

AYGAZ

Q4. 2019

Earnings Release Report

February 12, 2020





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.
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Highlights

Q4 2019

- Strong quarterly growth of 13% in autogas sales
- Positive inventory effect due to rising commodity prices
- Restructuring of financial borrowings

12 Months 2019

- Sales volume above 2 million tons (+3% YoY)
- Sales revenue of 10.2 billion TL (+7% YoY)
- Adjusted* gross profit is up by 32% with the effects of better cylinder profitability and high supply advantage;
(*eliminating Aygaz Doğal Gaz (ADG) provision amount and the inventory effect)
- Continuous market share leader (Cylinder 42% / Autogas 22% / Total 26%)
(EMRA November Report)

Quarterly Operations

According to Q4 2018



Domestic LPG sales

257
Thousand tons

7% YoY



**International and
wholesale LPG sales**

262
Thousand tons

27% YoY



Total LPG sales

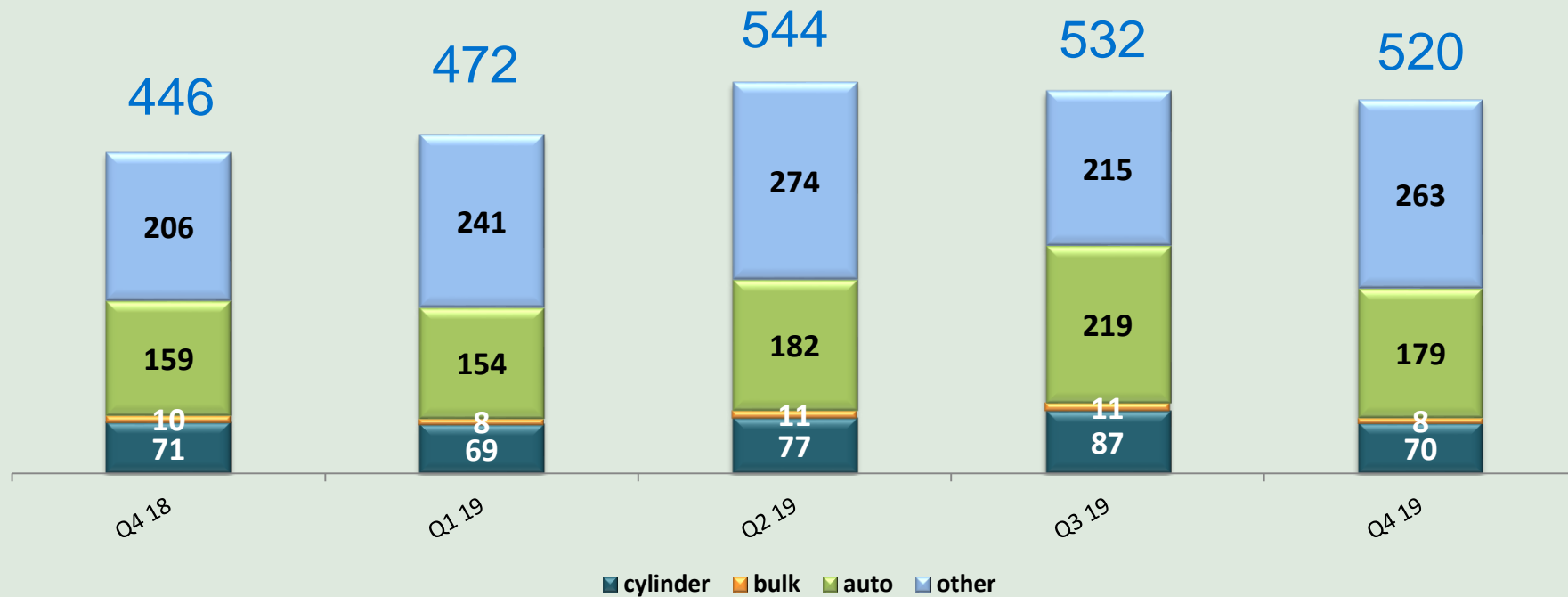
520
Thousand tons

16% YoY



- Cylinder sales are 70 thousand tons (-2% YoY)
- Autogas sales are 179 thousand tons (+13% YoY)
- Our domestic sales accelerated thanks to increased autogas sales getting most of the benefit from positive market environment and sales policies. Total sales increased due to improvement in international sales.

Aygaz LPG Sales (Quarterly) (000 tons)



Q4 2019 sales volumes were realized as

- 179 thousand tons in Autogas (+13% YoY)
- 70 thousand tons in Cylinder Gas (-2% YoY)

EMRA, Aygaz

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Annual Operations

According to 12M 2018



Domestic LPG sales

1,075
Thousand tons

-2% YoY



**International and
wholesale LPG sales**

993
Thousand tons

10% YoY



Total LPG sales

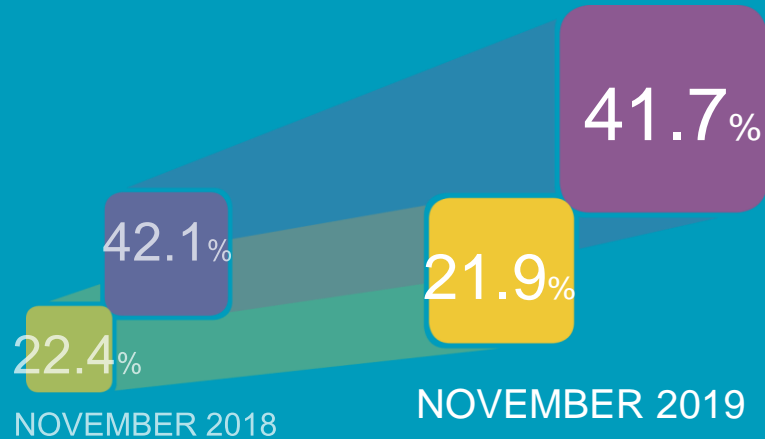
2,068
Thousand tons

3% YoY



- Cylinder sales are 302 thousand tons (-4% YoY)
- Autogas sales are 734 thousand tons (0.6% YoY)
- Domestic sales were repressed until the last quarter of 2019 due to profit oriented sales policies and fierce competition. Total sales are above 2 million tons with the support of 17% growth in international sales.

