

**AYGAZ**

**Q3. 2019**

**Earnings Release Report**

November 07, 2019



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## Disclaimer

- This presentation may contain forward-looking statements that reflect the company management's current views with respect to certain future events. Although it is believed that the expectations reflected in these statements are reasonable, they may be affected by a variety of variables and changes in underlying assumptions that could cause actual results to differ materially.
- Neither Aygaz nor any of its directors, managers or employees nor any other person shall have any liability whatsoever for any loss arising from use of this presentation.

# Highlights

## Operational - Quarterly

According to Q3 2018



**Domestic LPG sales**

**317**

Thousand tons

**1%** YoY



**International and  
wholesale LPG sales**

**216**

Thousand tons

**-8%** YoY



**Total LPG sales**

**532**

Thousand tons

**-3%** YoY



- Cylinder sales are 87 thousand tons (at previous year's level)
- Autogas sales are 219 thousand tons (+2% YoY)
- While our domestic sales improved in line with positive developments within the country, effect of wholesale sales is seen in our total sales due to more companies in our portfolio starting to import for themselves.



# Highlights

## Operational – 9 Months cumulative

According to 9M 2018



**Domestic LPG sales**

**818**

Thousand tons

**-4%** YoY



**International and  
wholesale LPG sales**

**731**

Thousand tons

**4%** YoY



**Total LPG sales**

**1,548**

Thousand tons

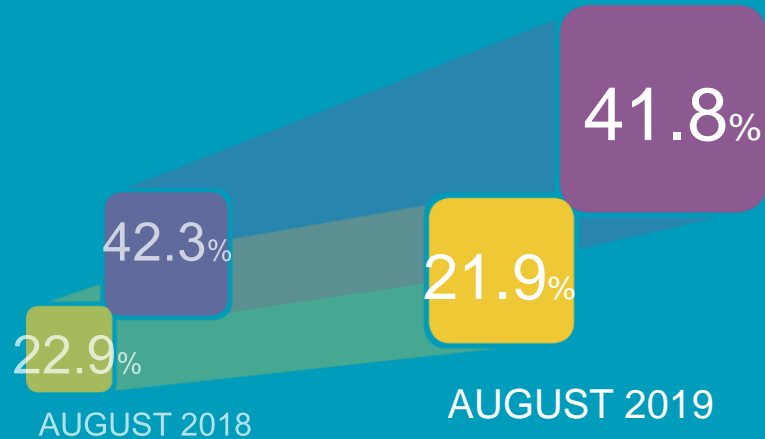
**-0.3%** YoY



- Cylinder sales are 232 thousand tons (-4% YoY)
- Autogas sales are 555 thousand tons (-3% YoY)
- Our total sales is at previous year's figures due to the 13% increase in international sales.



# Highlights



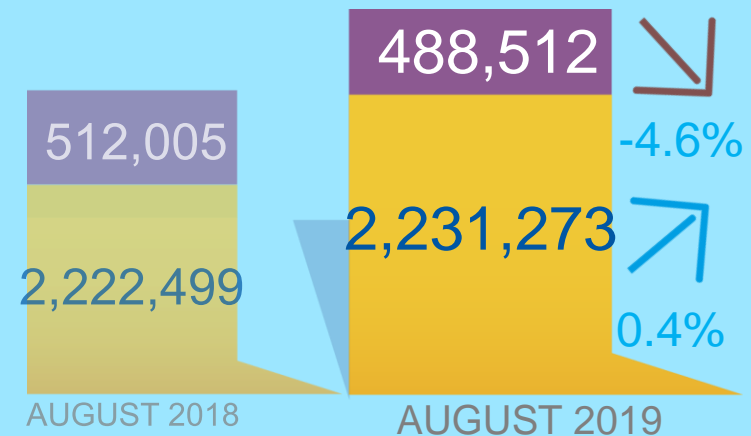
As of August 2019 EMRA report, Aygaz cylinder and autogas market shares are 41.8% and 21.9% respectively.

(42.3% and 22.9% in August 2018)

According to August 2019 EMRA report, Turkish cylinder sales volume is 488,512 thousand tons and autogas volume is 2,231,273 thousand tons.

2018/ 8 months:

Cylinder gas	512,005	tons
Autogas	2,222,499	tons



SALES VOLUME (Tons)

EMRA, Aygaz



# Highlights

## Financial

QUARTERLY / (YoY)

Revenue	<b>2,549</b> Million TL	<b>-12%</b> YoY ↓
Operating profit	<b>129</b> Million TL	<b>53%</b> YoY ↑
EBITDA	<b>160</b> Million TL	<b>51%</b> YoY ↑
Net profit	<b>68</b> Million TL	<b>-39%</b> YoY ↓



