

AYGAZ

Q1. 2018 Earnings Release Report

May 09, 2018



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Highlights

Operational - Quarterly

According to Q1 2017



Domestic LPG sales

253

Thousand tons

-



**International and
wholesale LPG sales**

236

Thousand tons

-14% YoY



Total LPG sales

489

Thousand tons

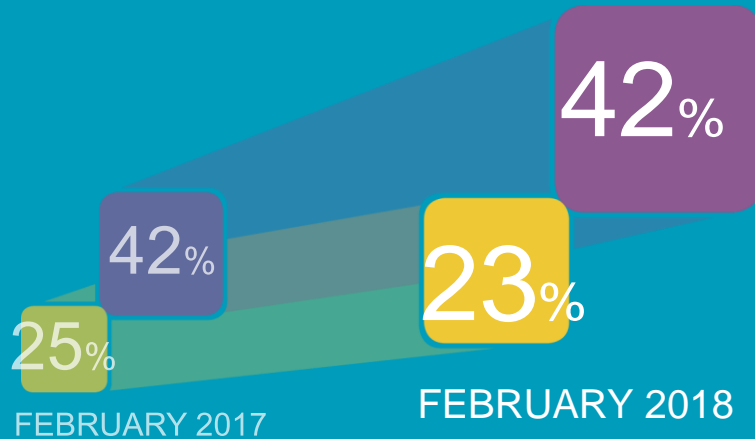
-7% YoY



- Cylinder sales are 74 thousand tons (-6% YoY)
- Autogas sales are 166 thousand tons (no change YoY)
- Weakening effect of immigrant population and increasing price competition pressurized the cylinder demand.
- International sales increased by 2% while wholesale sales contracted.



Highlights



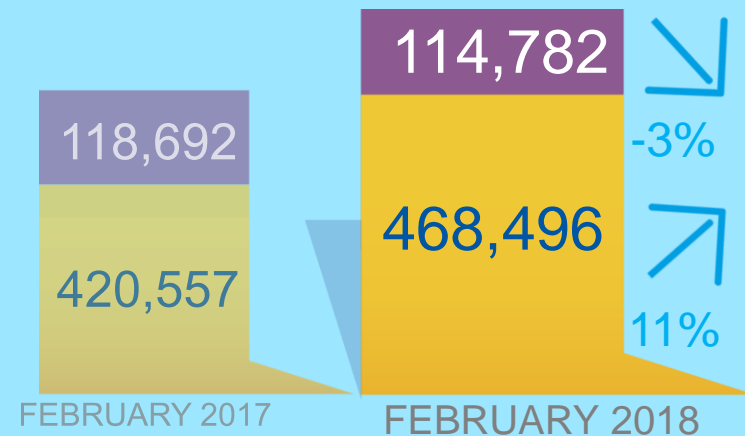
As of February 2018 EMRA report, Aygaz cylinder and autogas market shares are 42% and 23% respectively.

(42% and 25% in February 2017)

According to February 2018 EMRA report, Turkish cylinder sales volume is 114,782 tons and autogas volume is 468,496 tons.

2017/ 2 months:

Cylinder gas	118,692 tons
Autogas	420,557 tons



SALES VOLUME (Tons)

EMRA, Aygaz

> Highlights

Financial

QUARTERLY / (YoY)

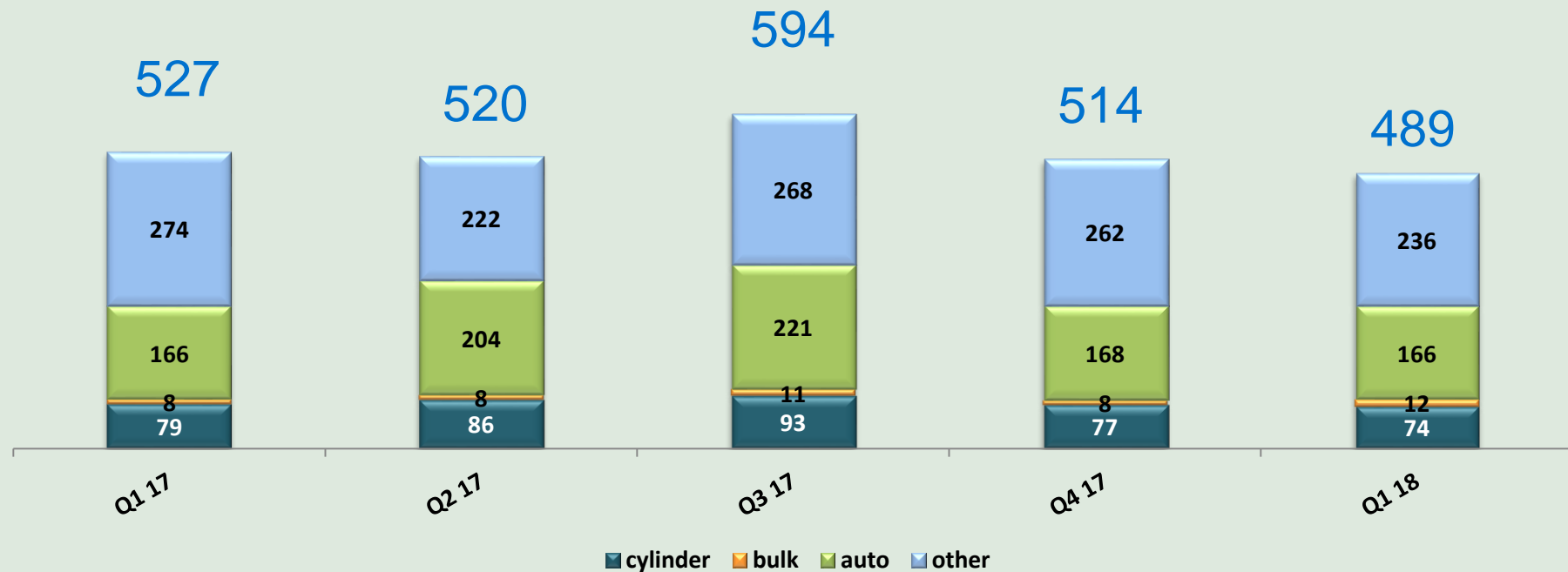
Revenue	2,063 Million TL	-
Operating profit	23 Million TL	-74% YoY ↓
EBITDA	45 Million TL	-58% YoY ↓
Net profit	55 Million TL	-65% YoY ↓