Market Shares



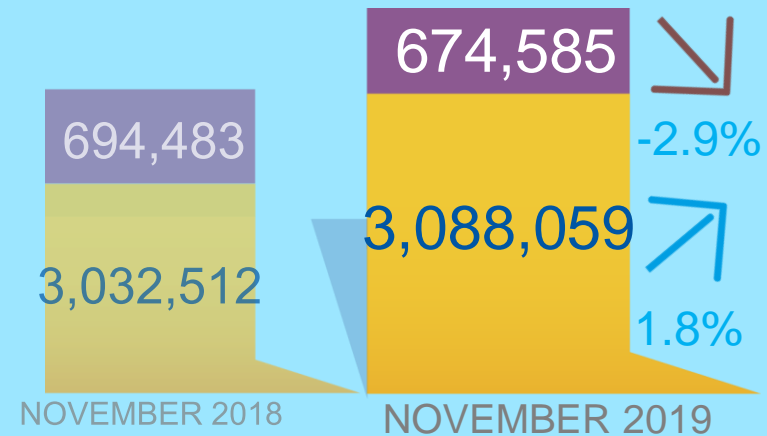
As of November 2019 EMRA report, Aygaz cylinder and autogas market shares are 41.7% and 21.9% respectively.

(42.1% and 22.4% in November 2018)

According to November 2019 EMRA report, Turkish cylinder sales volume is 674,585 thousand tons and autogas volume is 3,088,059 thousand tons.

2018/11 months:

Cylinder gas	694,483	tons
Autogas	3,032,512	tons

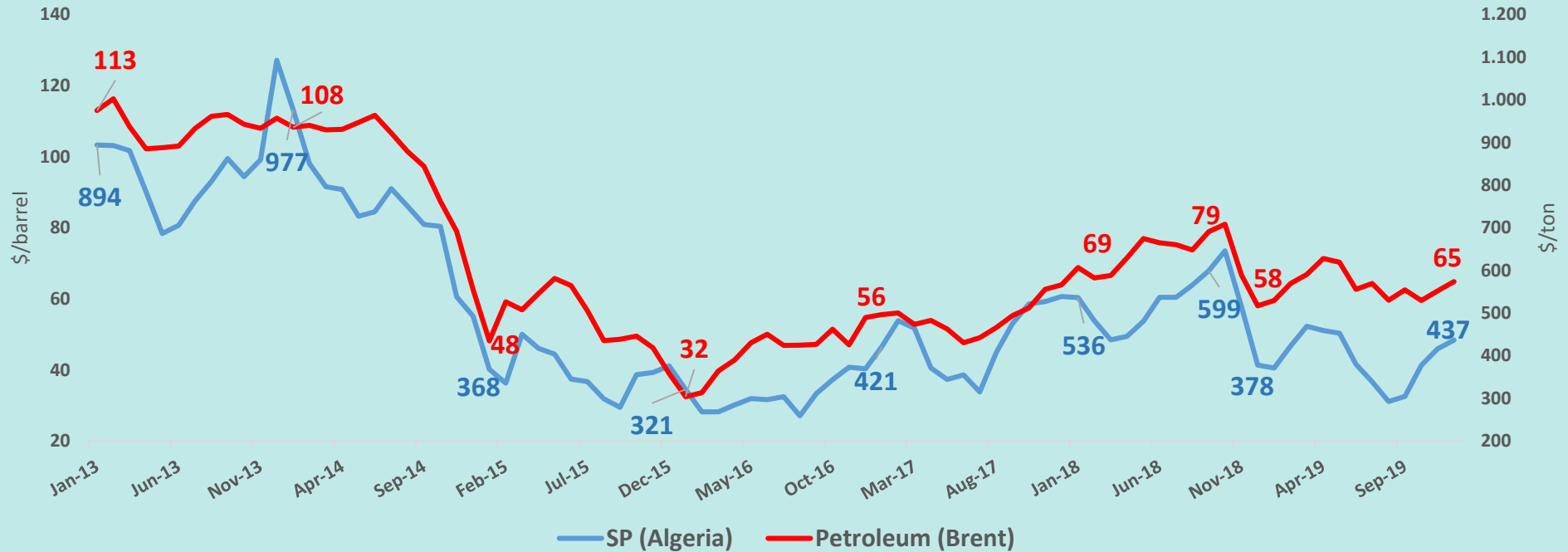


SALES VOLUME (Tons)

EMRA, Aygaz

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LPG – Brent world prices



- December 2019 Sonatrach LPG price is at USD 437 and 15% higher than December 2018 price. Domestic retail sales prices were high due to the rising LPG prices in October, November and December. On the other hand, rising prices had positive impact on inventory valuation.

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Quarterly Financials

QUARTERLY / (YoY)

Revenue	2,566 Million TL	9% ↑
Operating profit	114 Million TL	189% ↑ 46%*
EBITDA	147 Million TL	239% ↑ 45%*
EBITDA (excl. other op. inc/exp)	157 Million TL	251% ↑
Net profit	75 Million TL	186% ↑

* Excluding provisions, FX and inventory effect

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Annual Financials

12 MONTHS CUMULATIVE / (YoY)

Revenue	10,211 Million TL	7% ↑
Operating profit	365 Million TL	417% ↑ %51*
EBITDA	492 Million TL	207% ↑ %49*
EBITDA (excl. other op. inc/exp)	476 Million TL	129% ↑
Net profit	273 Million TL	20% ↑