# Highlights

## Financial

9 MONTHS CUMULATIVE / (YoY)

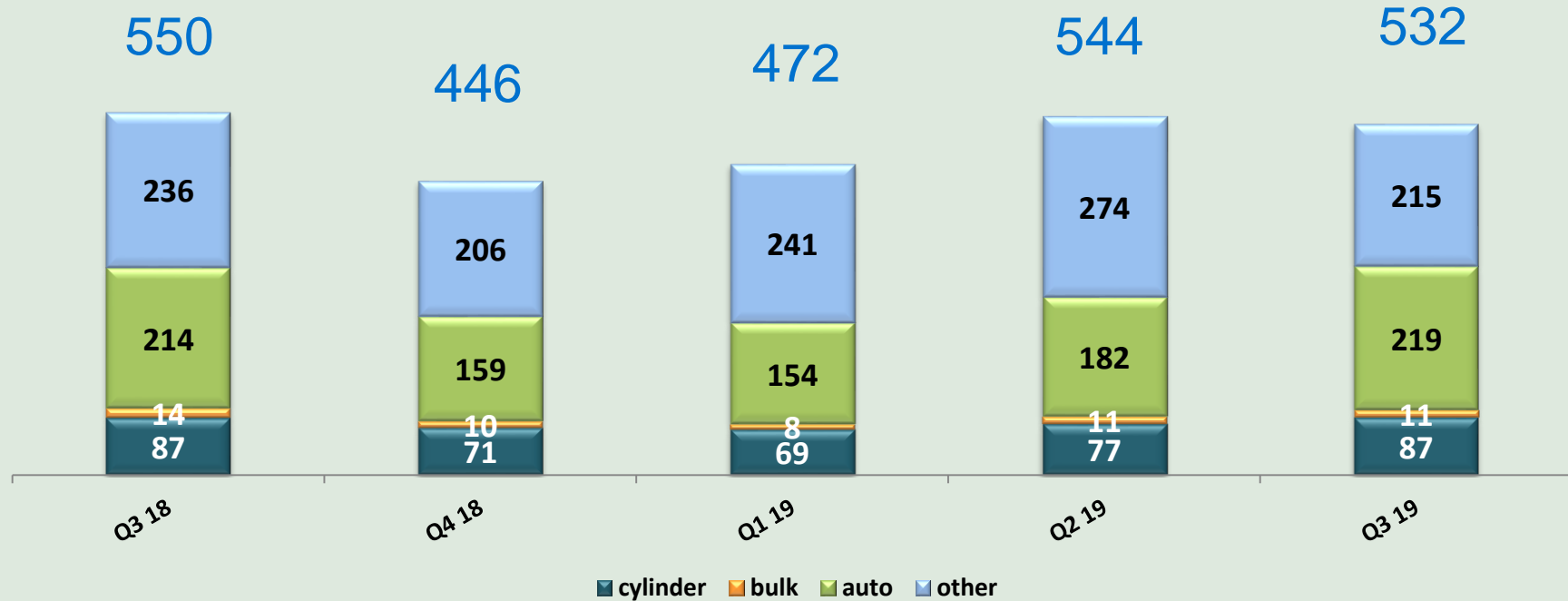
Revenue	<b>7,645</b> Million TL	<b>+6%</b> YoY	↑
Operating profit	<b>250</b> Million TL	<b>+26%</b> YoY	↑
EBITDA	<b>345</b> Million TL	<b>+30%</b> YoY	↑
Net profit	<b>199</b> Million TL	<b>-37%</b> YoY	↓

- Operating profit increased with the favorable impacts of cylinder gas profitability, effective cost control policies and the positive contribution from other operating income/expenses contrary to the same period of previous year;
- whereas lower contribution from the investments under equity method was reflected on net profit.

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## Aygaz LPG Sales (Quarterly)

(Thousand tons)



