksadogalgaz.com.tr



RESUL KORKMAZ Aksa Elazığ Doğalgaz Dağıtım A.Ş. Birthplace: 1981 Commencement Date: 2007 resul.korkmaz@aksadogalgaz.com.tr



GÜNGÖR ATEŞ Aksa Gaz Dağıtım A.Ş. (Adana) Birthplace: Trabzon 1969 Commencement Date: 2004 gungor.ates@aksadogalgaz.com.tr



METİN CEYHAN Aksa Gaz Dağıtım A.Ş. (Hatay/Osmaniye) Birthplace: Muş 1968 Commencement Date: 2005 metin.ceyhan@aksadogalgaz.com.tr



SERHAT KASAPOĞLU Aksa Gaz Dağıtım A.Ş. (Mersin) Birthplace: Ankara 1977 Commencement Date: 2009 serhat.kasapoglu@aksadogalgaz.com.tr



LEVENT ÜSTÜNER
Aksa Gemlik Doğalgaz Dağıtım A.Ş.
Birthplace: Adana 1979
Commencement Date: 2005
levent.ustuner@aksadogalgaz.com.tr



RAHİME MEYDAN
Aksa Gümüşhane Bayburt Doğalgaz Dağıtım A.Ş.
Birthplace: Erzurum 1979
Commencement Date: 2010
rahime.meydan@aksadogalgaz.com.tr



MEHMET SALİH AYAYDIN Aksa Karadeniz Doğalgaz Dağıtım A.Ş. Birthplace: Trabzon 1970 Commencement Date: 2006 salih.ayaydin@aksadogalgaz.com.tr



SERTAÇ URAZ Aksa Malatya Doğalgaz Dağıtım A.Ş Birthplace: Malatya 1981 Commencement Date: 2010 sertac.uraz@aksadogalgaz.com.tr



iBRAHİM BAŞARAN
Aksa Manisa Doğalgaz Dağıtım A.Ş.
Birthplace: Karabük 1971
Commencement Date: 2006
ibrahim.basaran@aksadoqalgaz.com.tr



SERDAR DELÍBALTA
Aksa M. Kemalpaşa Sus. Kar. Doğalgaz Dağıtım A.Ş.
Aksa Bandırma Doğalgaz Dağıtım A.Ş.
Birthplace: Şanlıurfa 1972
Commencement Date: 2004
serdar.delibalta@aksadogalgaz.com.tr



DOĞAN GÜRLER
Aksa Ordu Giresun Doğalgaz Dağıtım A.Ş.
Birthplace: İstanbul 1979
Commencement Date: 2007
dogan.gurler@aksadogalgaz.com.tr



HÜSEYİN İNAN YILDIRIM Aksa Sivas Doğalgaz Dağıtım A.Ş. Birthplace: Ankara 1977 Commencement Date: 2006 inan.yildirim@aksadogalgaz.com.tr



MUHAMMET NEZİH URAL Aksa Şanlıurfa Doğalgaz Dağıtım A.Ş. Birthplace: Şanlıurfa 1981 Commencement Date: 2007 muhammed.ural@aksadogalgaz.com.tr



MUSTAFA KARABACAK
Aksa Tokat Amasya Doğalgaz Dağıtım A.Ş.
Birthplace: Elazig 1965
Commencement Date: 2004
mustafa.karabacak@aksadogalgaz.com.tr



UFUK AKDEMİR Aksa Trakya Doğalgaz Dağıtım A.Ş. Birthplace: Ankara 1968 Commencement Date: 2005 ufuk.akdemir@aksadogalgaz.com.tr



SALİM ÇEKİCİ Aksa Van Doğalgaz Dağıtım A.Ş. Birthplace: Bursa 1977 Commencement Date: 2005 salim.cekici@aksadogalgaz.com.tr



ENGİN YAZICI Aksa Ağrı Doğalgaz Dağıtım A.Ş. Birthplace: Samsun 1970 Commencement Date: 2005 engin.yazici@aksadogalgaz.com.tr



MUSTAFA YARDIMCI Aksa Siirt Batman Doğalgaz Dağıtım A.Ş. Birthplace: Elazığ 1970 Commencement Date: 2005 mustafa.yardimci@aksadogalgaz.com.tr

# **Developments in 2016**

Aksa Natural Gas initiated the project "Life Companion" for visually-, hearing-, speaking- or physically-impaired individuals who have difficulty in expressing their needs.



- **Distribution Network**
- **Total Natural Gas** Distribution (billion m³)
- 20,316
- ▼ TL 17.9 BILLION

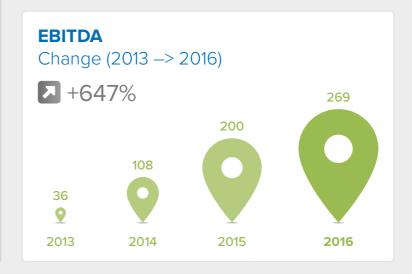
Aksa Natural Gas has created a natural gas conversion market of TL 17.9 billion with the investments it has undertaken to date.

▼ TL 17 BILLION

To date, Aksa Natural Gas has helped the domestic economy and its subscribers save TL 17 billion as of end-2016.