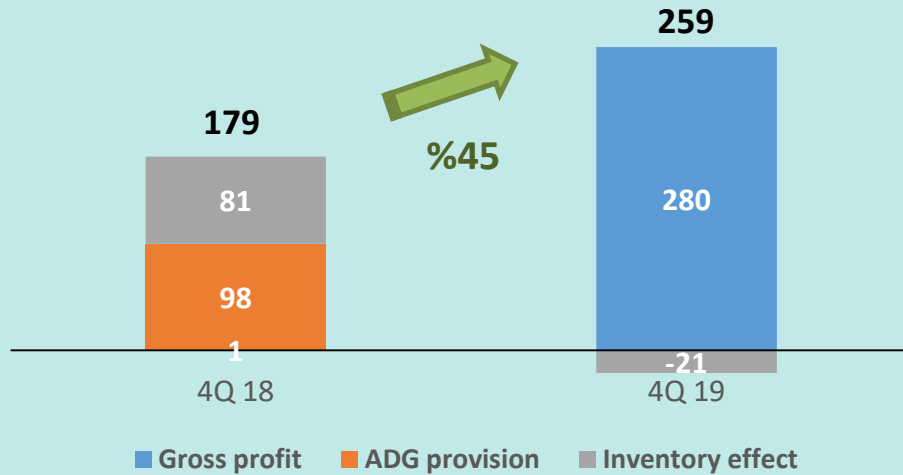
* Excluding provisions, FX and inventory effect

- All financial indicators were better than previous year's, in line with the improvement in profitability of retail sales. However, the reflection on the net profit was limited due to lower contribution from investments under equity method.

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Adjusted Gross profit and Operating profit_(mTL)

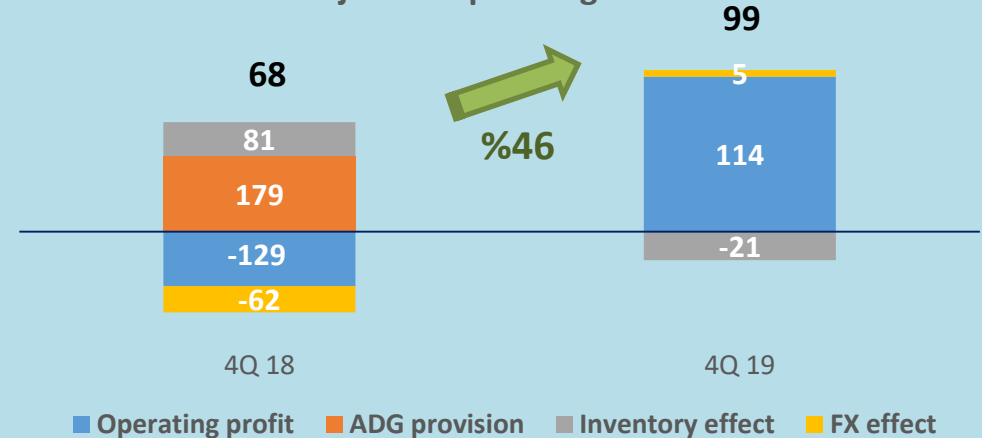
Adjusted Gross Profit



- In 2018, there was a provision for price revision of 178.6 million TL for 2017 and 2018.
- 97,8 million TL of the indicated amount was accounted under 'cost of sales' and thus gross profit was adjusted.
- Another issue that caused deviation in gross profit was the inventory effect, which was -80,5 million TL in Q4 2018 and +21 million TL in Q4 2019.

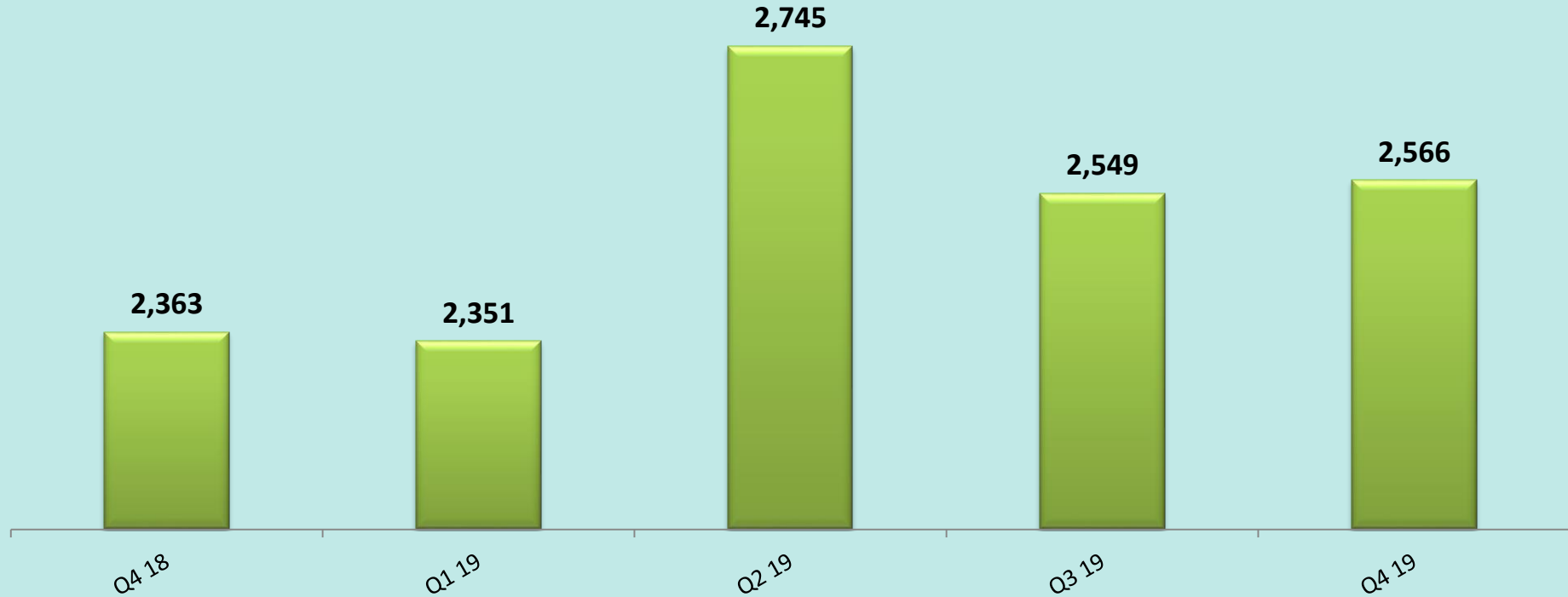
- The remaining amount of 80,8 million TL of the total provision was accounted under other operating expenses accounts and thus adjustment was made accordingly.
- The operating profit increase is 46% after the elimination of the inventory effect and the FX income / expense related to the operating activities.

