

History and Future Outlook of the Hungarian LPG Market

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History of the Hungarian LPG market

- From monopolistic, state owned to privatisation (1992):
Prímagáz/SHV and Total
- Cylinder market dominant (97%)
- Special features: aluminium cylinders, 2 basic cylinder types
- 1996: Record high volume: 356 kT
- More competitors entering: Shell, MOL, BP, Termofarm, KEG



LPG sites 1992





History of the Hungarian LPG market

- Autogas started in mid '90s
- Biggest bulk client 1,700 ton
- Biggest cylinder reseller 1,600 ton
- 13,000 sales points
- 16,000 bulk clients





Product sources in Hungary





Requirements to start a company

- Registering the company at the court
- Proving the required sources (gas amount, according the business plan)
- Required qualification in lpg handling
- Getting the excise duty permission, bonded warehouse permission
 - Bank guarantee for 0.45+0.30 M €,
 - 300 m3 storage at the location
- Audited quality system

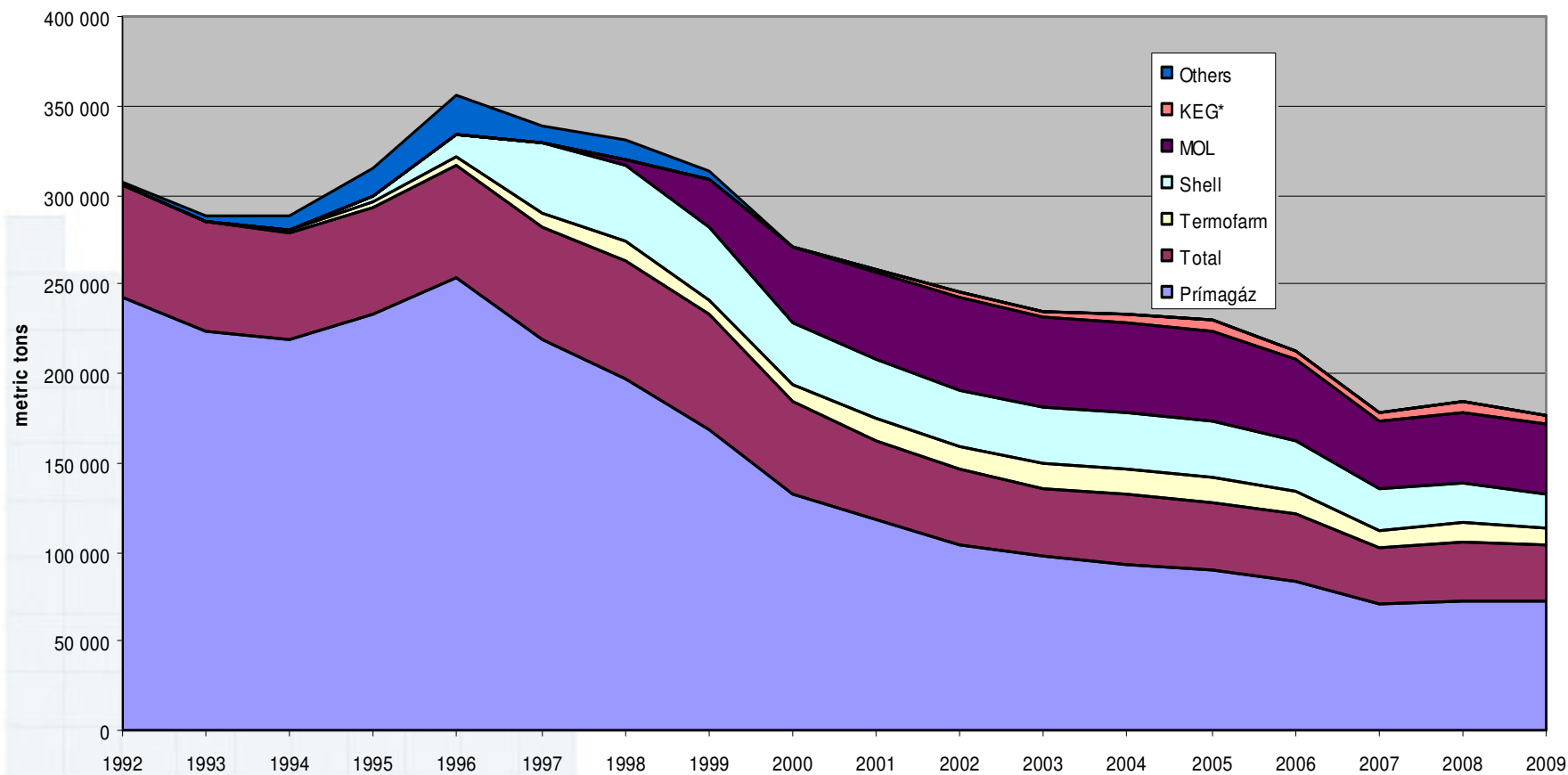


Requirements to start a company

- Plant authorisation (Safety, Seveso, working law, environmental)
- Valid liability insurance
(for damage, environment, damage made to a third person, at least 1.1 M €)
- Specific LPG business regulations
(considers the interest of the customers, determines the rights, obligations and responsibility of the LPG supplier, the retail dealer and the customer)



