

AYGAZ

Q3. 2018 Earnings Release Report

November 07, 2018



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- 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

Operational - Quarterly

According to Q3 2017



Domestic LPG sales

314

Thousand tons

-3% YoY



**International and
wholesale LPG sales**

236

Thousand tons

-12% YoY



Total LPG sales

550

Thousand tons

-7% YoY



- Cylinder sales are 87 thousand tons (-7% YoY)
- Autogas sales are 214 thousand tons (-3% YoY)
- Sales volumes are pressurized due to effective risk management and policies aiming to protect profitability under general economic conditions.



Highlights

Operational – 9 Months cumulative

According to 9M 2017



Domestic LPG sales

852

Thousand tons

-3% YoY



**International and
wholesale LPG sales**

701

Thousand tons

-8% YoY



Total LPG sales

1,553

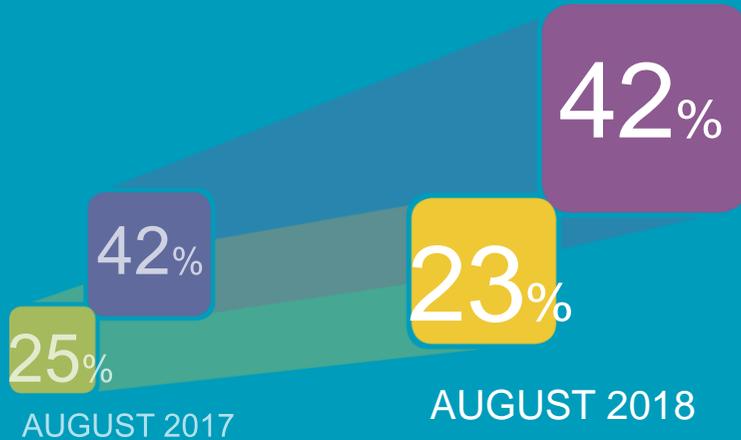
Thousand tons

-5% YoY



- Cylinder sales are 243 thousand tons (-6% YoY)
- Autogas sales are 571 thousand tons (-4% YoY)
- International sales increased by 11% while wholesale sales contracted since more companies started importing for themselves.

> Highlights



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

(42% and 25% in August 2017)

According to August 2018 EMRA report, Turkish cylinder sales volume is 512,005 tons and autogas volume is 2,222,499 tons.

2017/ 8 months:

| | | |
|--------------|-----------|------|
| Cylinder gas | 540,713 | tons |
| Autogas | 2,052,738 | tons |



SALES VOLUME (Tons)

EMRA, Aygaz

> Highlights

Financial

QUARTERLY / (YoY)

| | | |
|------------------|-------------------------|--|
| Revenue | 2,906 Million TL | +31% YoY  |
| Operating profit | 84 Million TL | -16% YoY  |
| EBITDA | 106 Million TL | -13% YoY  |
| Net profit | 112 Million TL | -33% YoY  |

- Gross profit improved due to inventory gain effect stemming from world LPG prices and FX rate; net profit is affected from the increase in other operating expenses related to import payments and lower contribution from investment accounted under equity method.