Adjusted Operating Profit



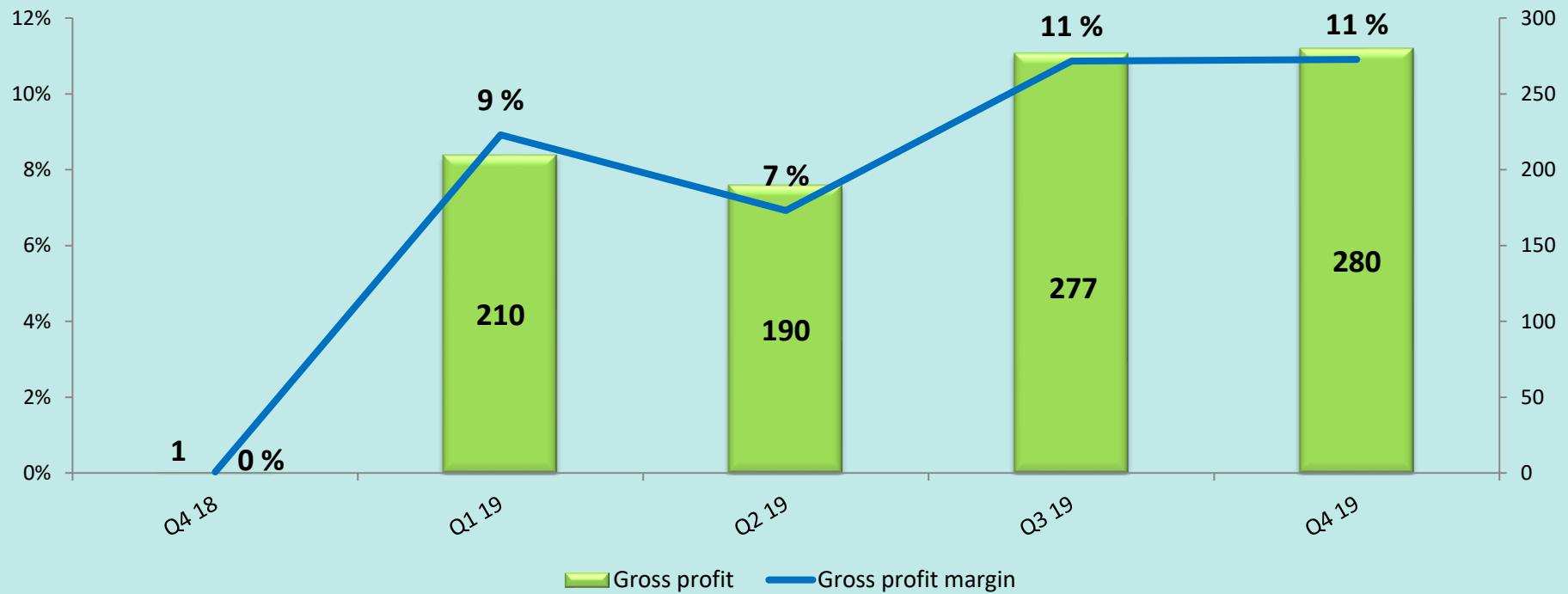
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Net Sales (m TL)



- Consolidated sales revenue is 2,566 million TL and 9% higher YoY with the effects of both increased sales volumes and higher commodity prices.

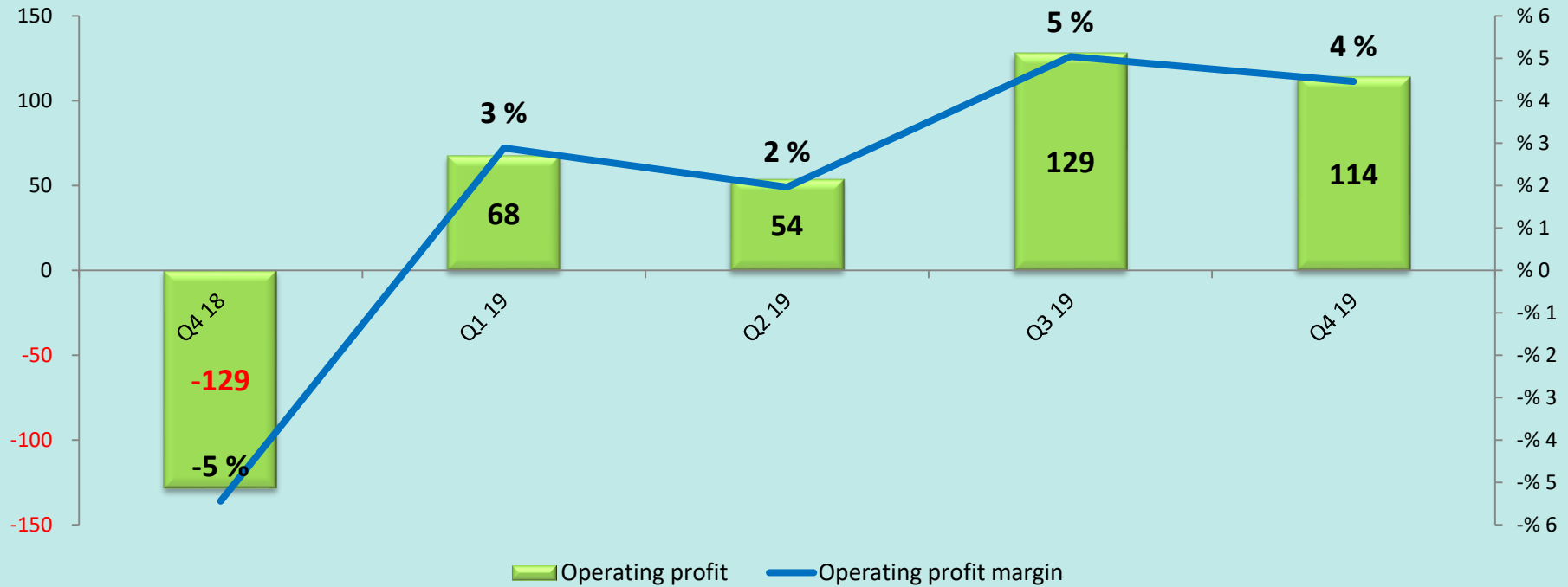
11 Gross Profit (m TL)