- Despite the positive reflection of lower LPG prices in the first quarter of 2018 on autogas sales volumes, contraction in cylinder gas sales, increasing competition and effects of inventory valuation had an impact on profitability.

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Aygaz LPG Sales (Quarterly)

(Thousand tons)

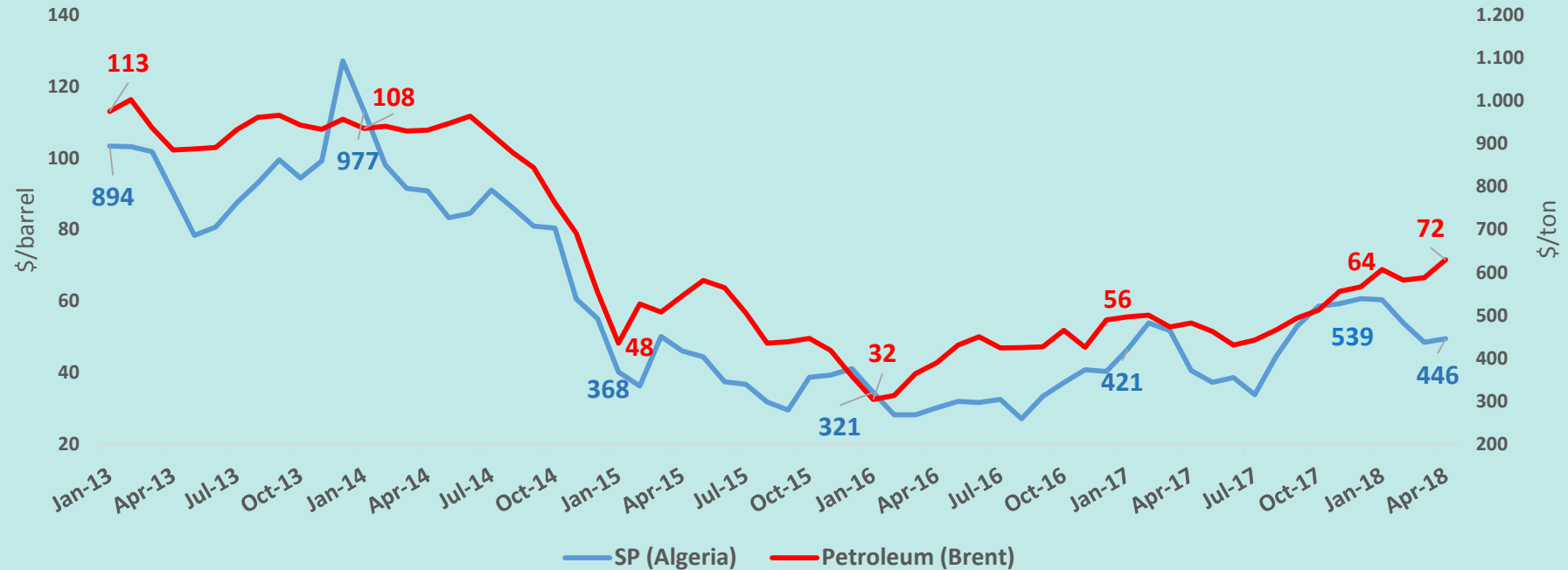


Q1 2018 sales volumes were realized as

- 166 thousand tons in Autogas (no change YoY)
- 74 thousand tons in Cylinder Gas (-6% YoY)