> Highlights

Financial

9 MONTHS CUMULATIVE / (YoY)

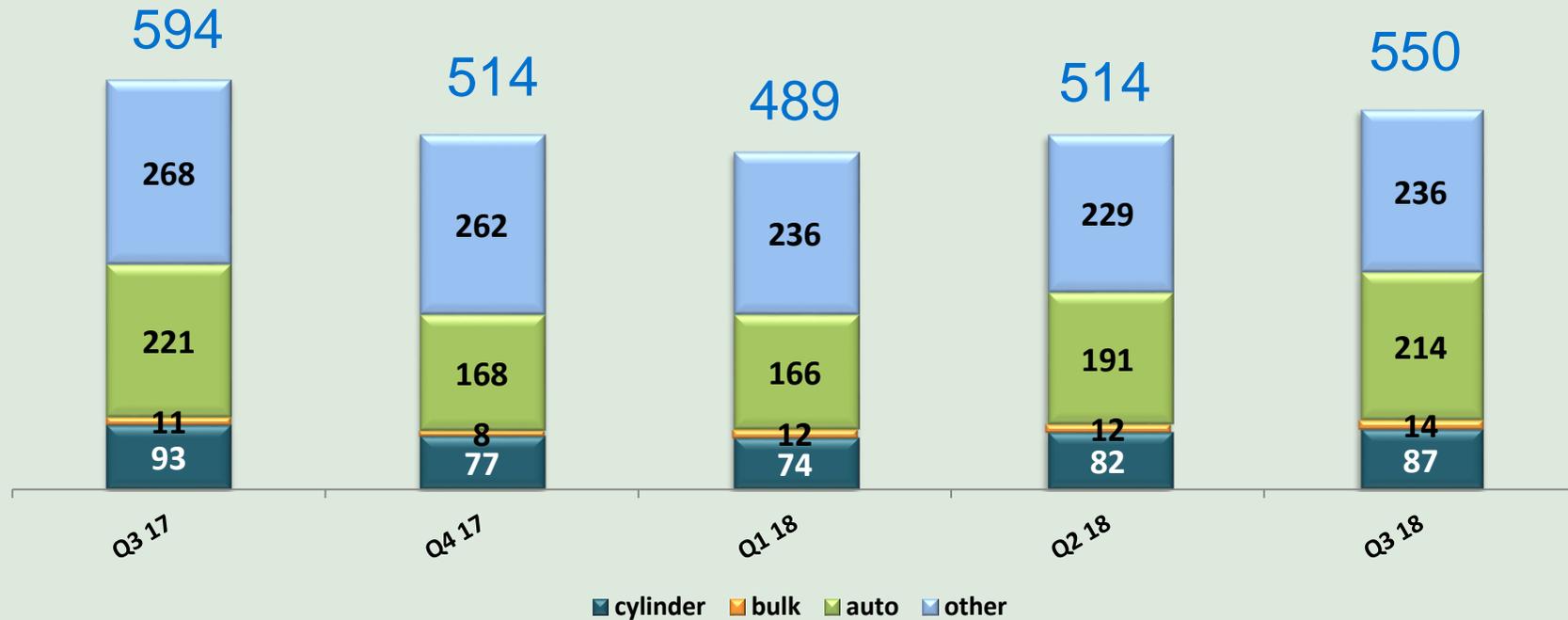
| | | | |
|------------------|-------------------------|-----------------|---|
| Revenue | 7,191 Million TL | +17% YoY | ↑ |
| Operating profit | 199 Million TL | -9% YoY | ↓ |
| EBITDA | 266 Million TL | -7% YoY | ↓ |
| Net profit | 315 Million TL | -36% YoY | ↓ |

- Operating profit was retained around the same level YoY despite the negative impact from contracting sales volume. Lower contribution from the investments under equity method had an effect on net profit.

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Aygaz LPG Sales (Quarterly)

(Thousand tons)