### Aksa Natural Gas ranks 47th in the Fortune 500 "Turkey's Top Companies" list.

- Aksa Natural Gas ranks 47th in Fortune 500's "Turkey's Top Companies" list.
- The Company's distribution network completed and commissioned in 2015 totaled 16,822 km, and climbed to 20,316 km with new investments in 2016. In 2016, 7.6 billion m<sup>3</sup> of gas was distributed.
- Aksa Natural Gas initiated the project "Life Companion" for visually-, hearing-, speaking- or physically-impaired individuals who have difficulty in expressing their requests. In this project, Aksa Natural Gas aims to dispatch natural gas emergency teams immediately to subscribers with impairments who call the Natural Gas Emergency 187 Line. The Life Companion initiative was deemed worthy of the Golden Valve Award at the 2016 Turkey Energy Summit.
- Aksa Natural Gas won EMRA's first TL-denominated energy tender for natural gas distribution in the Ağrı provinces and Doğubayazıt
- With its investments to date, Aksa Natural Gas has created a natural gas conversion market of TL 17.9 billion, TL 12.1 billion of which has been physically completed.
- Since its founding, Aksa Natural Gas has helped the domestic economy and its subscribers save TL 17 billion as of end-2016.





# **Financial and Operational Indicators**

Leaving behind a financially successful year, Aksa Natural Gas posted TL 135.6 million in net profit in fiscal year 2016.

### Financial Indicators

| Financial Indicators (TL Million) | 2015  | 2016  | Change (%) |
|-----------------------------------|-------|-------|------------|
| Net Sales                         | 3,013 | 2,580 | -14        |
| Total Assets                      | 1,726 | 3,278 | 90         |
| Total Investments                 | 157   | 365   | 133        |
| Gross Profit for the Period       | 148   | 211   | 43         |
| Operating Costs                   | 139   | 198   | 43         |
| EBITDA                            | 200   | 269   | 34         |
| Net Profit for the Period         | 6     | 136   | 2,166      |
|                                   |       |       |            |







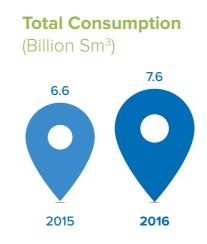
In 2016, Aksa Natural Gas increased its total assets to TL 3.2 billion, up 90% year-on-year.

# **Operational Indicators**

| Operational Indicators                                  | 2015          | 2016          |
|---|---------------|---------------|
| Number of Natural Gas Distribution Licenses (Companies) | 20            | 20            |
| Total Number of Subscribers                             | 1,902,947     | 2,133,156     |
| Total Number of Residential Subscribers                 | 1,559,761     | 1,757,908     |
| Potential Number of Residential Subscribers             | 3,443,016     | 3,599,415     |
| Network Length (km)                                     | 16,822        | 20,316        |
| Total Consumption Volume (Sm³)                          | 6,600,365,704 | 7,600,073,881 |

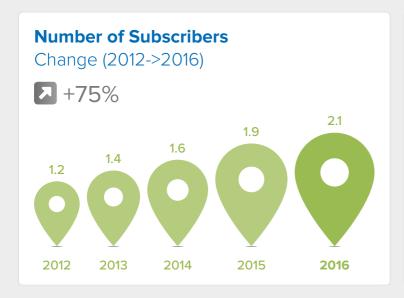


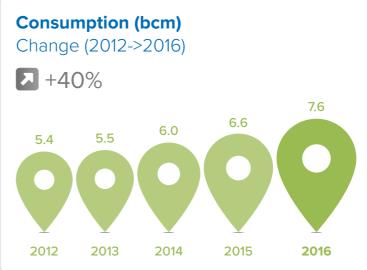


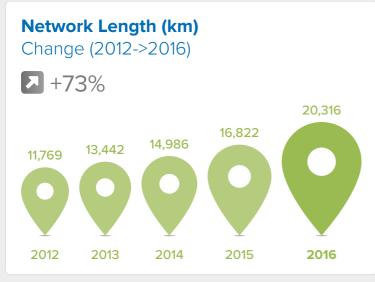


# Financial and Operational **Indicators**

As of end-2016, Aksa Natural Gas expanded its total subscriber base to 2.1 million and its total network length to 20,316 km, thereby boosting its total employment and shareholder value.













# **Capital and Shareholding Structure**

Powered by Kazancı Holding, Aksa Natural Gas has become one of the leading companies specialized in natural gas distribution.