EMRA, Aygaz

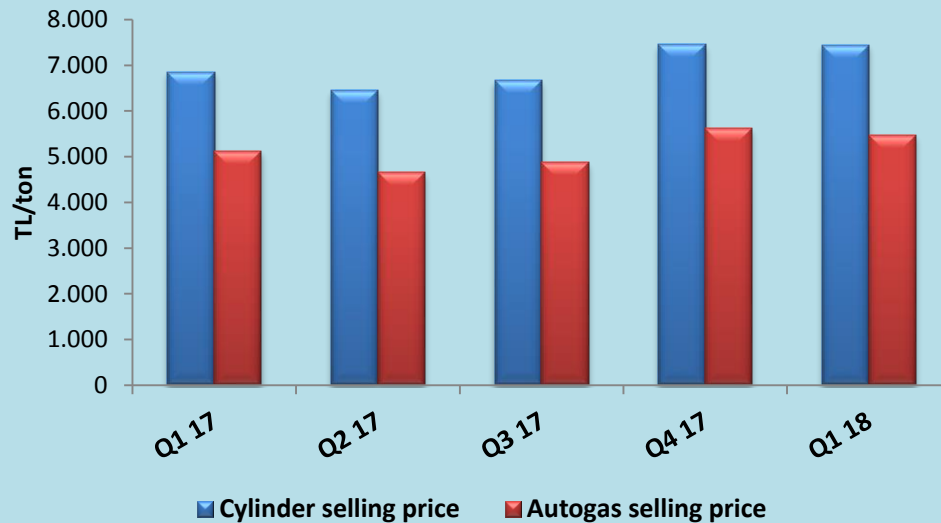
LPG – Brent world prices



- March 2018 Sonatrach LPG price is at USD 437 and 6% lower than March 2017 price.
- Rising LPG prices caused a positive impact on inventory valuation in Q1 2017 whereas falling LPG prices had an adverse effect on the inventory in Q1 2018 .

LPG-Price and Tax

- Autogas segment performed a growth beyond expectations after all LPG types are made subject to the same amount of excise tax as of August 1, 2017.
- In the first three months of 2018, average global supply prices of LPG were 6% higher than the same period last year.



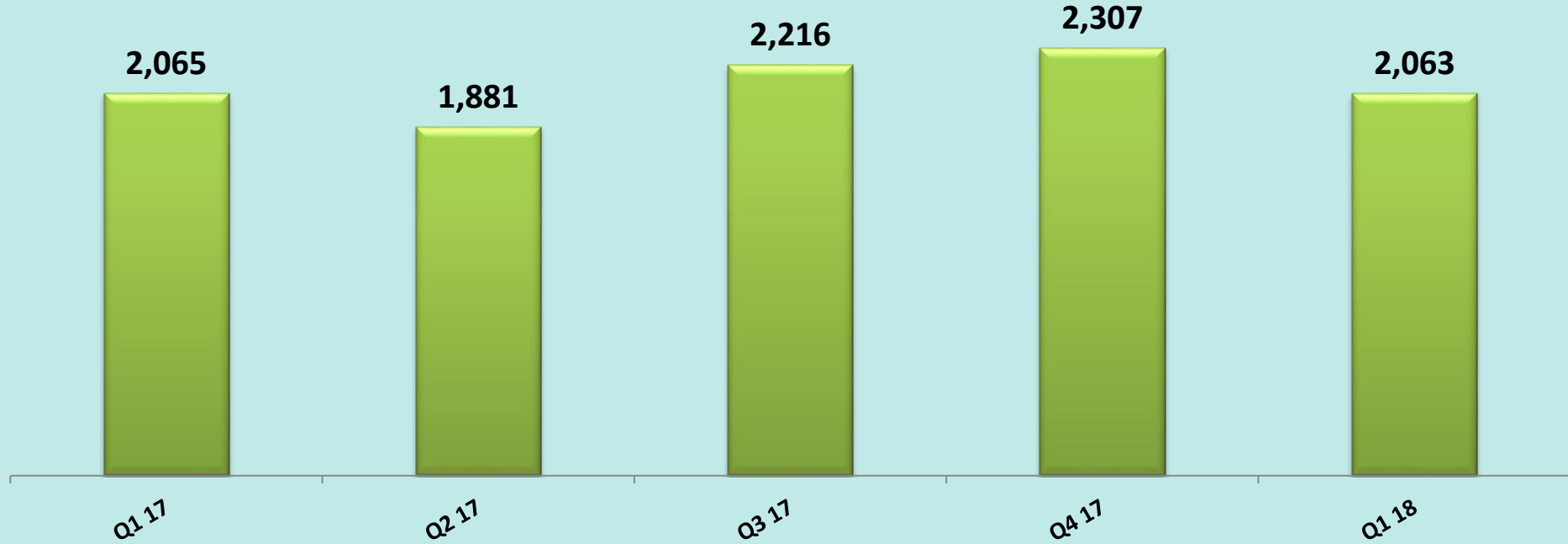
Average listed selling prices*;

- Q1 18 prices, increased by 9% and 7% YoY while they were stable and down by 2% QoQ for cylinder and autogas respectively.