### Q3 2019 sales volumes were realized as

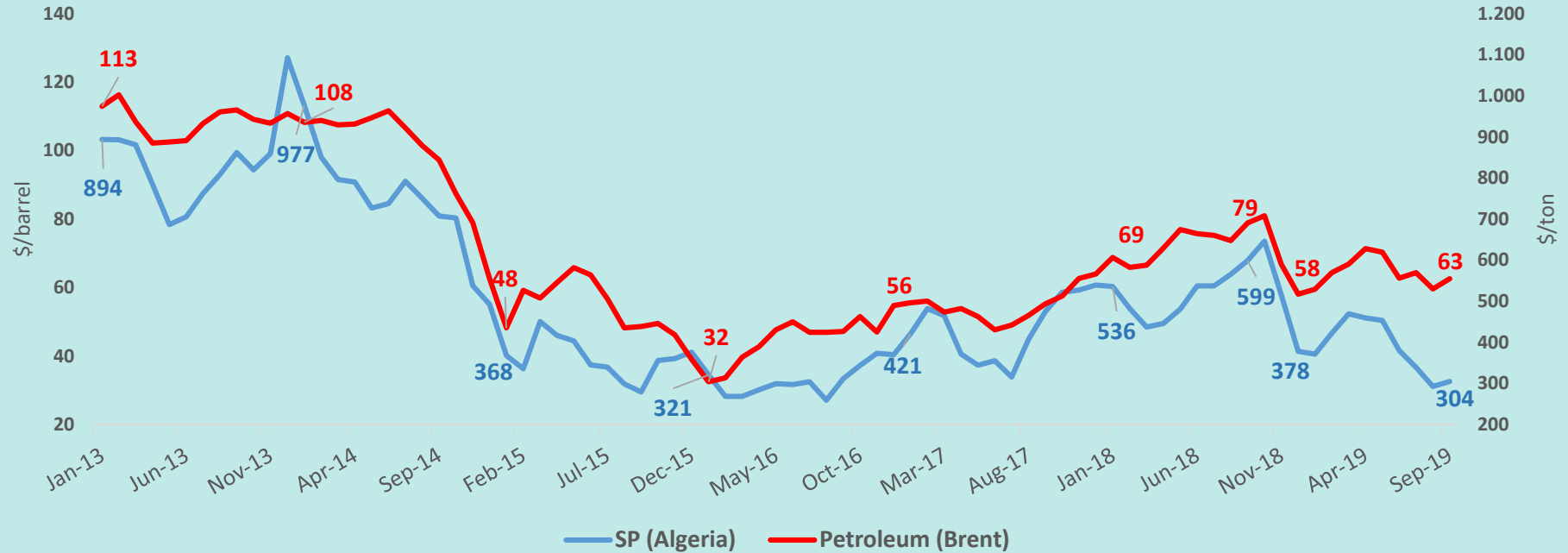
- 219 thousand tons in Autogas (+2% YoY)
- 87 thousand tons in Cylinder Gas (+0.3% YoY)

EMRA, Aygaz



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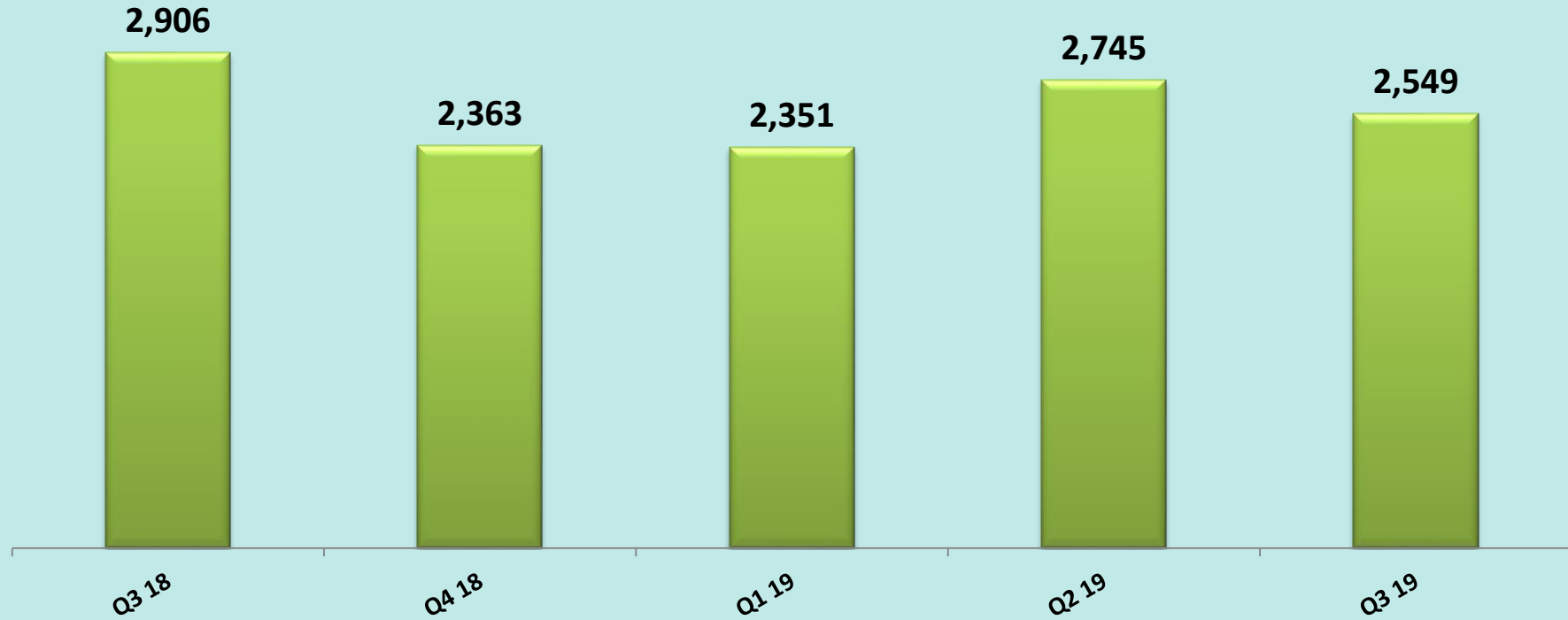
## LPG – Brent world prices



- September 2019 Sonatrach LPG price is at USD 304 and 49% lower than September 2018 price.