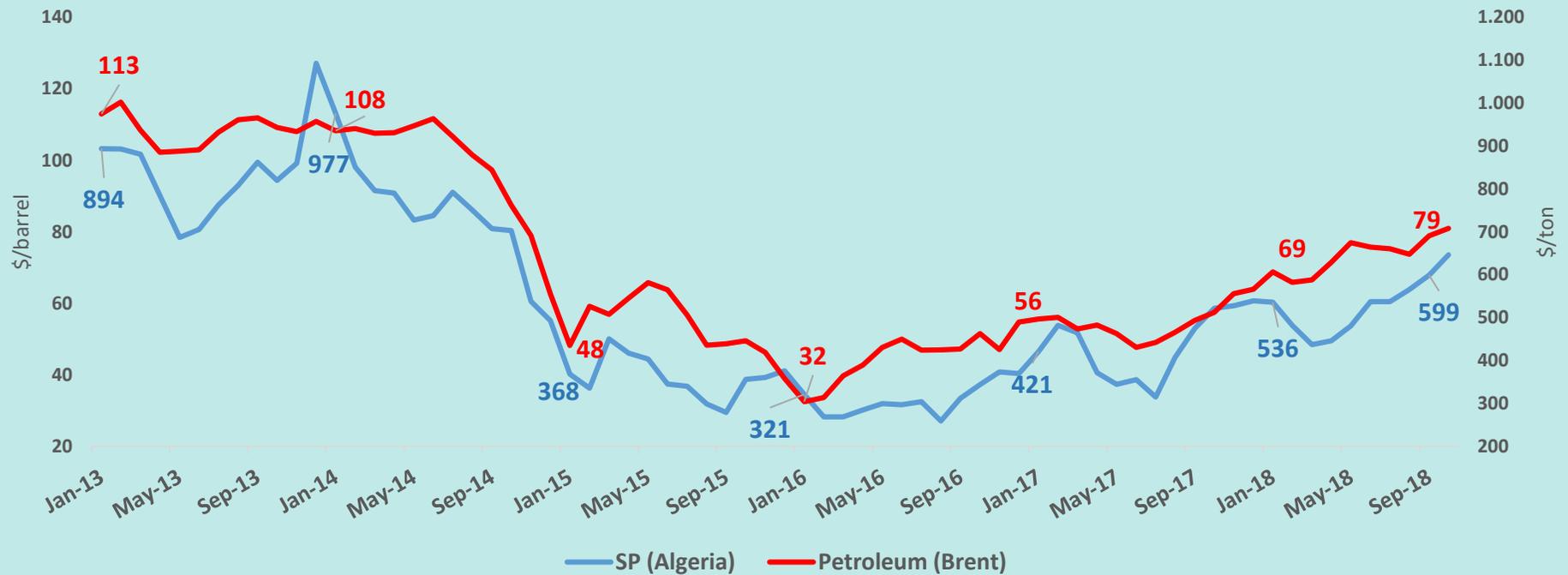
Q3 2018 sales volumes were realized as

- 214 thousand tons in Autogas (-3% YoY)
- 87 thousand tons in Cylinder Gas (-7% YoY)

EMRA, Aygaz

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LPG – Brent world prices

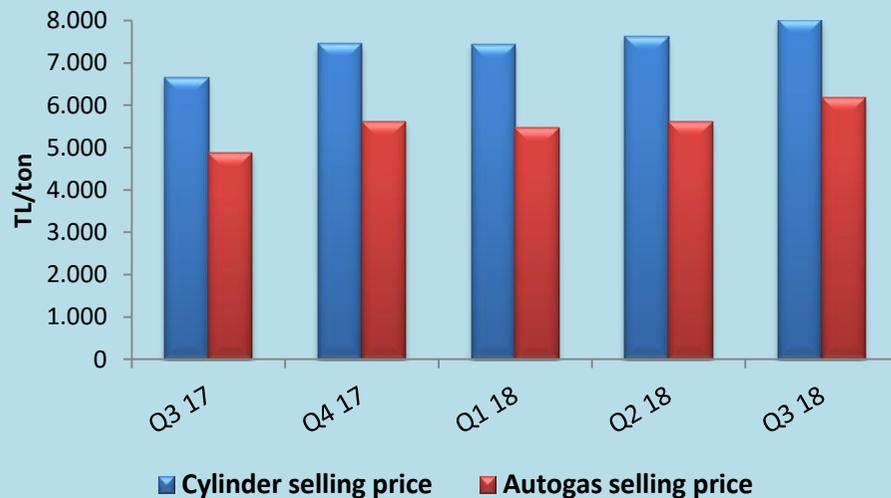


- September 2018 Sonatrach LPG price is at USD 599 and 26% higher than September 2017 price.
- Rising LPG prices continued to affect inventory valuation positively in Q3 2018.

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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.
- As of May 17,2018, in case of an increase of the domestic refinery output prices announced by EMRA, of the goods defined and that contain gasoline, diesel, LPG, butane and propane, due to international oil prices or exchange rates; the excise tax amount to which the goods are subject is decreased as much as the increased amount whereas in case of a decrease due to international oil prices or exchange rates, the excise tax is applied as it will not exceed the excise tax amount on May 17, 2018.



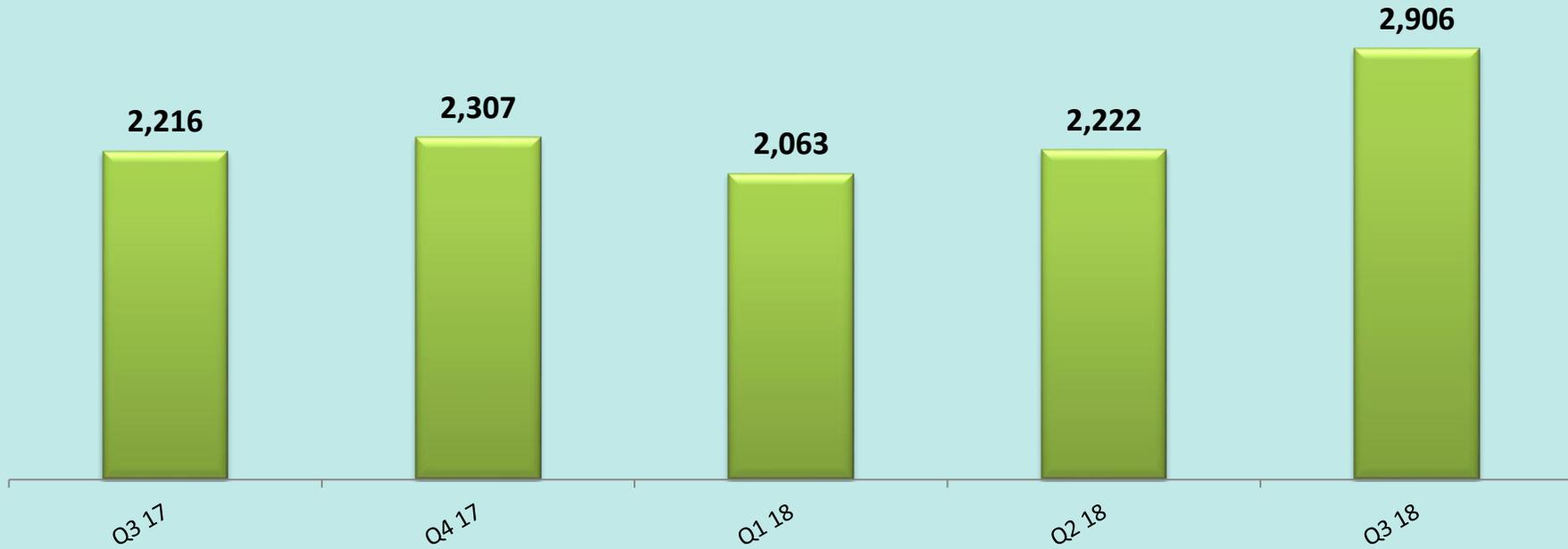
Average listed selling prices*;