- Gross profit surpassed Q3 2019 in line with the preserved profitability both in cylinder gas and autogas.

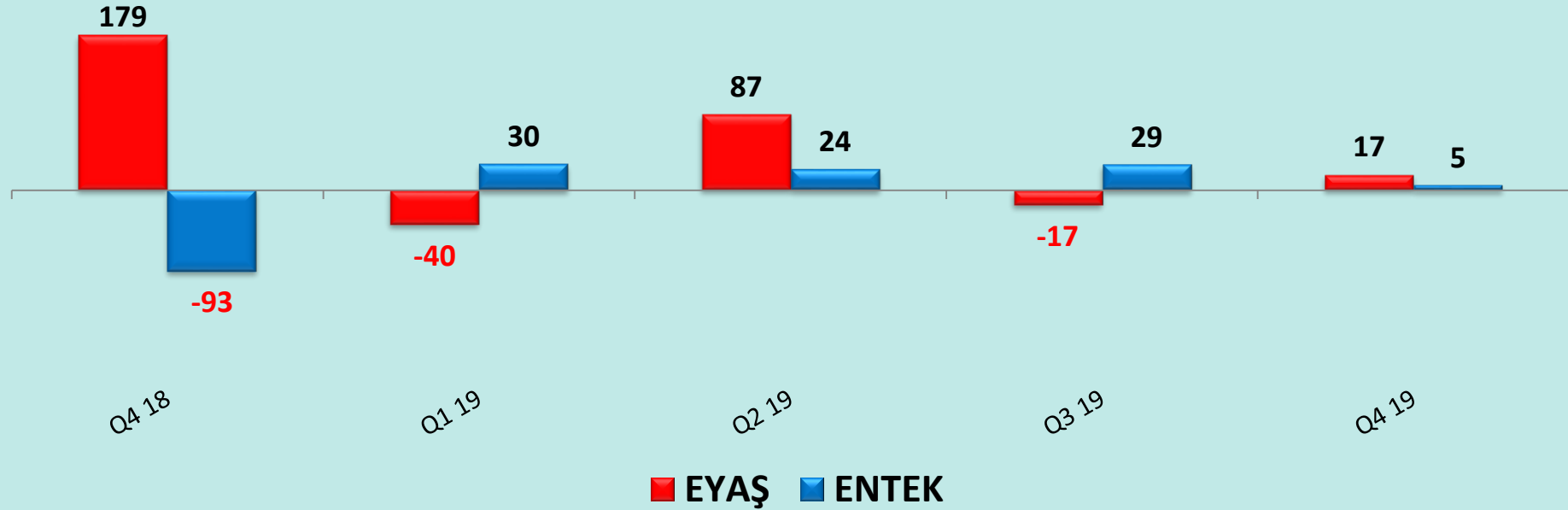
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Operating Profit (m TL)



- Operating profit improved due to the restored domestic demand together with better off economic outlook and our company's profit oriented policies.

13 Contributions from EYAŞ and Entek (m TL)



- Total profit contributed by EYAŞ and Entek is 22 million TL in Q4 2019. (Q4 2018: 86 million TL)
- Total contribution sums up to 136 million TL in 2019. (12 months 2018: 277 million)

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

14 Entek

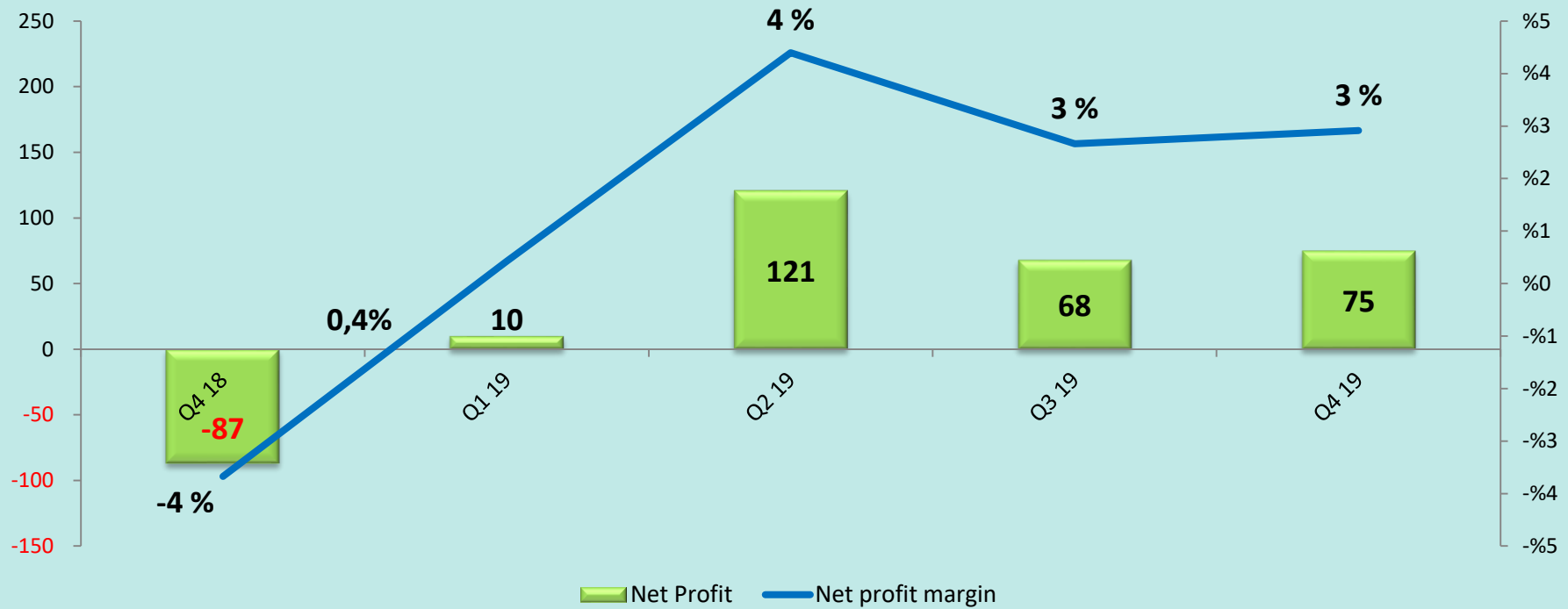
Entek, who positively contributed to Aygaz net profit in all quarters of 2019;