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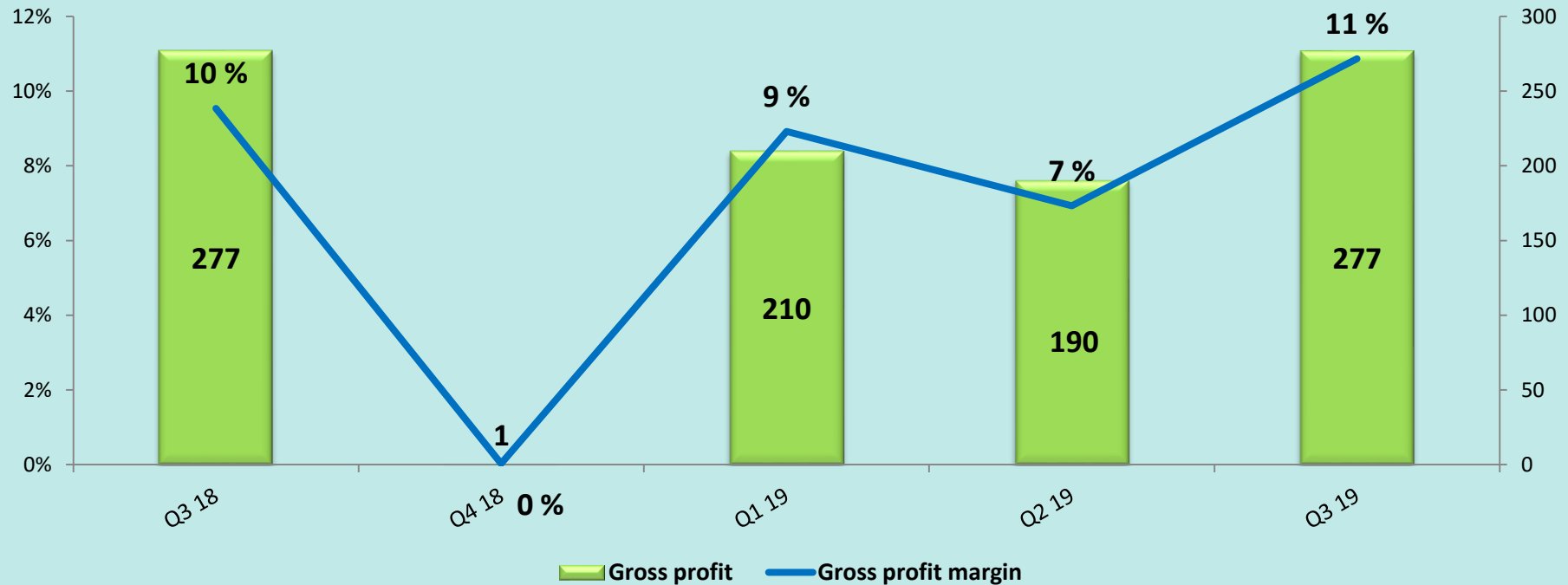
## Net Sales (m TL)



- Consolidated sales revenue is 2,549 million TL and 12% lower than Q3 2018 with the effect of decreasing LPG prices.

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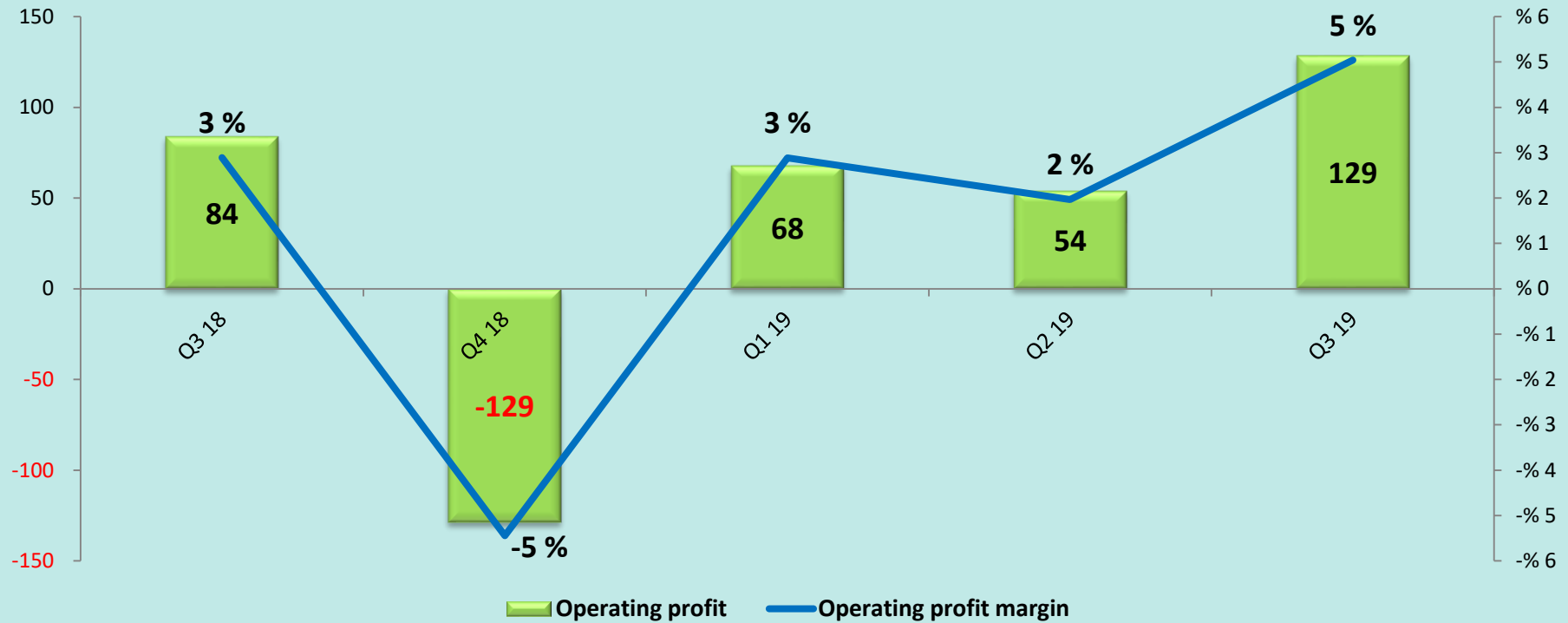
## Gross Profit (m TL)