*Periodic arithmetic averages

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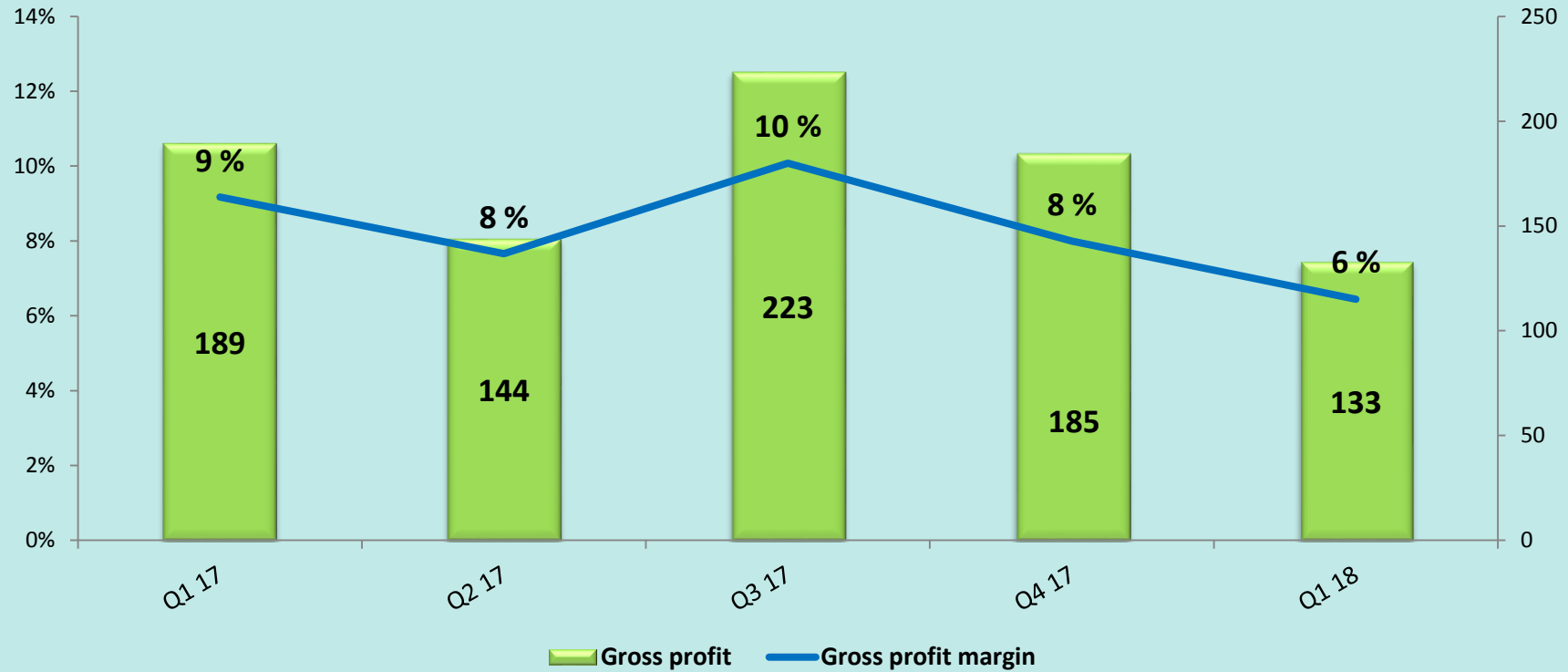
Net Sales (m TL)



- Consolidated sales revenue is 2,063 million TL in line with Q1 2017.

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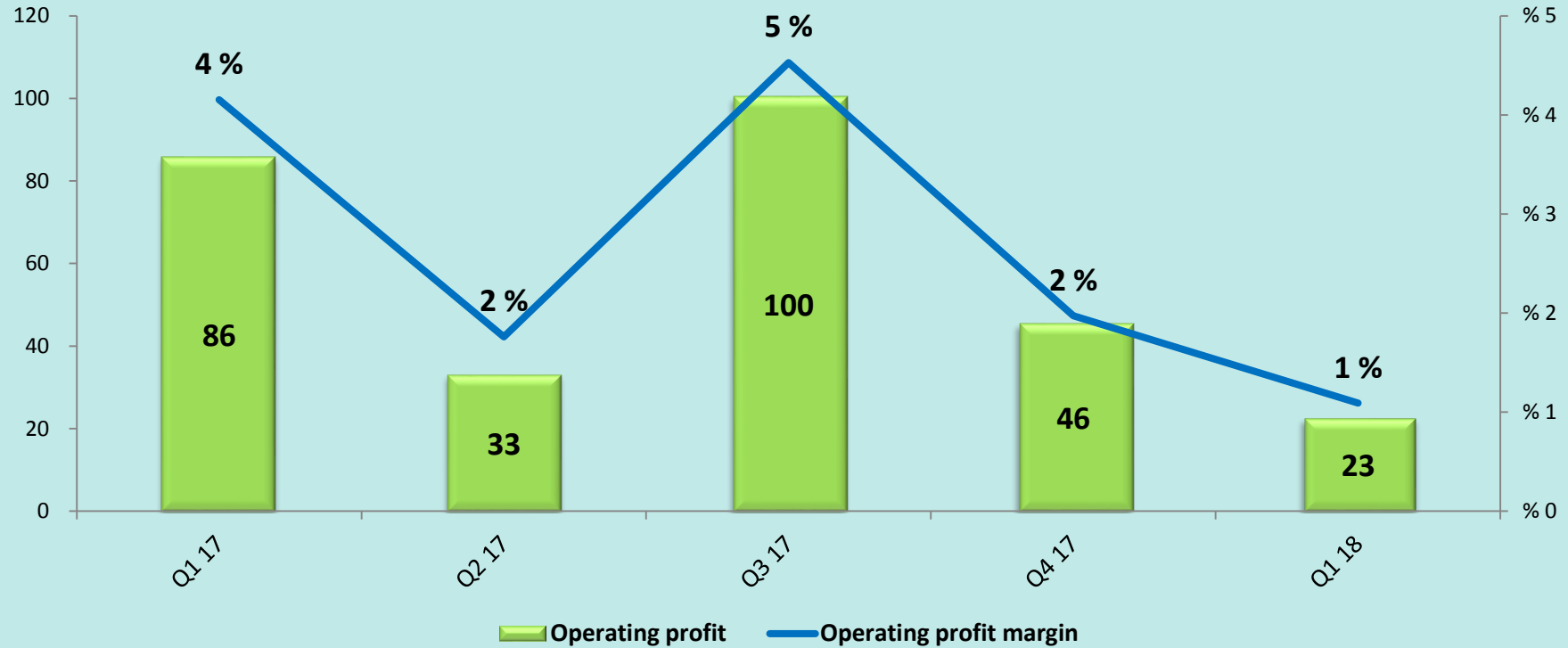
Gross Profit (m TL)