- operates one natural gas cycling plant with capacity of 97 MW in Kocaeli and eight hydroelectric power plants in Kahramanmaraş, Karaman, Samsun and Mersin with capacity of 265 MW in total reaching aggregate capacity of 362 MW.

(m TL)	12M 2019	12M 2018
Revenues	1,196	498
Operating profit*	377	106
EBITDA	422	144

**Excluding FX gains/losses and credit finance income/charges on trade receivables and payables

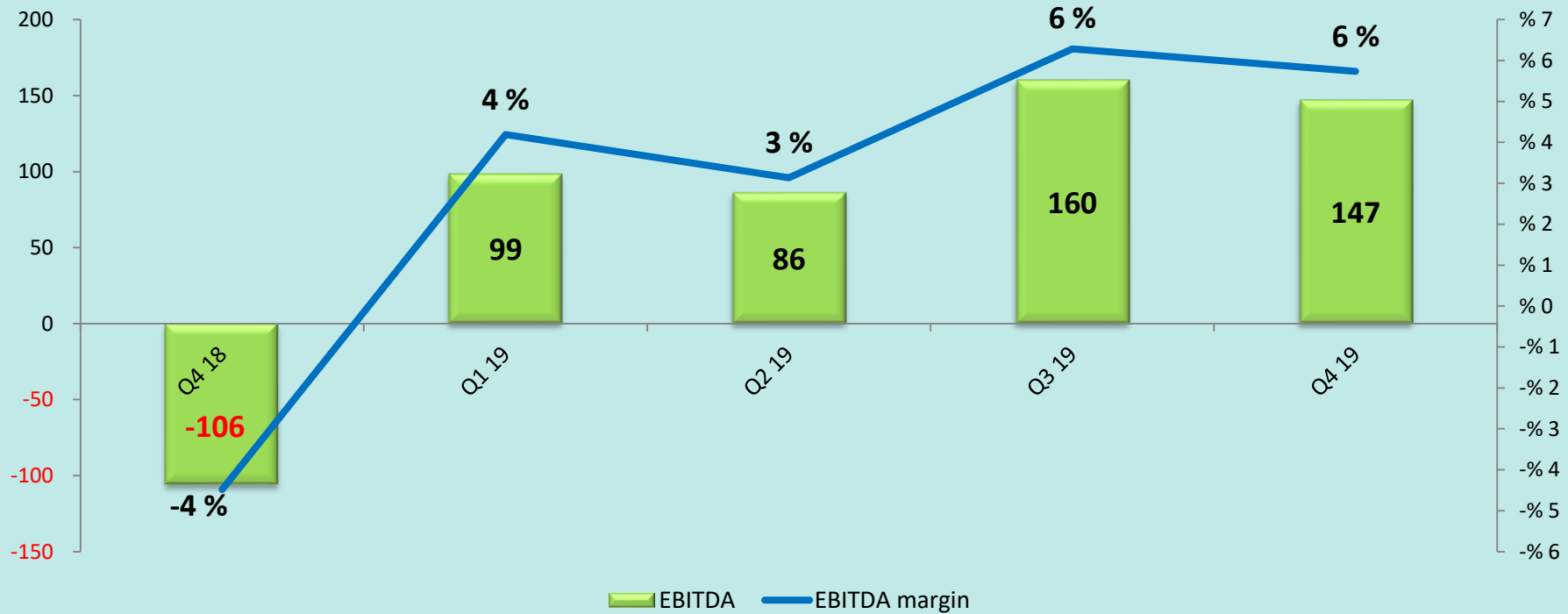
Net Profit (m TL)



- Net profit is effected from the limited contributions from the investments under equity method despite the improvements in profitability.

