Welcome to Bangladesh
Bangladesh – LPG Market Development Experience

Introduction

Challenges & Opportunities

Bangladesh

The Project

Questions?
Bangladesh Overview

- Location
- The Country
Bangladesh - Location
**Bangladesh – Country Overview**

- **Full Name**: People’s Republic of Bangladesh
- **Area**: 144,000 sq. km
- **Climate**: Tropical
- **Capital**: Dhaka
- **Port Cities**: Khulna (Mongla), Chittagong

*Bangladesh-Wesfarmers’ Offshore Experience*
The Project

- Details
- Shareholders
- Attraction
- Operational Processes
The Project - Shareholders

- Wesfarmers Energy
- Elpiji Malaysia

Bangladesh-Wesfarmers’ Offshore Experience
Attraction

- Deregulation of LP Gas Industry
- Growth Opportunities
- Investment Incentives
- Community Benefits

Bangladesh-Wesfarmers’ Offshore Experience
Operational Processes

- Refinery Production
- Ship Transport
- Unloading
- Storage
- Cylinder Filling
- Cylinder Transport
- Dealer
- Distribution Centers
- Road Transport

Kleenheat Gas

Bangladesh-Wesfarmers’ Offshore Experience
LP Gas business in Bangladesh

Challenges...
## Market

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Product Category</th>
<th>Consumption 2009 MT/Year</th>
<th>Consumption 2014 MT/Year</th>
<th>Increase, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Domestic</td>
<td>49,737</td>
<td>89,527</td>
<td>44%</td>
</tr>
<tr>
<td>2</td>
<td>Commercial</td>
<td>1,569</td>
<td>3,452</td>
<td>55%</td>
</tr>
<tr>
<td>3</td>
<td>Industrial</td>
<td>835</td>
<td>3,200</td>
<td>74%</td>
</tr>
<tr>
<td>4</td>
<td>Auto Gas</td>
<td>808</td>
<td>1,400</td>
<td>42%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>52,949</strong></td>
<td><strong>97,578</strong></td>
<td><strong>46%</strong></td>
</tr>
</tbody>
</table>
Domestic Users

**Lower Income**
- Cow Dung Sticks
- Wood
- Jute Stick

**Mid/high Income**
- Kerosene
- LPG
- Energy-mix
Commercial Market

High Pressure Kerosene Burners
- Roadside Tea-stalls
- Larger Restaurants
- Hotels

Traditional “Ovens”
- Wood
- Coal
- Jute Stick
Ship breaking
The ship-breaking industry in Chittagong can consume 10,000 tones per annum.

Metal Cutting
Steel heating and cutting

Aerosol spray
Pressurized spray cans
Market - Autogas

Current MRP:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Autogas</td>
<td>Tk. 45 per liter</td>
</tr>
<tr>
<td>Octane</td>
<td>Tk. 77 per liter</td>
</tr>
<tr>
<td>CNG</td>
<td>Tk. 17 per cum</td>
</tr>
</tbody>
</table>

- Kleenheat is the only operator
- Operates in market where no CNG

Bangladesh-Wesfarmers’ Offshore Experience
## Industry Participants

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Company</th>
<th>Storage Capacity (MT)</th>
<th>Market Share, approx. %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>BPC</td>
<td>600</td>
<td>28%</td>
</tr>
<tr>
<td>2</td>
<td>Kleenheat</td>
<td>1800</td>
<td>20%</td>
</tr>
<tr>
<td>3</td>
<td>Totalgaz</td>
<td>2500</td>
<td>20%</td>
</tr>
<tr>
<td>4</td>
<td>Bashundhara</td>
<td>3000</td>
<td>18%</td>
</tr>
<tr>
<td>5</td>
<td>Jamuna</td>
<td>400</td>
<td>14%</td>
</tr>
</tbody>
</table>
Challenges/Threats:

- **Fluctuations of CP**
  - Lot of ups & downs, uncertainty
  - Difficult to adjust MRP

- **Govt. subsidy on both LPG and NG**
  - Subsidizes natural gas for all users
  - Subsidizes LPG to dealers

- **Safety standards**
  - LP Gas rules 2004, Department of Explosives, Govt. of Bangladesh
  - Adherence with standards affects cost structure

- **Operational standards (correct weight, cross filling)**
  - Correct weight – different weight in similar sized cylinder
  - Cross filling

- **Duty structures**
  - Higher duty on cylinders & accessories impeding growth
LP Gas business in Bangladesh

Opportunities....

Bangladesh-Wesfarmer’s Offshore Experience
Domestic Opportunities

- Designing a convenient burners/stove for both NG, LPG
- Optimizing Supply Chain
- Satisfying Customers through best service

Bangladesh-Wesfarmers’ Offshore Experience
Industrial/Commercial Opportunities…..

- **Technology to replace/co-exist with NG**
  - Many industrial NG users don’t see LPG as alternative due to price or unawareness

- **Guaranteed availability of LPG against depleted NG**
  - NG supply no longer uninterrupted

- **Investment by local/foreign entrepreneurs**
  - Democratic government with investor friendly policies

- **Big market size**
  - Growing demand from huge population

Bangladesh-Wesfarmers’ Offshore Experience
Autogas opportunities.....

- 1 m+ sedans mostly run by CNG, only 5 Autogas stations
- CNG supply interruption
- Autogas more convenient and proven alternative
- Lesser investment for running an Autogas station

Bangladesh-Wesfarmers’ Offshore Experience
Opportunities – Summary:

Natural Gas demand & supply situation

Easy technology transfer

Internal (local entrepreneurs) and External (ADB, WB, donors) Forces

Competitive Benefit of LPG to transport easily everywhere (both domestic & Autogas)

Government assistance to promote alternative energy

Bangladesh-Wesfarmers’ Offshore Experience
Questions?