- Despite the negative effect of inventory valuation compared to Q3 2018, gross profit is in the similar level with the previous year's figure due to increase in margins and better supply prices.
- The net effect of inventory valuation in Q3 2019 is -10 million TL. (Q3 2018: +58 million TL)

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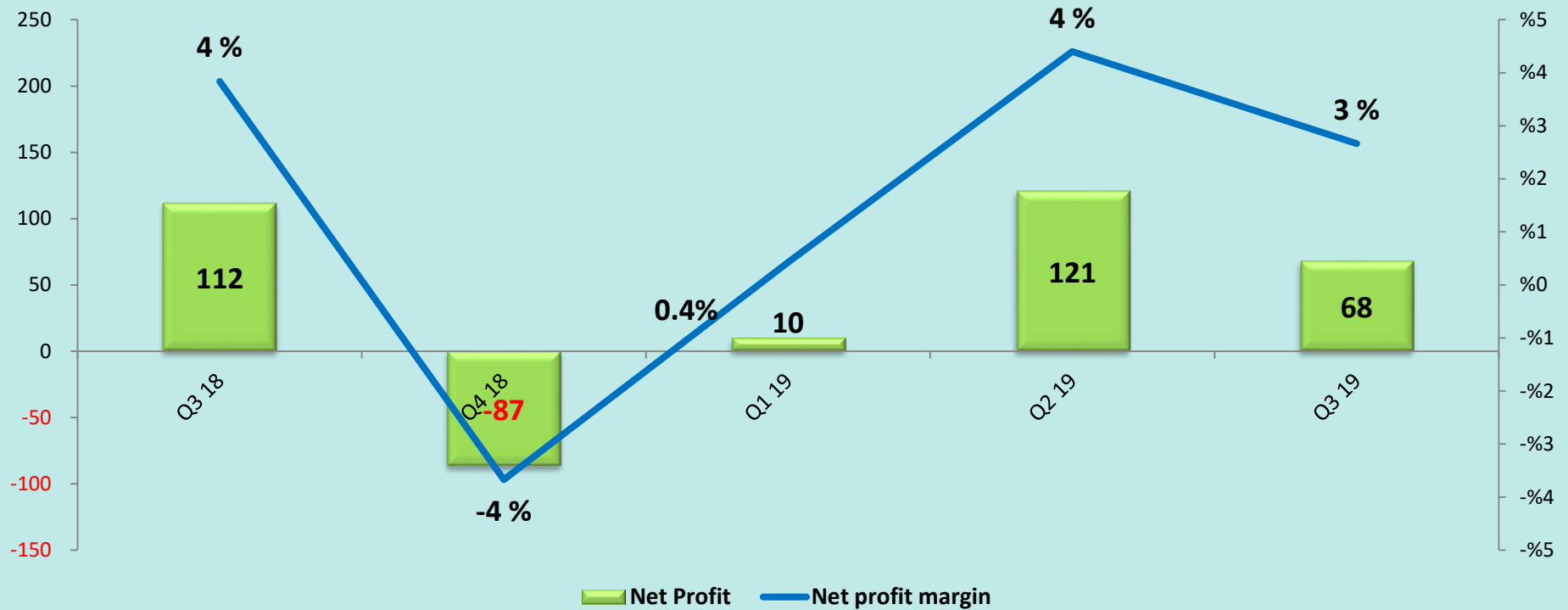
# Operating Profit (m TL)



- In addition to the explanations in gross profit slide; foreign exchange (FX) rate losses related to trade payables decreased with the balancing FX rate levels, that led to 53% improvement in operating profit YoY.
- Other operating income effect in Q3 2019 is 10 million TL whereas it was -55 million TL in Q3 2018.