#### **Natural Gas Group Companies (Capital Structure)**

| Trade Name  | Capital     | KAZANCI<br>HOLDING | AKSA NATURAL GAS DISTRIBUTION | MUNICIPALITIES | KAZANCI FAMILY<br>AND OTHERS |
|---|-------------|--------------------|-------------------------------|----------------|------------------------------|
| AKSA DOĞALGAZ DAĞITIM A.Ş.                        | 186,524,750 | 99.9571%           |                               |                | 0.0429%                      |
| AKSA AFYON DOĞALGAZ DAĞITIM A.Ş.                  | 1,000,000   |                    | 86.97%                        | 10.00%         | 3.03%                        |
| AKSA AĞRI DOĞALGAZ DAĞITIM A.Ş. (**)              | 1,000,000   |                    | 100.00%                       |                | 0.00%                        |
| AKSA BALIKESİR DOĞALGAZ DAĞITIM A.Ş.              | 21,000,000  |                    | 89.20%                        | 10.00%         | 0.80%                        |
| AKSA BANDIRMA DOĞALGAZ DAĞITIM A.Ş.               | 1,000,000   |                    | 86.97%                        | 10.00%         | 3.03%                        |
| AKSA BİLECİK BOLU DOĞALGAZ DAĞITIM A.Ş.           | 18,000,000  |                    | 99.20%                        |                | 0.80%                        |
| AKSA ÇANAKKALE DOĞALGAZ DAĞITIM A.Ş.              | 21,000,000  |                    | 89.20%                        | 10.00%         | 0.80%                        |
| AKSA DÜZCE EREĞLİ DOĞALGAZ DAĞITIM A.Ş.           | 26,000,000  |                    | 89.20%                        | 10.00%         | 0.80%                        |
| AKSA ELAZIĞ DOĞALGAZ DAĞITIM A.Ş.                 | 1,000,000   |                    | 86.97%                        | 10.00%         | 3.03%                        |
| AKSA GAZ DAĞITIM A.Ş.                             | 40,000,000  |                    | 89.20%                        | 10.00%         | 0.80%                        |
| AKSA GEMLİK DOĞALGAZ DAĞITIM A.Ş.                 | 1,000,000   |                    | 86.97%                        | 10.00%         | 3.03%                        |
| AKSA GÜMÜŞHANE BAYBURT DOĞALGAZ DAĞITIM A.Ş.      | 1,000,000   |                    | 96.97%                        |                | 3.03%                        |
| AKSA KARADENİZ DOĞALGAZ DAĞITIM A.Ş.              | 1,000,000   |                    | 91.55%                        | 7.65%          | 0.80%                        |
| AKSA MALATYA DOĞALGAZ DAĞITIM A.Ş.                | 1,000,000   |                    | 89.78%                        | 10.00%         | 0.22%                        |
| AKSA MANİSA DOĞALGAZ DAĞITIM A.Ş.                 | 15,000,000  |                    | 89.20%                        | 10.00%         | 0.80%                        |
| AKSA M. KEMALPAŞA SUS. KAR. DOĞALGAZ DAĞITIM A.Ş. | 1,000,000   |                    | 86.97%                        | 10.00%         | 3.03%                        |
| AKSA ORDU GİRESUN DOĞALGAZ DAĞITIM A.Ş.           | 1,000,000   |                    | 89.20%                        | 10.00%         | 0.80%                        |
| AKSA SİİRT BATMAN DOĞALGAZ DAĞITIM A.Ş. (**')     | 1,000,000   |                    | 97.00%                        |                | 3.00%                        |
| AKSA SÍVAS DOĞALGAZ DAĞITIM A.Ş.                  | 1,000,000   |                    | 86.97%                        | 10.00%         | 3.03%                        |
| AKSA ŞANLIURFA DOĞALGAZ DAĞITIM A.Ş.              | 5,000,000   |                    | 75.00%                        | 10.00%         | 15.00%                       |
| AKSA TOKAT AMASYA DOĞALGAZ DAĞITIM A.Ş.           | 1,000,000   |                    | 86.97%                        | 10.00%         | 3.03%                        |
| AKSA TRAKYA DOĞALGAZ DAĞITIM A.Ş. (*)             | 1,000,000   |                    | 100.00%                       |                | 0.00%                        |
| AKSA VAN DOĞALGAZ DAĞITIM A.Ş.                    | 1,000,000   |                    | 89.20%                        | 10.00%         | 0.80%                        |
| AKSA DOĞALGAZ TOPTAN SATIŞ A.Ş.                   | 7,000,000   | 99.2000%           |                               |                | 0.8000%                      |
| AKSA CNG SIKILAŞTIRILMIŞ DOĞALGAZ DAĞITIM A.Ş.    | 650,000     | 98.7692%           |                               |                | 1.2308%                      |
| ANADOLU DOĞALGAZ TOPTAN SATIŞ A.Ş.                | 2,700,000   | 98.8778%           |                               |                | 1.1222%                      |

<sup>(1)</sup> On 10.06.2017, Aksa Trakya Natural Gas Distribution's capital was increased to TL 1,000,000.

<sup>(\*\*)</sup> On 19.01.2017, Anadolu Natural Gas Distribution's shares were taken over by Aksa Natural Gas Distribution

<sup>(&</sup>quot;) On 01.03.2017, Anadolu Natural Gas Distribution's trade name was changed to Aksa Ağrı Natural Gas Distribution.

<sup>(&</sup>quot;") On 19.06.2017, Siirt Batman Natural Gas Distribution's shares were taken over by Aksa Natural Gas Distribution

<sup>(\*\*\*)</sup> On 01.07.2017, Siirt Batman Natural Gas Distribution's trade name was changed to Aksa Siirt Batman Natural Gas Distribution.

# Developments between the End of the **Reporting Period and Publication of** Report, and Our Targets



Through investments in expansion areas, Aksa Natural Gas will expand its potential residential subscriber base to 4.5 million. On the basis of these figures, the Company is expected to enjoy an annual growth trend of 35%.

- According to 2016 data from Fortune 500, Aksa Natural Gas has been ranked among the top 50 companies in terms of EBITDA and the companies that raised profitability by cutting operational costs.
- On December 26, 2016, EMRA held the Ağrı and Doğubayazıt Natural Gas Distribution License Tender. At this first TL-denominated energy tender held in Turkey, on the 26<sup>th</sup> round of underbidding, Aksa Natural Gas won the tender by submitting the lowest offer for system usage fee: 4,460 kuruş/KWh (=4,460 x 10.64/TL 100/m<sup>3</sup>) (=TL 0.474544/m<sup>3</sup>). After the final decision was reached and the necessary applications completed, Aksa Natural Gas Distribution's wholly-owned subsidiary Aksa Ağrı Natural Gas Distribution received the Ağrı Doğubayazıt Natural Gas Distribution License upon the Committee Decision dated April 13, 2017 and numbered 7021-2. Aksa Ağrı Natural Gas Distribution commenced operations after obtaining its license.
- A consensus was reached among investors to allow Aksa Natural Gas Distribution to acquire a 90% stake in Siirt Batman Natural Gas Distribution, which conducts natural gas distribution operations in Siirt, Batman and Kurtalan. Subsequently, the required application was submitted to EMRA for the share transfer.
- In line with its policies to extend natural gas use across the country, the Council of Ministers resolved to deliver natural gas to districts with a central population of 10,000 and over in its resolution numbered 2013/4347, and to districts with a central population of 20,000 and above in its resolution numbered 2016/9382. In addition, it was declared that natural gas will be provided to those districts that fulfill the conditions listed in the Principles Governing the Implementation of the (latter) Resolution, by expanding the existing natural gas licenses. Upon the expansion of license areas to 92 additional districts, which correspond to 45% of all the districts falling within this scope, Aksa Natural Gas will undertake the infrastructure investments to bring its potential residential subscriber base up to 4.5 million. The Company is projected to achieve an aggressive annual growth trend of above 35% due to this subscriber potential and the ensuing investments.