- Gross profit is realized as 133 million.
- Gross profit margin is down to 6% due to the effect of inventory valuation.

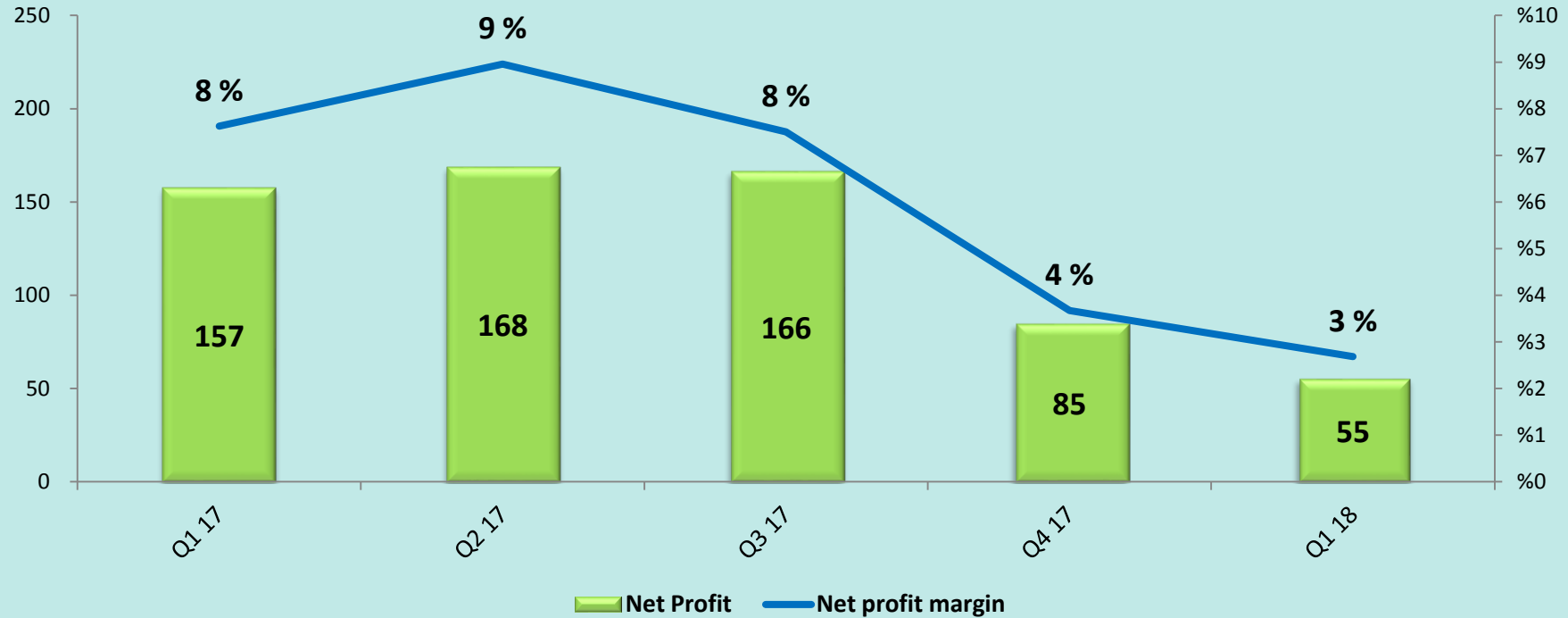
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Operating Profit (m TL)