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# Net Profit (m TL)



- Operating profit improved but limited contribution from investments accounted under equity method had an impact on net profit.

The profit coming from EYAŞ\* was -17 m TL whereas the profit from Entek\*\* was 29 m TL in Q3 2019. (in Q3 2018; contribution from EYAŞ and Entek were 54 m TL and 7 m TL respectively)

\*EYAŞ: Enerji Yatırımları A.Ş. \*\*Entek: Entek Elektrik Üretimi A.Ş.



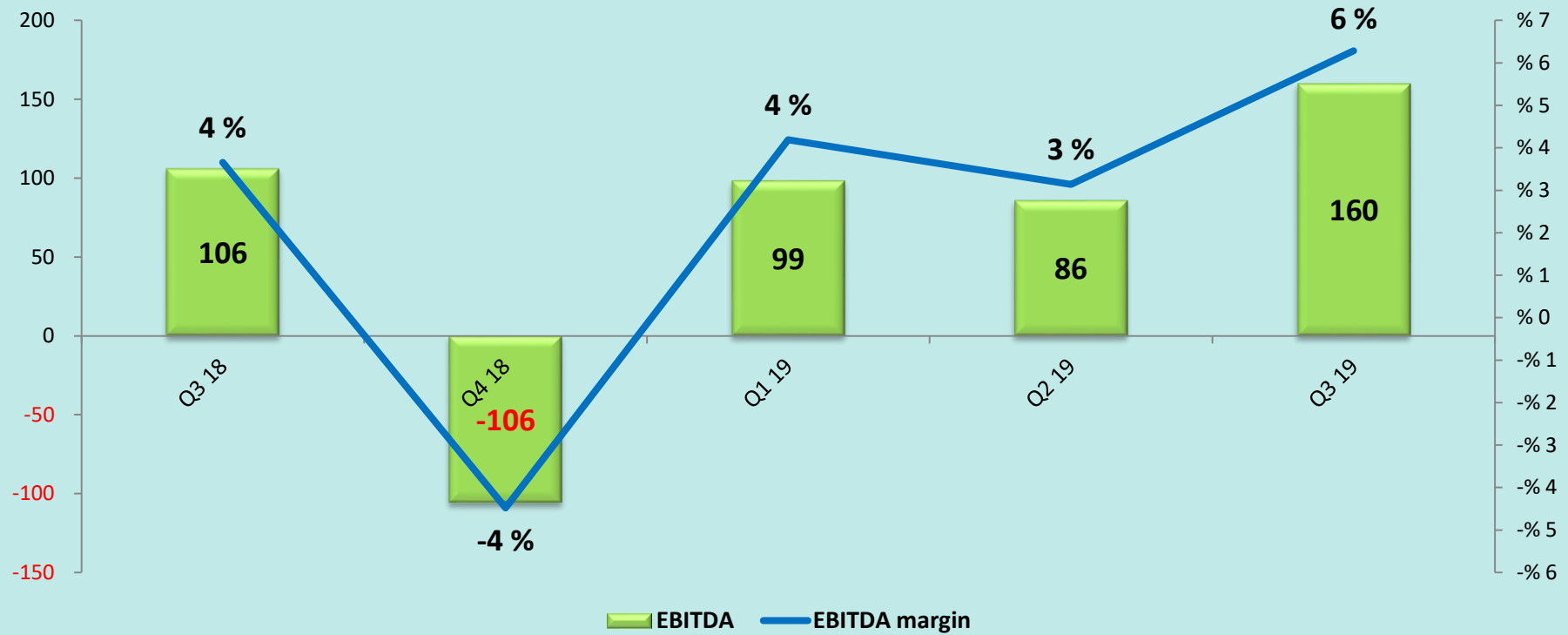
# Highlights

**Entek**, who positively contributed to Aygaz net profit in Q3 2019;

- operates one natural gas cycling plant with capacity of 97 MW in Kocaeli and eight hydroelectric power plants (HPP) in Kahramanmaraş, Karaman, Samsun and Mersin with capacity of 265 MW in total reaching aggregate capacity of 362 MW.
- contributed 30 m TL, 24 m TL and 29 m TL in Q1, Q2 and Q3 2019 respectively, whereas the contribution was 2 m TL, -11 m TL and 7 m TL for Q1, Q2 and Q3 of 2018, to Aygaz net profit through our share ownership of 49.62%.

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# EBITDA (m TL)



■ In Q3 of 2019, EBITDA is 160 million TL, while EBITDA margin is 6%.