In keeping with these planned expansion efforts, Aksa Natural Gas aims to deliver natural gas to 27 provinces and 183 districts and neighborhoods within the boundaries of 31 provinces, thanks to its 21 natural gas distribution licenses. The regions to which natural gas delivery will commence during the 2017-2021 period include the following:

#### **Aksa Afyon Natural Gas Distribution**

Afyonkarahisar, Bolvadin, Çay, Dinar, Emirdağ, Şuhut, Sandıklı, Erkmen, İscehisar

Aksa Ağrı Natural Gas Distribution

**Ağrı,** Doğubayazıt, Patonos, Eleşkirt, Tatlıçay

**Aksa Balıkesir Natural Gas Distribution** 

Balıkesir, Ayvalık, Edremit, İvrindi, Havran, Burhaniye, Kepsut, Bigadiç

**Aksa Bandırma Natural Gas Distribution** 

Bandırma, Erdek

Aksa Bilecik Bolu Natural Gas Distribution

Bilecik, Bolu, Bozüyük, Söğüt, Pazaryeri, İnönü, Çukurhisar, Osmaneli, Vezirhan, Bayırköy, Yeniçağa, Dörtdivan, Karacasu, Gölpazarı

Aksa Çanakkale Natural Gas Distribution

Çanakkale, Biga, Çan, Kepez, Gönen, Ezine, Bayramiç, Mahmudiye, Lapseki, Dardanos, Güzelyalı, Gelibolu

Aksa Düzce Ereğli Natural Gas Distribution

Düzce, Karadeniz Ereğli, Gülüç, Kaynaşlı, Konuralp, Alaplı, Cumayeri, Gümüşova, Beyköy, Çilimli, Akçakoca Gölyaka, Boğaziçi, Yığılca

Aksa Elazığ Natural Gas Distribution

Elazığ, Yazıkonak, Yurtbaşı, Hankendi, Karakoçan, Sarıcan, Akçakiraz, Kovancılar, Palu

**Aksa Gas Distribution** 

Adana, Mersin, Osmaniye, Hatay, Antakya, İskenderun, Tarsus, Ceyhan, Dörtyol, Toprakkale, Payas, Karayılan, Sarıseki, Denizciler, Bekbele, Nardüzü, Azganlık, Belen, Kadirli, Yumurtalık, Defne, Kırıkhan, Bahçe, Erzin, Karaisalı, İmamoğlu, Kozan, Reyhanlı, Hassa, Arsuz, Düziçi

Aksa Gemlik Natural Gas Distribution

Gemlik, Umurbey

Aksa Gümüşhane Bayburt Natural Gas Distribution

Gümüşhane, Bayburt, Kelkit, Şiran

**Aksa Karadeniz Natural Gas Distribution** 

**Trabzon, Rize,** Akçabat, Of, Gündoğdu, Ortahisar, Güneysu, Ardeşen, Çayeli, Fındıklı, Pazar, Araklı, Arsin, Hayrat, Maçka, Sürmene, Vakfıkebir, Yomra, Beşikdüzü

**Aksa Malatya Natural Gas Distribution** 

**Malatya,** Konak, Gündüzbey, Yeşilyurt, Bostanbaşı, Yakınca, Topsöğüt, Şahnahan, Dilek, Hatunsuyu, Hanımçiftliği, Orduzu, Battalgazi, Hasırcılar, Doğanşehir, Akçadağ, Darende

**Aksa Manisa Natural Gas Distribution** 

Manisa, Turgutlu, Akhisar, Muradiye, Gölmarmara, Gördes, Alaşehir, Kırkağaç, Kula, Salihli, Soma, Saruhanlı, Ahmetli

Aksa Mustafakemalpaşa Susurluk Karacabey Natural Gas Distribution

Karacabey, Mustafakemalpaşa, Susurluk, Ovaazatlı, Yalıntaş, Tatkavaklı

**Aksa Ordu Giresun Natural Gas Distribution** 

Ordu, Giresun, Çarşamba, Ünye, Fatsa, Terme, Espiye, Bulancak, Ünye, Kabadüz

**Aksa Siirt Batman Natural Gas Distribution** 

Siirt, Batman, Tillo, Kozluk

**Aksa Sivas Natural Gas Distribution** 

Sivas, Şarkışla, Suşehri, Cemel, Divriği, Kangal, Zara, Gemerek, Gürçayır, Gürün

Aksa Şanlıurfa Natural Gas Distribution

Şanlıurfa, Siverek, Suruç, Karaköprü, Onbirnisan, Birecik, Viranşehir

**Aksa Tokat Amasya Natural Gas Distribution** 

Amasya, Tokat, Merzifon, Suluova, Turhal, Niksar, Erbaa, Zile, Ziyaret, Taşova, Gümüşhacıköy, Reşadiye, Başçiftlik, Pazar

**Aksa Van Natural Gas Distribution** 

Van, Edremit, Erciş

### **Natural Gas Wholesales**

Aksa Natural Gas Wholesales plays an active role in all market-related activities in order to help create and develop a free market in natural gas.