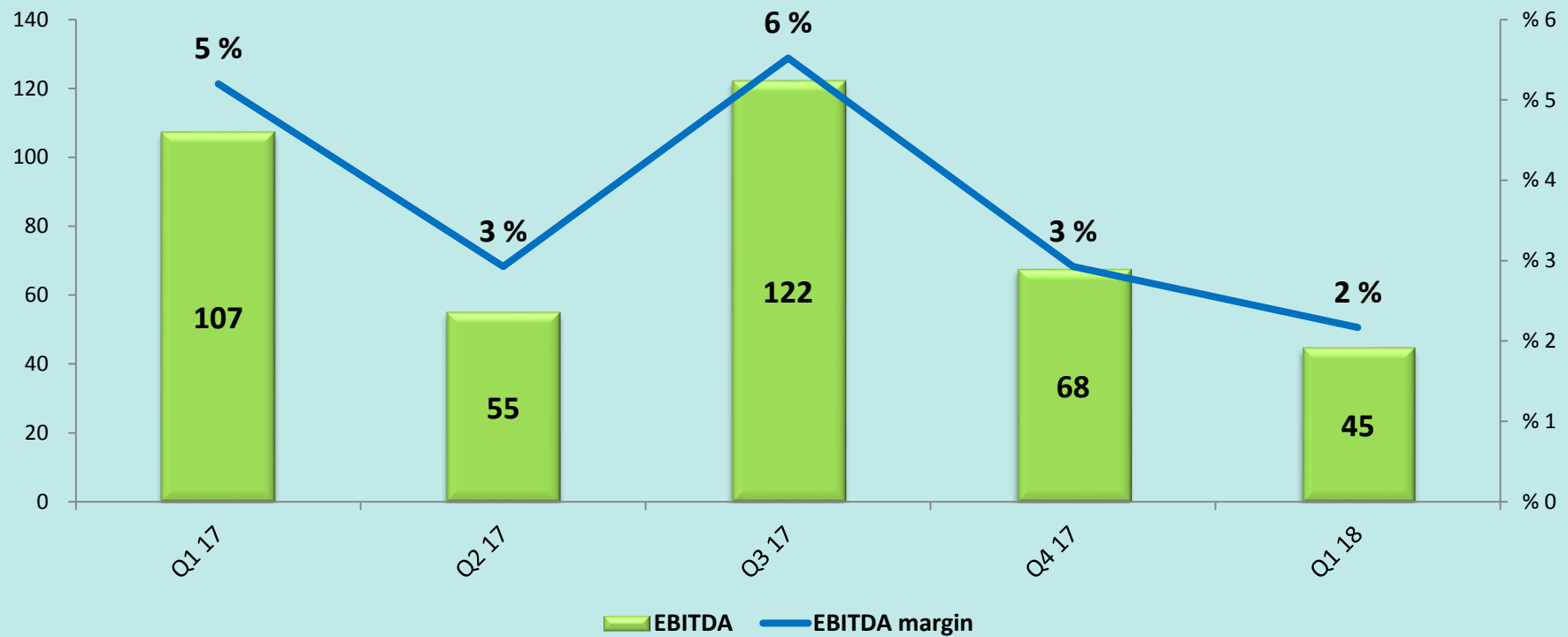
- Operating profit is 23 million TL.
- Operating profit margin is 1%.

Net Profit (m TL)



- Net Profit is 55 million TL and net profit margin is 3%.
- Contributions coming from investments accounted under equity method are lower than previous year.

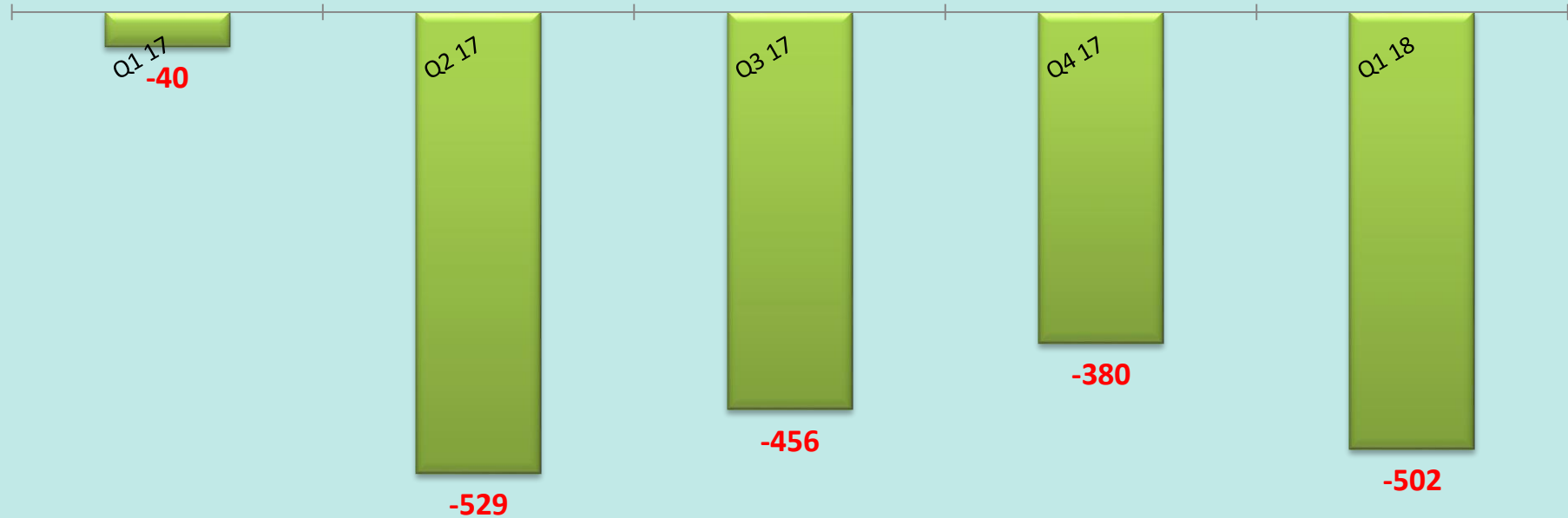
EBITDA (m TL)



- In the first quarter of 2018, EBITDA is 45 million TL, while EBITDA margin is 2%.