Volumes 1992 - 2009



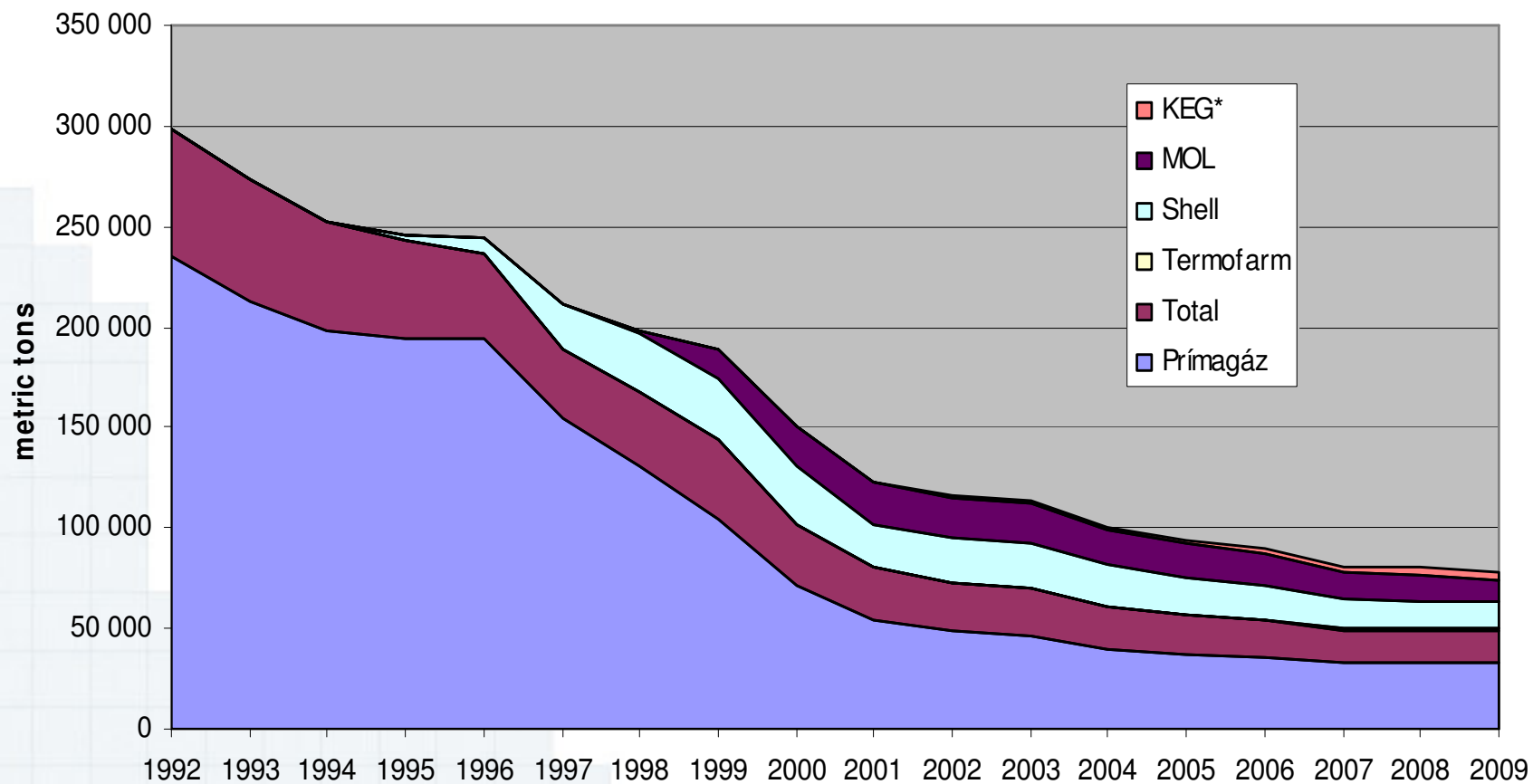


Market features

- High natural gas penetration
- NG subsidy system
- Summer kitchen effect
- Product price development
- Domestic heating
- New green field investments - bulk
- Big retailers' - OMV, AGIP, CoopHungary, MOL, Shell - role
- Home delivery system
- Mobile terminal on delivery trucks
- POS terminal + partner cards