Aksa Natural Gas Wholesales aims to source inexpensive natural gas from overseas and supply it to domestic customers, in the event a competitive market is created and natural gas imports are liberalized.

With the enactment of Natural Gas Market Law No. 4646, Turkey's natural gas market started to become liberalized as prescribed in the law. The law aimed to supply consumers with high quality, continuous and inexpensive natural gas in a competitive manner without adverse impact to the environment. Aksa Natural Gas Wholesales was established on October 19, 2006 to conduct wholesale activities in the Turkish natural gas sector.

By winning the tender held on January 12, 2007 by Turkish Petroleum (Türkiye Petrolleri Anonim Ortaklığı – TPAO), the Company obtained the right to sell the natural gas produced at the Akçakoca-Çayağzı Natural Gas production facilities from Turkey's own resources for a threeyear period. On May 23, 2007, with the commissioning of the TPAO Akçakoca Çayağzı production facility, Aksa Natural Gas Wholesales became the first Turkish company to engage in wholesale natural gas activities in Turkey. The company has now succeeded in diversifying its supply sources by playing an active role in all market-related developments.

Planning for 2016 included targets to keep deal volumes low due to uncertainties in market conditions. With the emergence of more positive trends during the year, 137 million m³ of natural gas was traded. In 2016, long-term contracts were signed to bolster the market presence of Aksa Natural Gas Wholesales in the coming years.

Aksa Natural Gas Wholesales plays an active role in all market-related activities in order to help create and develop a free market in natural gas. The Company has obtained a stake in the Energy Exchange Istanbul (EPİAŞ), which was established to this end. Aksa Natural Gas also closely monitors the drafting of the Organized Wholesales Market Regulation and Market Operating Principles, which are expected to shape the future structure of the free market in Turkey. The company aims to source inexpensive natural gas from overseas and supply it to domestic customers, in the event a competitive market is created and natural gas imports are liberalized.

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## **Trade in CNG/LNG**

In 2016, Aksa Natural Gas focused on efforts to deliver services to regions where it is not technically or economically feasible to lay pipelines.



Aksa Natural Gas Wholesales closely monitors the markets to seize opportunities in LNG trading.

Upon an EMRA decision dated October 1, 2009 and numbered 2257-7, Aksa Natural Gas Wholesales was granted a Spot LNG Import License, allowing the company to achieve resource diversity and capitalize on any opportunities that may arise.

Due to developments in oil prices and fluctuations in exchange rates in 2016, prices on the LNG market were not competitive during the year. Although terminals are used for equilibration purposes, current market conditions prevent them from being used for commercial purposes. As a result, Aksa Natural Gas Wholesales, like other market players, has not been able to engage in LNG trade. However, the company continues to closely monitor the markets to seize opportunities that may arise in this field.

Due to the expansion of its distribution areas, the company conducted analytical studies related to the swift delivery of natural gas to customers in CNG format, especially in those regions where pipeline investments are not technically or economically feasible. With the creation of the necessary legal and regulatory framework, developments in this area are scheduled for completion. The company will embark on the implementation phase in fourth quarter 2017.

## **Technology Management and Investments**

In every geographic region and business segment where it operates, Aksa Natural Gas is committed to expanding its vision with its deep sector experience, growing the Company, and contributing to the national economy.



Thanks to the new communications systems infrastructure – which includes the 3-D SCADA model implemented for the first time in Turkey – Aksa Natural Gas will be able to manage and monitor the control points over the network more easily and safely, with operations capable of accessing data more quickly.

Aksa Natural Gas executes a meticulous process to correctly identify its technological needs and formulate appropriate solutions. In the product choice and design stages, the Company aims to ensure that all systems work in an integrated manner and that information security is safeguarded. In order to improve processes and diversify services provided to subscribers, the Company assesses its needs by using advanced technology products based on cost-benefit optimization results.

Since 2005, when it delivered its first natural gas supply, Aksa Natural Gas has embraced automation systems to manage its network, establishing all the necessary infrastructure to this end. Closely monitoring the latest technology-related developments, Aksa Natural Gas works to continuously improve and update its business processes. The Company enters into long term partnerships with firms specialized in advanced technologies, introduces numerous innovative solutions to the sector, and helps develop domestic resources. Aksa Natural Gas undertakes comprehensive capital investments and operates extensive systems for these purposes.

- The Company uses SAP for accounting, finance, maintenance, stock management, procurement in addition to other enterprise resource planning (ERP) systems.
- In its infrastructure information systems (CBS/GIS), the Company opts for ESRI, one of the most advanced products in this field. Day-to-day field measurements are marked directly on this system. Manufacturing data for the same day (e.g. installation date/ contractor/brand and type of the material used) are also recorded in the database in association with the graphics. All inquiries and work follow-up can be performed over mobile devices.
- The Subscription Management System in use is ATOS ABYS. Work has commenced for the Group to transition to a new generation system in 2017.
- ☐ The Customer Relations Management (CRM) system in place is Microsoft Dynamics.
- The Company uses Schneider Citect SCADA for Shipment Control

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Alarm Management is implemented in line with the criteria and levels set out in the Emergency Action Plan. Service is delivered via a web portal where customers can keep track of the data. The necessary intervention systems have been set up for management of the network, in line with technical and method requirements.