# Net Cash (m TL)

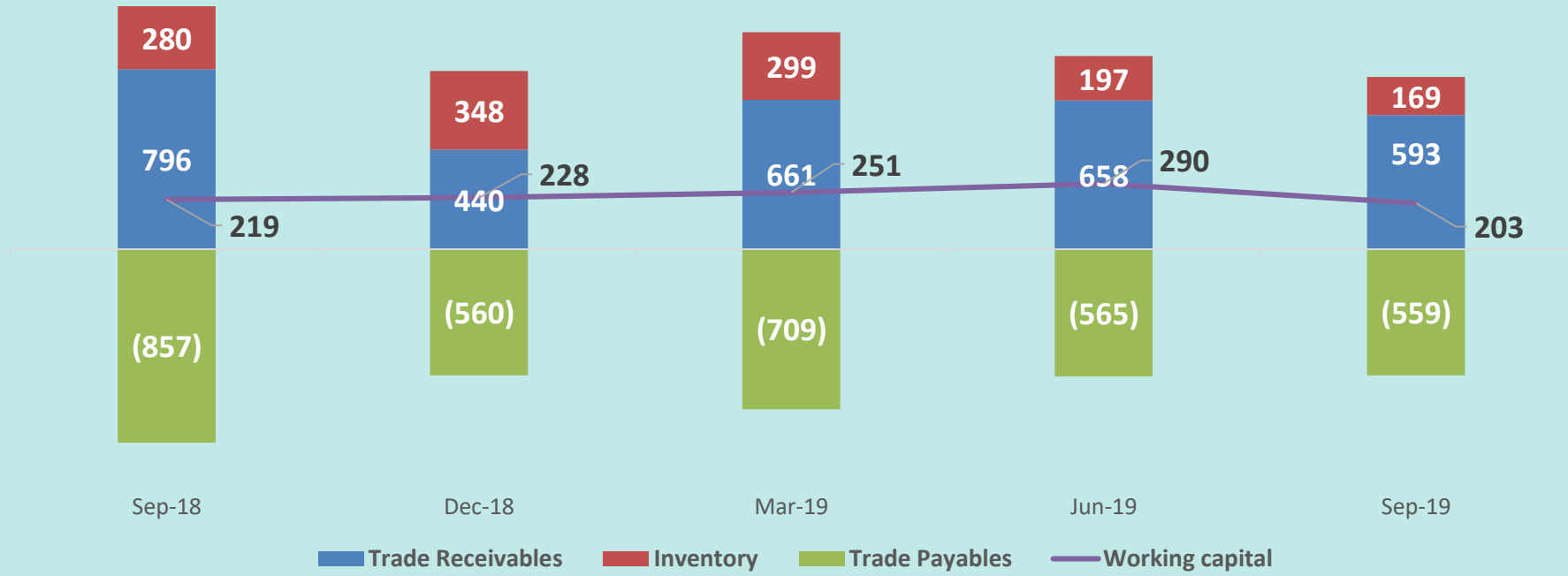


- The net debt is down to 627 m TL as of September 30, 2019 due to the loan closures in Q3, after the net debt increase in Q2 2019 with the effects of declining cash due to the dividend payment that lagged to April and increase in lease liabilities within the scope of IFRS 16.
- Short-term financial borrowings, current portion of long-term financial borrowings and interest payments are met by cash and cash equivalents.



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## Working Capital (m TL)



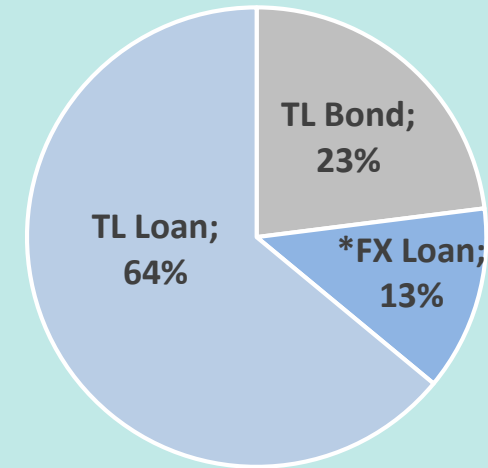
■ The structure and size of working capital is being actively followed and managed.

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## Debt Profile

(m TL)	9M 2019	12M 2018
ST Borrowings	102	79
Current portion of LT Borrowings	567	492
LT Borrowings	775	830
Total Debt	1,445	1,401
Cash and cash equivalents (-)	818	648
= Net Debt	627	753

Debt Profile as of 30/09/2019



- Maturity structures of the debts are wide-range and long term.
- \* *FX position is actively monitored and managed including derivatives.*

- **Credit Rating:** Following the comparative analysis of the sector and examination of financial/operational risks carried by the Company, as well as its domestic market position by SAHA Corporate Governance and Credit Rating Services, AYGAZ's long term rating of (TR) AAA and a short term rating of (TR) A1+ and outlook as stable is confirmed on June 21, 2019.