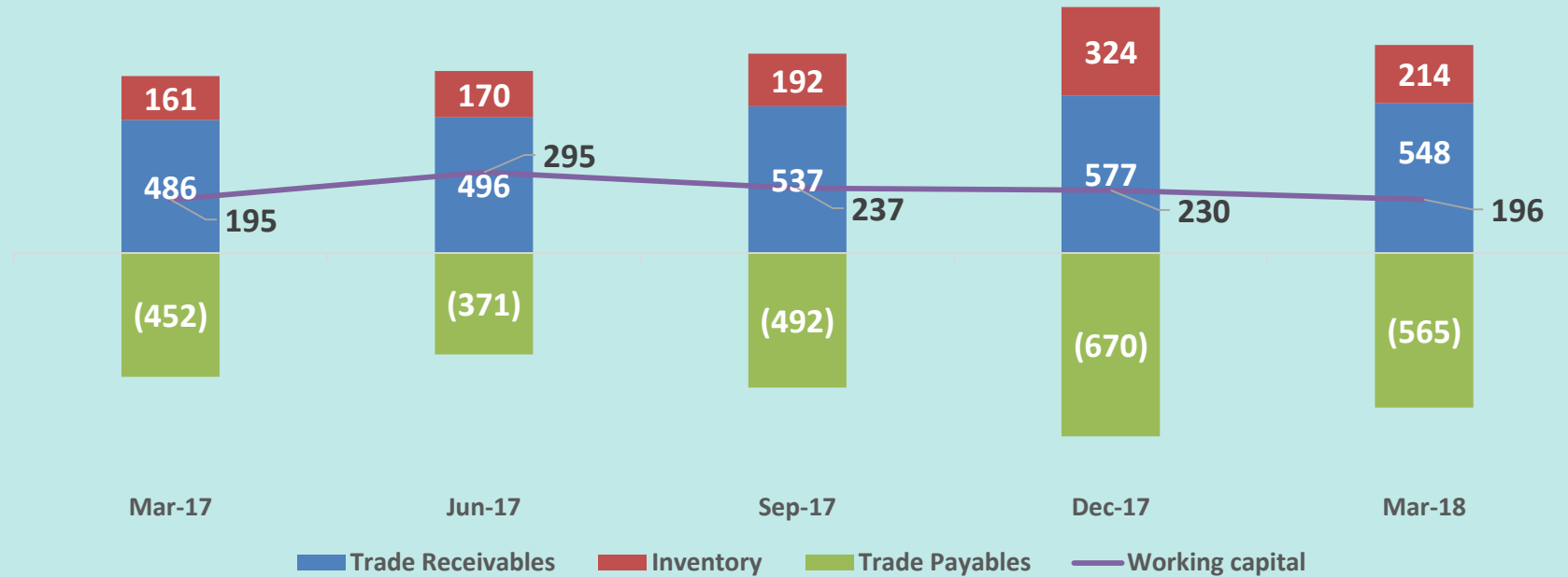
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Net Cash (m TL)



- As of March 31, 2018 net debt is 502 million TL.
- Net debt amount increased after the contribution for capital increases of our subsidiary and dividend payment.

Working Capital (m TL)

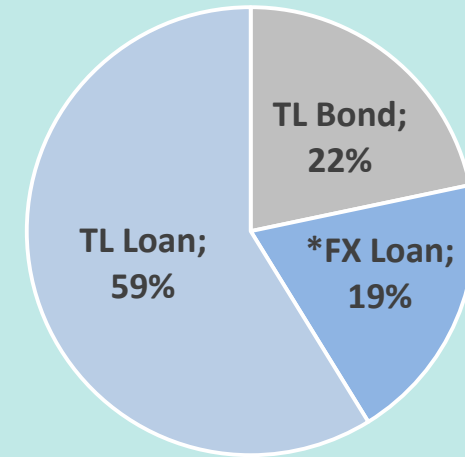


- The structure and size of working capital is being actively managed.

Debt Profile

(m TL)	2017	3M 2018
ST Borrowings	85	15
Current portion of LT Borrowings	305	293
LT Borrowings	583	691
Total Debt	973	999
Cash and cash equivalents (-)	593	497
= Net Debt	380	502

Debt Profile as of 31/03/2018



- 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 received a long term rating of (TR) AAA and a short term rating of (TR) A1+ and outlook as stable on June 22, 2017.