- All data in the Shipment Control Center is communicated in real time, automatically, at an accuracy rate of almost 100% to the Electronic Bulletin Table system, within the deadlines indicated by BOTAŞ Transmission Network Operation Regulations (ŞİD).
- Alarm Management is implemented in line with the criteria and levels set out in the Emergency Action Plan. Service is delivered via a web portal where customers can keep track of the data. Intervention systems have been set up for management of the network, in line with technical and method requirements.
- In 2016, after EMRA determined the basic criteria for Shipment Control Centers, a strategic decision was made to replace the Company's system with a more advanced version. To this end, an agreement was reached with the firm Iconics for the use of the central SCADA software; adaptation efforts started in fourth quarter 2016. Thanks to the new communications systems infrastructure which includes the 3-D SCADA model implemented for the first time in Turkey Aksa Natural Gas will be able to manage and monitor the control points over the network more easily and safely, with operations capable of accessing data more quickly. In addition, operations will be able to access data more quickly.
- Upon the launch of the new system platform, the Company's systems will run more efficiently on mobile platforms.
- Work has started on the Disaster Recovery Center which will ensure the continuity of the system in case of a catastrophic event. The Center is scheduled to become operational in 2017.
- Aksa Natural Gas is committed to managing all work according to defined procedures. The Company acquired a Process and Document Management System called Paperwork, and started using it to boost efficiency.





## **Human Resources**

Aksa Natural Gas strives to create a work environment based on amiability, respect, diversity and equal opportunity. The Company believes that success will be achieved once these principles are implemented in a transparent and equitable manner.



Aksa Natural Gas Group takes the country's economic conditions into account when formulating its remuneration policy. The Company upholds fairness within the Group and competitiveness within the sector.

### **Aksa Natural Gas's Human Resources Policy**

Aksa Natural Gas sees its workforce as its greatest asset, and bases its Human Resources Policy on the values of Kazancı Group.

In order to deliver high quality services to its customers, the Company continuously provides its employees with opportunities to improve their professional, intellectual and behavioral skills, thus boosting their productivity. The Company strives to add to the Aksa family those team members in harmony with its corporate culture, who possess the competence, knowledge and development potential to carry the Company forward into the future.

Aksa Natural Gas aims to optimize employee performance and maximize the staff's happiness through its culture of excellence. The Company also values their families and fosters a culture of loyalty in order to achieve corporate goals together.

The main axis of the Company's Human Resources Policy is to build the organizational structure of all the companies under Aksa Natural Gas Group with teamwork-oriented, open-minded, productive individuals. The Company focuses on those persons who uphold its corporate values, helping them to constantly develop themselves in line with the culture of excellence. The objective is to become a company that inspires pride in all employees.

Aksa Natural Gas strives to create a work environment based on amiability, respect, diversity and equal opportunity. The Company believes that success will be achieved once these principles are implemented in a transparent and equitable manner.

#### **Selection and Placement**

Aksa Natural Gas aims to attract those candidates needed to achieve the Company's strategic planning objectives and long-term targets. The Company conducts the selection process in line with the principles of equal opportunity and non-discrimination. Aksa Natural Gas recruits those individuals who possess the experience and competence demanded by the position. In addition, the Company develops and manages the staff in a systematic fashion.

Employment applications received are assessed by the Human Resources Department based on candidate competence. First, the Department makes a preliminary assessment of the candidates. In the second stage, the relevant unit managers evaluate their technical proficiency. Selection is made from among those candidates who are customer focused, open to learning and change, adaptable to multicultural environments, in step with technology and innovations, and who embrace teamwork. After these assessments, outstanding candidates are asked whether they remain interested in the relevant position, provided preliminary information about the job, made an offer, and recruited if they accept.

### **Training and Development**

As required by its corporate vision, Aksa Natural Gas competently equips its personnel with the knowledge and experience required by the times, aims them to acquire an infrastructure already prepared for the future by creating values that go beyond the current age; and accordingly, supports its employees with training programs designed to help them adapt proactively to change and developments so as to contribute both to their own personal development as well as to their companies. Aksa Natural Gas aims to continuously improve its organization, and ensure that everyone embraces the culture of learning. To these ends, the Company provides the staff with various training and development opportunities in keeping with their professional and personal development needs.

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Aksa Natural Gas supports each employee with planned and continuous work from the first day. The training process starts with an Orientation program, so that employees can adapt to the Company and their job, and receive all the information they need.

Under this program, employees receive basic information on:

- The Group and the Company, their various policies, visions, missions and targets,
- Human resources practices,
- The relevant function, position and department.

Throughout their tenure at the Company, employees are offered training programs to help them develop the individual competence demanded by their post in line with their overall career plans. As part of employee career planning, priority is given to those personnel who have been promoted to a higher position or who have assumed new tasks after shifting to a new position at the Company, so that they can work in a more productive manner.

Aksa Natural Gas's training programs include:

- On-the-Job Training,
- In-House Career Training,
- Training Outside the Company,
- Online Training.

These programs help employees translate the potential they possess into maximum occupational performance.

## **Performance Management**

To ensure that all Aksa Natural Gas companies achieve the corporate strategies and high quality standards, both corporate and individual efforts and success are monitored and measured with the Performance Management System. Performance assessments are conducted on an annual basis. Each year, high scoring staff members are identified and rewarded.

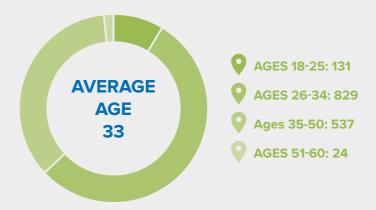
## **Remuneration Policy**

In shaping its remuneration policy, Aksa Natural Gas Group takes into account the national economic conditions, striving to be fair within the Group and competitive within the sector. The Human Resources Department's market surveys, performance assessment results and business analysis methodology are used to determine the salary scale and pay rises. Employees are rewarded according to their performance to keep their motivation at a high level.