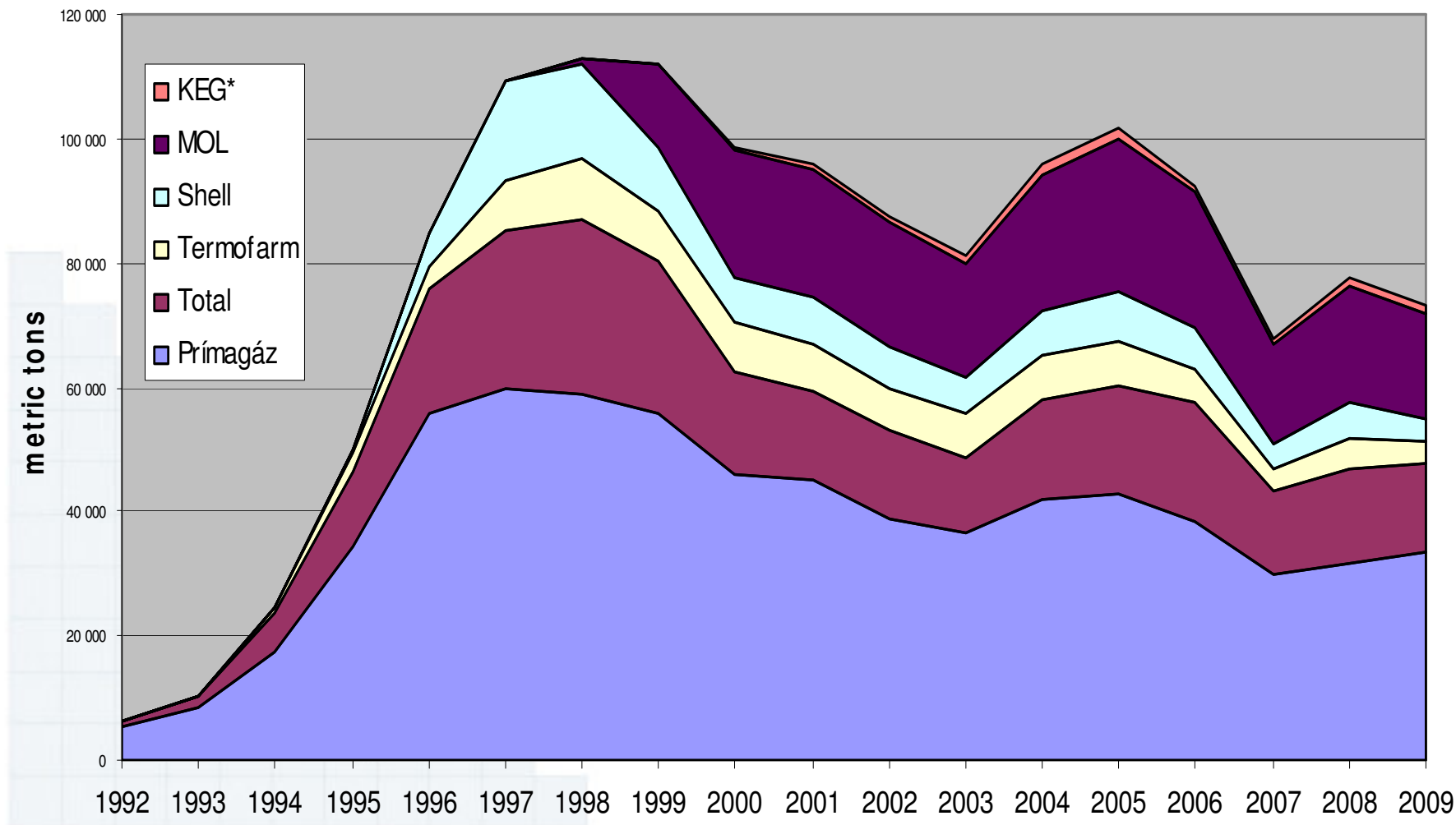
Cylinder volumes 1992 - 2009



- **Segments:**
 - Heating, cooking : 11.5/23 kg
 - Barbeque, patio heater: 11.5 kg
 - FLT cylinders: 11kg/12kg
 - Propane cylinder for metal cutting; isolation
 - Mainly alu cylinders, except FLT and propane
- 4 filling plants - cross filling
- **Supply chain:**
 - Direct clients
 - Sales point network - no whole sale system
 - Voucher/Card clients