Income Statement – Summary

Million TL	Q1 18	Q4 17	Change	Q1 18	Q1 17	Change
Revenues	2,063	2,307	-11%	2,063	2,065	-
Gross Profit	133	185	-28%	133	189	-30%
Operating Profit	23	46	-51%	23	86	-74%
Profit Before Tax	60	97	-39%	60	170	-65%
Net Profit	55	85	-35%	55	157	-65%
EBITDA	45	68	-34%	45	107	-58%
MARGINS						
Gross Profit M.	6%	8%	-2	6%	9%	-3
Operating Profit M.	1%	2%	-1	1%	4%	-3
Profit Before Tax M.	3%	4%	-1	3%	8%	-5
Net Profit M.	3%	4%	-1	3%	8%	-5
EBITDA M.	2%	3%	-1	2%	5%	-3

Balance Sheet- Summary

Million TL	3M 18	12M 17
Cash & Cash Eq.	497	593
Trade Receivables	548	577
Inventories	214	324
Prop.Plant&Equipment	682	678
Participations	2,157	2,273
Total Assets	4,654	4,966
Financial Debt	999	973
Trade Payables	565	670
Total Equity	2,505	2,923
Total Liabilities & Equity	4,654	4,966
Net Cash (Debt)	-502	-380
Working Capital	196	230

16 Forward looking statements for 2018

Sales volume

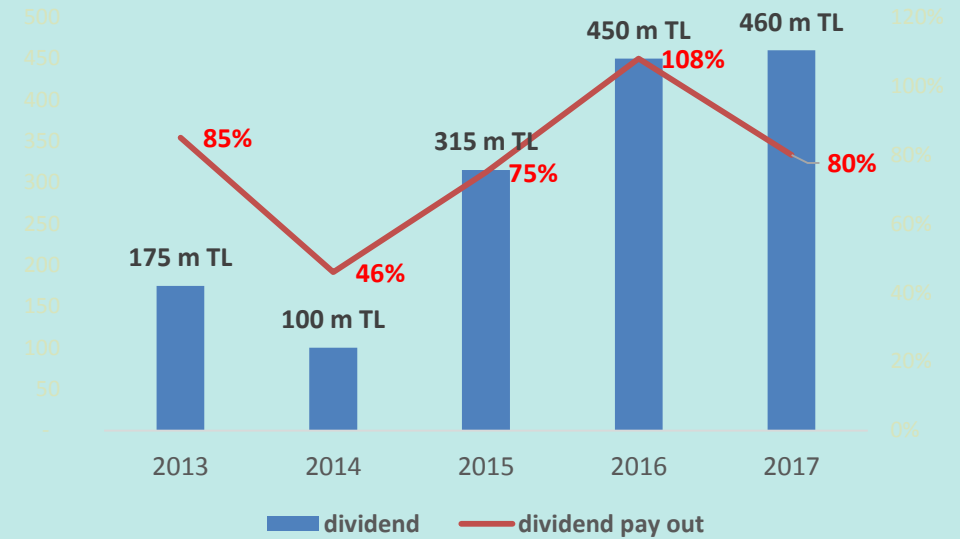
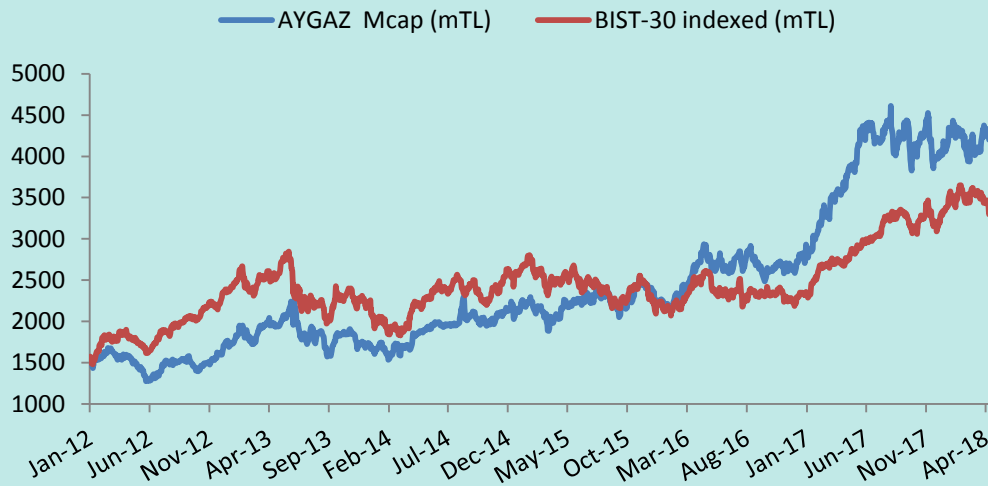
- Cylinder: 320-335 thousand tons
- Autogas: 750-785 thousand tons

Market share

- Cylinder: 41.5%-43.5%
- Autogas: 23.2%-24.5%
(previous: 24.2%-25.4%)

- According to EMRA's monthly reports, since the market growth is above expectations for the first two months of 2018, without any change in sales volume, our autogas market share is reevaluated as 23.2%-24.5%.

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

Contacts

investor@aygaz.com.tr

Ferda Erginođlu, CFO

ferda.erginoglu@aygaz.com.tr
+90 212 354 1764

Ŗebnem Yücel, Finance Manager

sebnem.yucel@aygaz.com.tr
+90 212 354 1510

Selin Sanver, Investor Relations Manager

selin.sanver@aygaz.com.tr
+90 212 354 1659

www.aygaz.com.tr