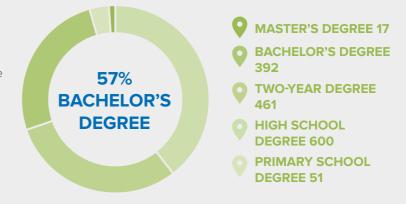
## **Gender Breakdown of Employees**



## **Age Breakdown of Employees**



## **Education Breakdown of Employees**



# **Occupational Health and Safety**

During its 15 years in business, Aksa Natural Gas has undertaken all its investments with zero work accidents.



Viewing people as its most important asset, Aksa Natural Gas always places a top priority on occupational health and safety measures in all its business operations.

Viewing people as its most important asset, Aksa Natural Gas always places a top priority on occupational health and safety measures in all its business operations. The creation of a healthy and safe working environment is not merely a legal obligation but rather a culture embraced by all employees at Aksa Natural Gas. The Company's most important responsibility is ensuring a peaceful and safe work environment for the staff by avoiding work-related accidents and occupational diseases in high-risk activities.

Aksa Natural Gas's organizational structure is designed so that Company managers are responsible for creating a safe and healthy work environment for all employees and stakeholders. The Company's management staff also set and manage occupational health and safety targets at every operational level. All personnel, subcontractors and suppliers are expected to fully comply with the OHSAS 18001 Occupational Health and Safety Management System in order to identify possible hazards, contribute to risk assessments, and conduct business operations safely, pursuant to system, legal and regulatory requirements.

To ensure the continuity of the OHSAS 18001 Occupational Health and Safety Management System, a comprehensive project was launched in March 2015 to implement the centralized occupational health and safety structure across the office and field working environments of all distribution companies under Aksa Natural Gas. The initiative is executed by 1,800 highly specialized staff from our 20 distribution companies located all across Turkey and coordinated in a centralized manner. The annual business plans by the specialized central staff are designed to further enhance the skill set of the Company's occupational safety officers. The centrally utilized occupational health and safety software customized for Aksa Natural Gas allows the management to monitor and control the distribution companies in a dynamic fashion. Thanks to this innovative software, the occupational health and safety activities of an employee are monitored from their first day at work.

To identify and prevent any external hazard, annual risk assessments are conducted in all distribution companies; the findings of these studies are eradicated in the most expeditious manner with the participation of employees. Disabled, pregnant or breastfeeding staff are given priority in risk assessments.

No new employee can start work without an appropriate health report in line with the tasks that they will perform. Current employees undergo annual health checks to ensure that they are fit for the job they perform.

Aksa Natural Gas shapes its business operations and improvements around the understanding that:

- Each employee should play an active role in establishing occupational safety;
- Employees are the key factor to ensuring a safe work environment;
- Raising employee awareness of "Regardless of one's seniority, a task should always be performed with the proper occupational safety measures in place" is critical;
- Continuously reminding employees of the possible results of their unsafe actions is essential.

Given its continuous training and information efforts, the Company only accepts "zero work accidents" as a performance target. Adopting the motto "People First," Aksa Natural Gas is moving forward under the management's leadership and commitment, coupled with the participation of employees, to become "The Most Reliable Company" in the sector in terms of occupational health and safety.

Aksa Natural Gas also organizes training programs to provide the appropriate occupational health and safety skills and competence to its staff as well as that of its contractors.

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## The Environment

Aksa Natural Gas has geared up efforts to establish an ISO 50001 Energy Management System and to certify its effective operation.



Aksa Natural Gas helped cut carbon emissions in its license regions by 5.5 million tons in a single year by replacing coal with natural gas.

### **Aksa Natural Gas's Environmental Policy**

Aksa Natural Gas sees protection of nature as critical to achieving sustainable growth. The Company shapes its business operations around minimizing its environmental footprint and contributes to preserving the natural environment. With this vision, Aksa Natural Gas has formulated an Environmental Policy based on the following principles:

- Safely minimizing the environmental footprint of the Company's operations in harmony with all its stakeholders and leaving a healthy environment for future generations,
- Adding value to the environment and living standards by ensuring continuous improvement in compliance with applicable environmental legislation, under the scope of ISO 14001 Environment and OHSAS 18001 Occupational Health and Safety Management Systems,
- Using natural resources in an efficient manner to minimize waste and prevent pollution at the source. Keeping under control the possible environmental impact of subcontracted companies,
- Supporting all stakeholders deemed relevant in terms of environmental training and practices, and ensuring sustainability.

#### **Aksa Natural Gas's Environmental Practices**

Aksa Natural Gas sees the increased use of renewable energy sources in Turkey and across the world as an urgent priority to ensure a sustainable and peaceful life. In keeping with this mission, the Company conducts its licensed operations in a holistic manner.

Under the ISO 14001 Environmental Management System, Aksa Natural Gas has realized all its business operations responsibly to mitigate their environmental impact, prevent pollution, encourage the protection of natural resources, and ensure continuous improvement. In addition to audits conducted by independent firms, the Company also performs regular in-house system audits to guarantee the efficiency and continuity of the ISO 14001 Environmental Management System.

Aksa Natural Gas has also started work on ISO 50001 energy management related activities to prevent waste, lessen the burden of energy expenditures on the economy, and protect nature by boosting energy efficiency. Efforts to establish the ISO 50001 Environmental Management System and obtain the necessary certification continue at full speed.