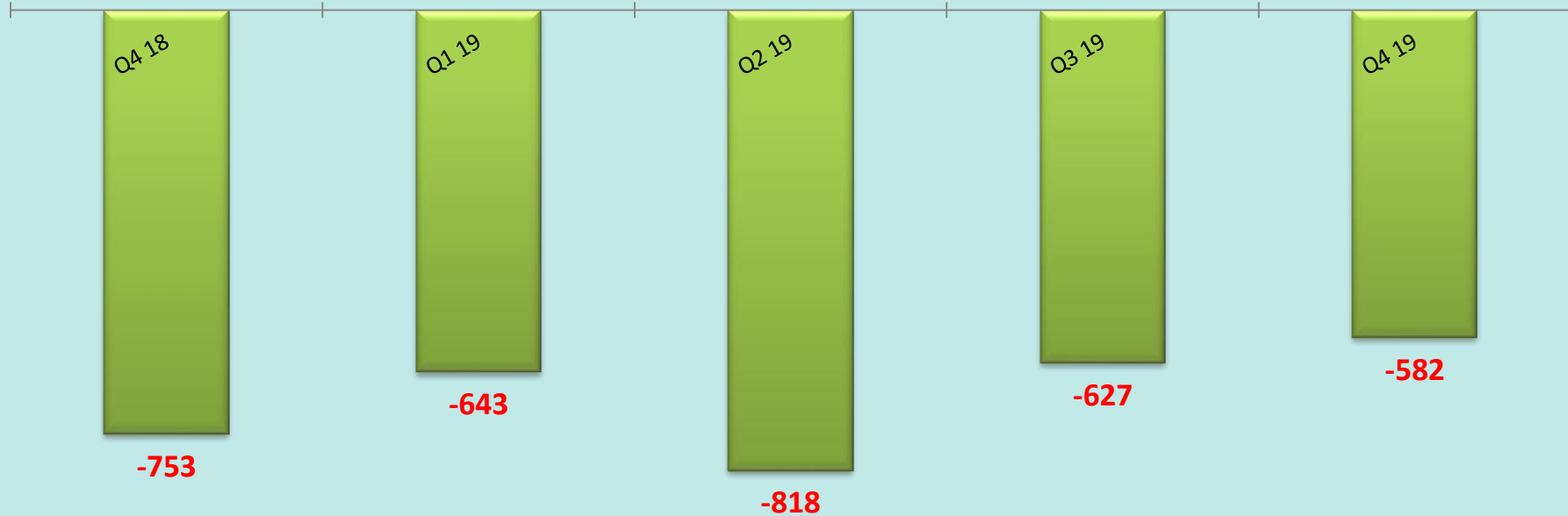
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EBITDA (m TL)



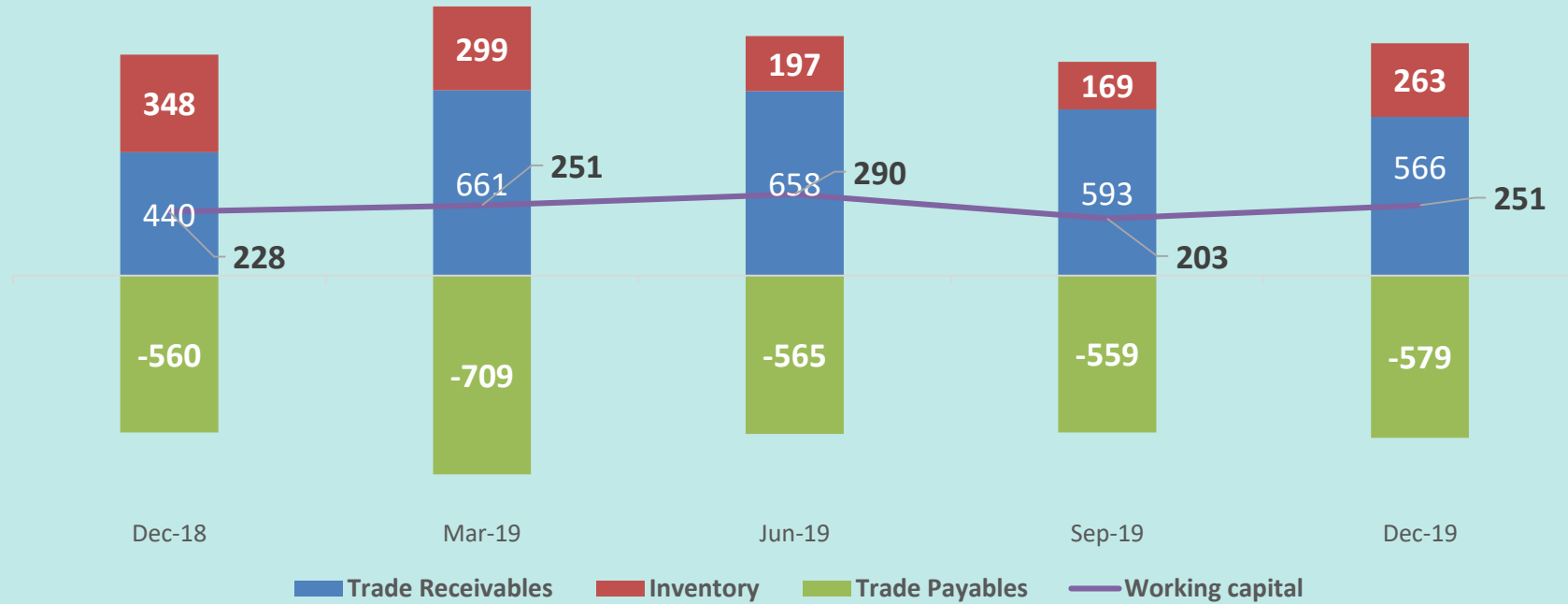
■ In Q4 of 2019, EBITDA is 147 million TL, while EBITDA margin is 6%.

Net Cash (m TL)



- In line with the falling interest rate environment, financial borrowings were restructured and replaced with lower financing costs while net debt amount was lowered with the liquidity created.
- Short-term financial borrowings, current portion of long-term financial borrowings and interest payments are met by cash and cash equivalents.

Working Capital (m TL)

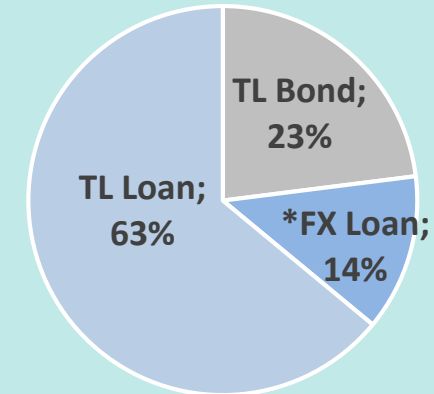


- The structure and size of working capital is being actively followed and managed.