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## Income Statement – Summary

Million TL	Q3 19	Q2 19	Change	Q3 19	Q3 18	Change
Revenues	2,549	2,745	-7%	2,549	2,906	-12%
Gross Profit	277	190	46%	277	277	-
Operating Profit	129	54	138%	129	84	53%
Profit Before Tax	80	121	-34%	80	124	-36%
Net Profit	68	121	-44%	68	112	-39%
EBITDA	160	86	86%	160	106	51%
<b>MARGINS</b>						
Gross Profit M.	11%	7%	+4	11%	10%	+1
Operating Profit M.	5%	2%	+3	5%	3%	+2
Profit Before Tax M.	3%	4%	-1	3%	4%	-1
Net Profit M.	3%	4%	-1	3%	4%	-1
EBITDA M.	6%	3%	+3	6%	4%	+2

# Balance Sheet- Summary

Million TL	9M 19	12M 18
Cash & Cash Eq.	818	648
Trade Receivables	593	440
Inventories	169	348
Prop.Plant&Equipment	687	687
Participations	2,037	2,305
<b>Total Assets</b>	<b>4,997</b>	<b>5,013</b>
Financial Debt	1,445	1,401
Trade Payables	559	560
Total Equity	2,363	2,502
<b>Total Liabilities &amp; Equity</b>	<b>4,997</b>	<b>5,013</b>
Net Cash (Debt)	-627	-753
Working Capital	203	228

## Forward looking statements for 2019

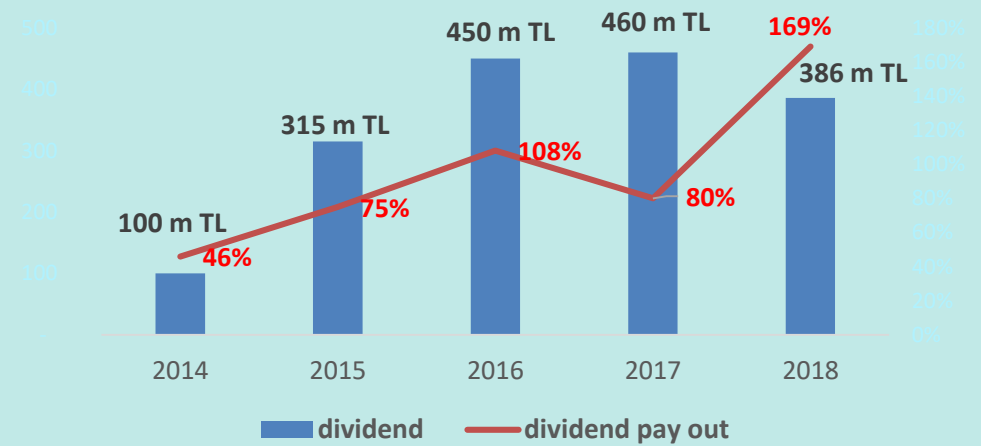
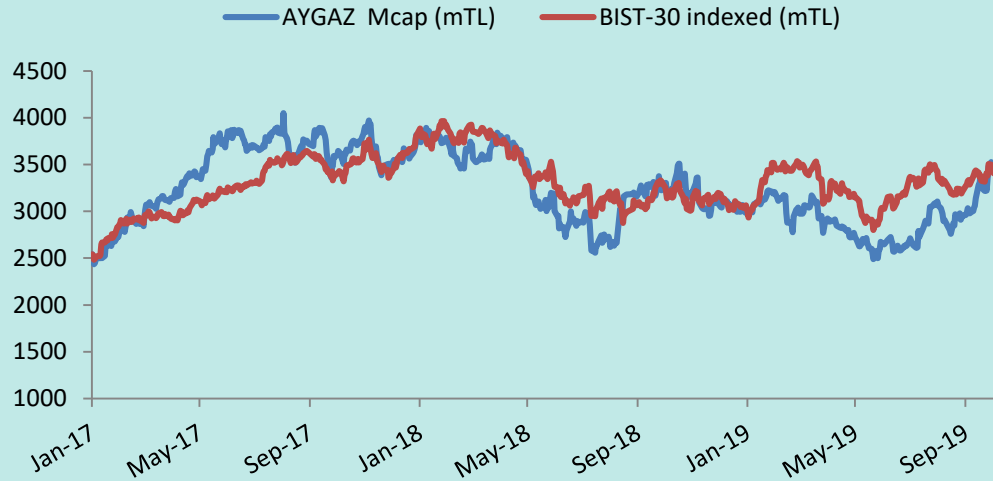
### Sales volume

- Cylinder: 295-310 thousand tons
- Autogas: 695-735 thousand tons

### Market share

- Cylinder: 41.5%-43.5%
- Autogas: 21.4%-22.6%

# Aygaz Share Value



BIST Code: **AYGAZ**

Bloomberg Code: **AYGAZ.TI**

Reuters Code: **AYGAZ.IS**

IPO Date: **13.01.1988**

Free float rate: **24.3%**

- Sustainable operating profitability from core business; LPG
- Resistant to economic fluctuations and crisis
- High dividend payments
- Corporate governance practices at international standards

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