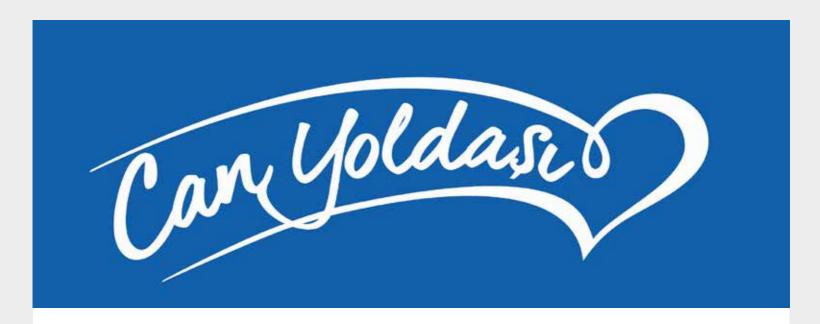
Waste management and environmental permits are key components of the environmental management approach at Aksa Natural Gas. To reduce the waste produced by distribution companies, methods such as reuse, recycling and elimination are used, with all legal and regulatory requirements fully met.

Different types of waste are classified accurately and kept in storage areas under appropriate conditions. Waste is prevented from contaminating the soil and water during storage. All waste is delivered to Ministry of Environment and Urbanization-licensed elimination firms within the deadlines prescribed by waste management regulations.

Aksa Natural Gas's top priority targets include raising ecological awareness among the employees and stakeholders, complying with all applicable laws, rules and regulations, and leaving a healthy environment for future generations.

# **Corporate Social Responsibility**

Believing that equal opportunity for all social groups is necessary to ensure Turkey's economic and social development, Aksa Natural Gas has launched the Life Companion project for disabled citizens.



Aksa Natural Gas strives to ensure that its social responsibility activities make a concrete, ongoing contribution to society at large.

Since its inception, Aksa Natural Gas has shaped its business operations with the awareness of the Company's immense responsibility to society, which is the true source of its power, while guided by the social and environmental values of Kazancı Group. The Company monitors the social and environmental impacts of its activities in the regions where it operates. In addition, Aksa Natural Gas works to resolve local problems and raise the living standards of local residents. To become an integral part of the local community, the Company engages in open dialogue with the local population. Similarly, the Company invites all its stakeholders to share the core values that make up its corporate culture.

Aksa Natural Gas strives to ensure that its social responsibility activities make a concrete, ongoing contribution to society at large. Instead of investing in short-term projects, the Company works to execute longterm projects designed to become self-sustaining over time. In the corporate social responsibility projects that it develops or supports, Aksa Natural Gas demonstrates the same performance and sensitivity as in its commercial operations.

#### **Life Companion**

Aksa Natural Gas believes that it is very important for equal opportunity to exist in every aspect of society to ensure the economic and social development of our country. In this spirit, we closely monitor the problems that our more than 8 million disabled citizens experience in their everyday lives. In keeping with this vision, the Company

developed the "Life Companion" project in 2015 to make life safer for the disabled in its core business area.

Providing continuous and safe natural gas to its subscribers in 27 provinces and 135 districts and neighborhoods, Aksa Natural Gas launched the Life Companion initiative to deliver extremely fast services under emergency situations. As part of the project, when disabled individuals registered in Aksa Natural Gas's subscription system call the Natural Gas Emergency Line 187 or the 444 4 187 Solution Center, the system automatically shows that the call originates from a disabled subscriber. At that time, call center operators immediately dispatch emergency teams to the home or office in question without even waiting for the subscriber to explain the situation in detail. Aksa Natural Gas aims to save lives by delivering emergency services to disabled subscribers alone in a hazardous situation.

Under the Life Companion project, we have started yet another exemplary effort by teaching sign language to our employees, mainly field personnel. We have also taken steps to spread this effort to other natural gas company members of the Turkey Natural Gas Distributors Association (GAZBİR).

Aksa Natural Gas's Life Companion project – the first of its kind in the sector – received the Golden Valve award at the 2016 Turkey Energy Sustainability 117



Aksa Natural Gas invites all its stakeholders to share the core values that make up its corporate culture.

### **Other Social Responsibility Activities**

A Commemorative Forest for Every Distribution Region Project: With this initiative, Aksa Natural Gas aims to contribute to society now and in the future by creating new forest areas in all its distribution regions. Under the project, commemorative forests are formed on tree planting days. In 2016, 300 saplings were planted in Afyon and 179 in Şanlıurfa.

Book, Stationery and Clothing Donations to Students: Aksa Natural Gas employees regularly visit schools in their areas of operation, and provide students in financial need with school supplies, stationery and clothing.

Visits to Retirement Homes and Child Protection Centers on Special Days: Aksa Natural Gas personnel, in line with the Company's corporate social responsibility approach, visit retirement homes and child protection society centers on special days, to support the individuals living in these facilities.



In the corporate social responsibility projects that it develops or supports, Aksa Natural Gas demonstrates the same performance and sensitivity as in its commercial operations.

Volunteers for Çanakkale Project: Aksa Çanakkale Natural Gas Distribution employees and İntepe Primary School students have launched the Volunteers for Çanakkale Project to raise the community's awareness on protection of the environment, history and cultural heritage. As part of the effort, employees and students visited the Turgut Reis Bastion, and watched the special performance by Çanakkalegaz volunteers. In addition, the volunteers participated in the planting of trees in İntepe Forest, which sustained fire damage in the summer of last year.

Aksa Natural Gas Supports Archeology: Aksa Çanakkale Natural Gas Distribution entered into a sponsorship agreement with Çanakkale Provincial Culture and Tourism Directorate (on behalf of the Ministry of Culture and Tourism) for the Archeological Surface Survey from Neolithic to Late Iron Age in the Central District of Çanakkale. The survey will be presided over by Assistant Prof. Derya Yılmaz. The sponsorship covers project work from September to end-December 2016, project work in 2017, as well as publication related work in 2018.

**Blood Donation to Kızılay:** At events held periodically under the coordination of Aksa Natural Gas, employees donate blood to Kızılay (Turkish Red Crescent).