Debt Profile

(m TL)	12M 2019	12M 2018
ST Borrowings	65	79
Current portion of LT Borrowings	418	492
LT Borrowings	764	830
Total Debt	1,247	1,401
Cash and cash equivalents (-)	665	648
= Net Debt	582	753

Debt Profile as of 31/12/2019



** FX position is actively monitored and managed including derivatives.*

■ In 2019, some of the loans, with a total amount of 800 million TL, were closed before the maturity dates in order to gain an interest advantage, and they were replaced with new loans, totaling to 600 million TL, with lower rates. Thus, interest rates were improved and the terms were extended.

■ **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.

Income Statement – Summary

Million TL	Q4 19	Q3 19	Change	Q4 19	Q4 18	Change
Revenues	2,566	2,549	1%	2,566	2,363	9%
Gross Profit	280	277	1%	280	1	-
Operating Profit	114	129	-11%	114	-129	189%
Profit Before Tax	89	80	12%	89	-97	192%
Net Profit	75	68	10%	75	-87	186%
EBITDA	147	160	-8%	147	-106	244%
MARGINS						
Gross Profit M.	11%	11%	-	11%	0%	+11
Operating Profit M.	4%	5%	-1	4%	-5%	+9
Profit Before Tax M.	3%	3%	-	3%	-4%	+7
Net Profit M.	3%	3%	-	3%	-4%	+7
EBITDA M.	6%	6%	-	6%	-4%	+10

Balance Sheet- Summary

Million TL	12M 19	12M 18
Cash & Cash Eq.	665	648
Trade Receivables	566	440
Inventories	263	348
Prop.Plant&Equipment	713	687
Participations	2,059	2,305
Total Assets	4,955	5,013
Financial Debt	1,247	1,401
Trade Payables	579	560
Total Equity	2,478	2,502
Total Liabilities & Equity	4,955	5,013
Net Cash (Debt)	-582	-753
Working Capital	251	228

Forward looking statements for 2020

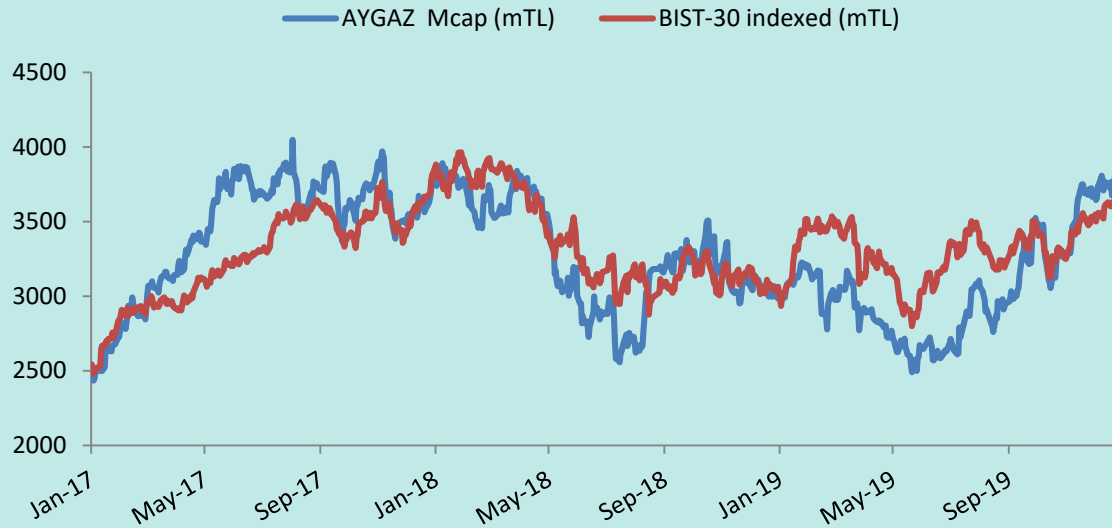
Sales volume

- Cylinder: 290-305 thousand tons
- Autogas: 740-780 thousand tons

Market share

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

Aygaz Share Value



BIST Code: **AYGAZ**

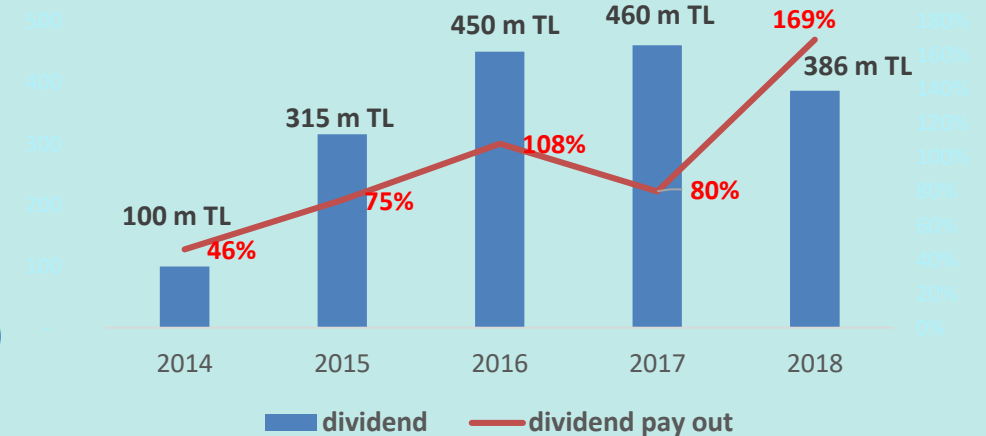
Bloomberg Code: **AYGAZ.TI**

Reuters Code: **AYGAZ.IS**

IPO Date: **13.01.1988**

Free float rate: **24.3%**

- Aygaz market value is up by 29% and is 3.9 billion TL as of 31.12.2019.
- In the same period BIST 100 and BIST 30 are up by 29% and 25% respectively.



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