Bulk volumes 1992 - 2009



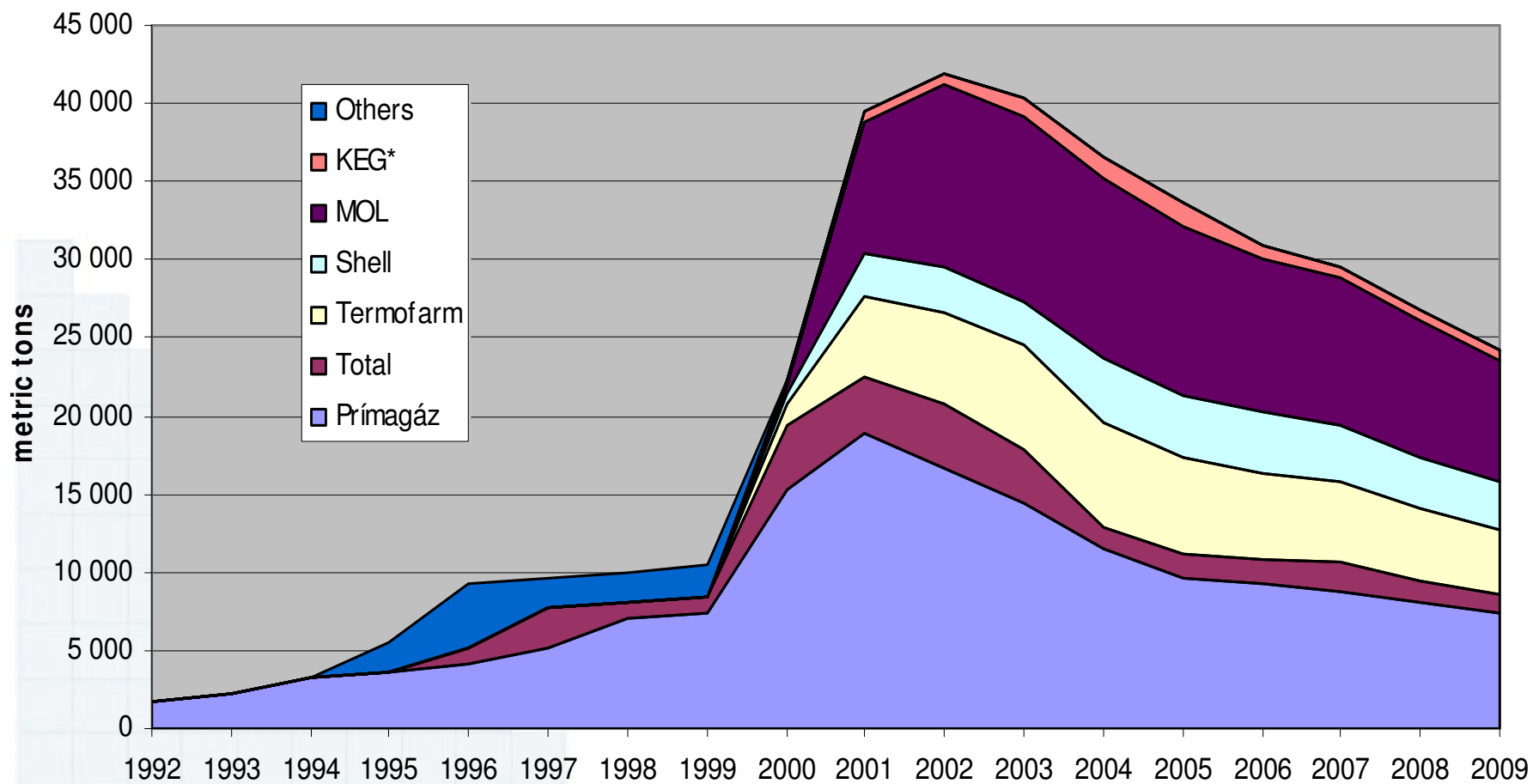


Bulk market

- **Segments:**
 - Domestic heating
 - Industrial/Agriculture heating
 - Grain drying
 - Asphaltting segment
 - HOtelREstaurantCAtering segment
 - FLT
- Mainly above ground tanks (5 m³ and 3 m³)
- Supply chain:
 - Only direct sales



Autogas volumes 1992-2009



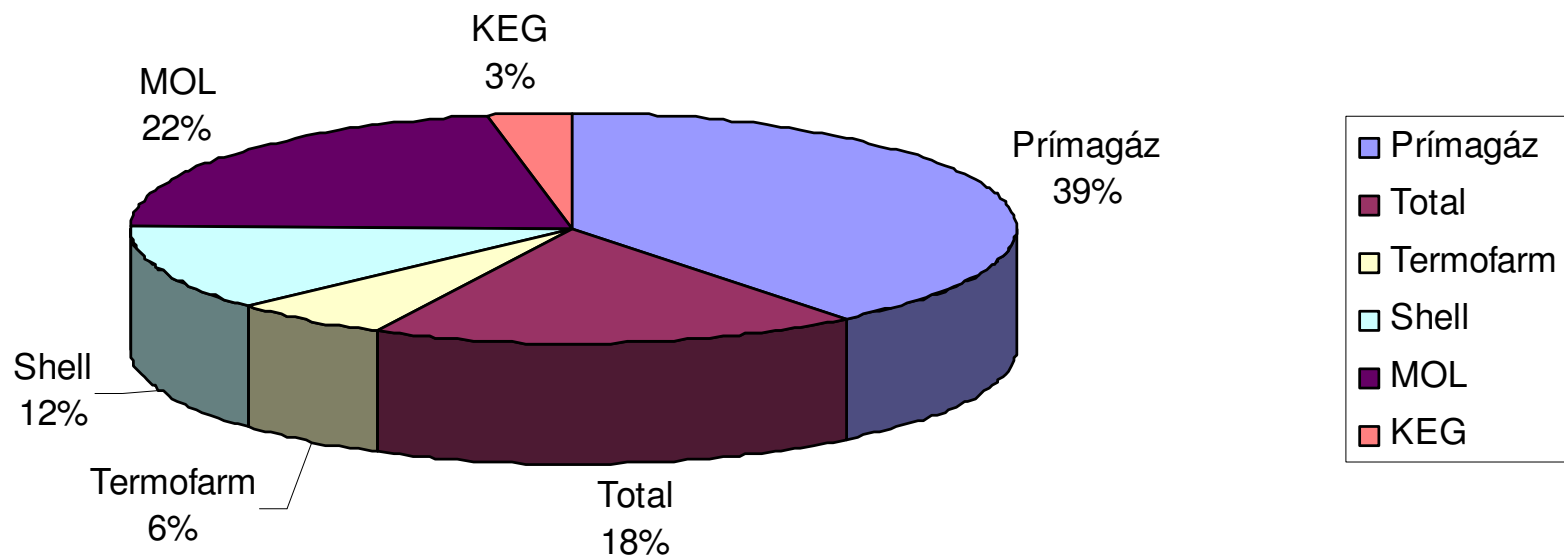


Autogas market

- Strong regulations (pump attendant, parking garage)
- Excise duty 170 € / mT
- Many private LPG stations
- All international companies sell autogas
- 500 sales points - low volume per site



Estimated market shares 2008





Future outlook

- Mature market
- Repositioning LPG
- Lobbying (e.g.: autogas)
- Law enforcement
- Shake out to come