- The excise tax regulation eliminated the effect of rising commodity prices and FX rate on the selling prices of cylinder gas and autogas.
- Q3 18 prices, increased by 20% and 27% YoY while they were up by 5% and 10% QoQ for cylinder and autogas respectively.

*Periodic arithmetic averages

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Net Sales (m TL)



- Consolidated sales revenue is 2,906 million TL and 31% higher than Q3 2017.

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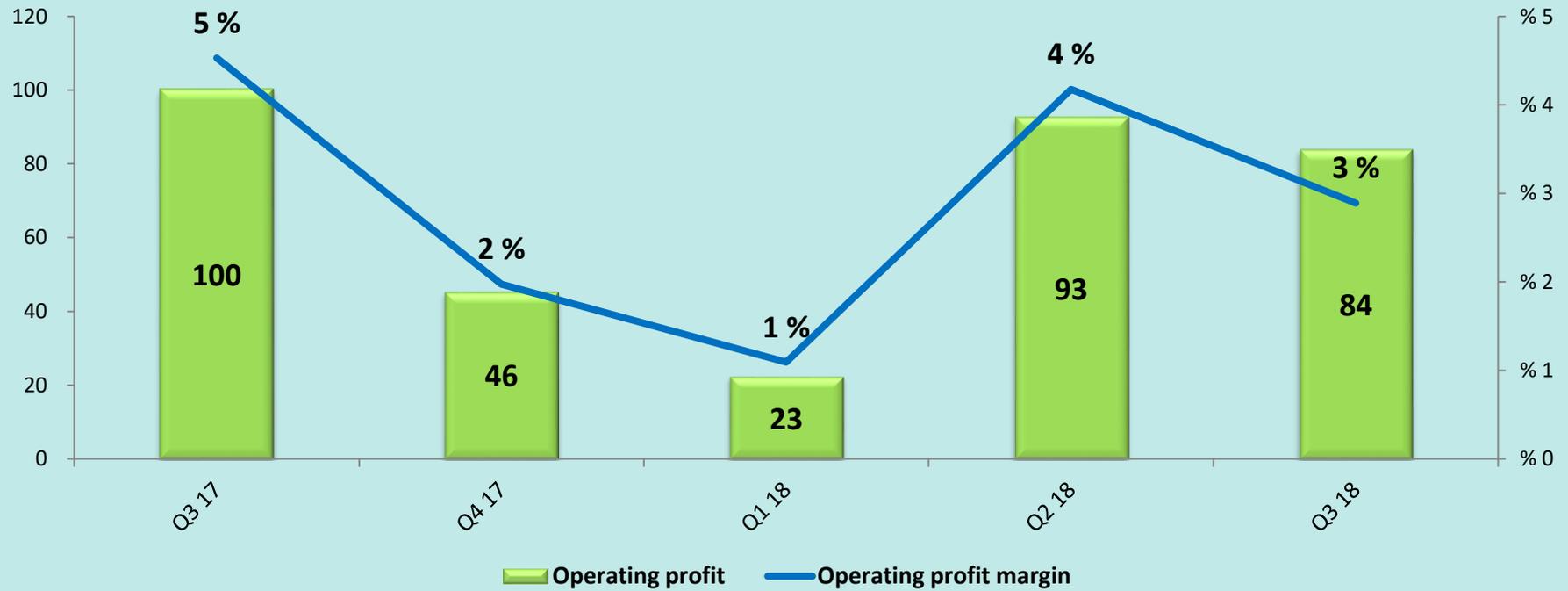
Gross Profit (m TL)



- Gross profit is realized as 277 million TL. Gross profit margin is 10%.
- Inventory valuation effect is observed in Q3.

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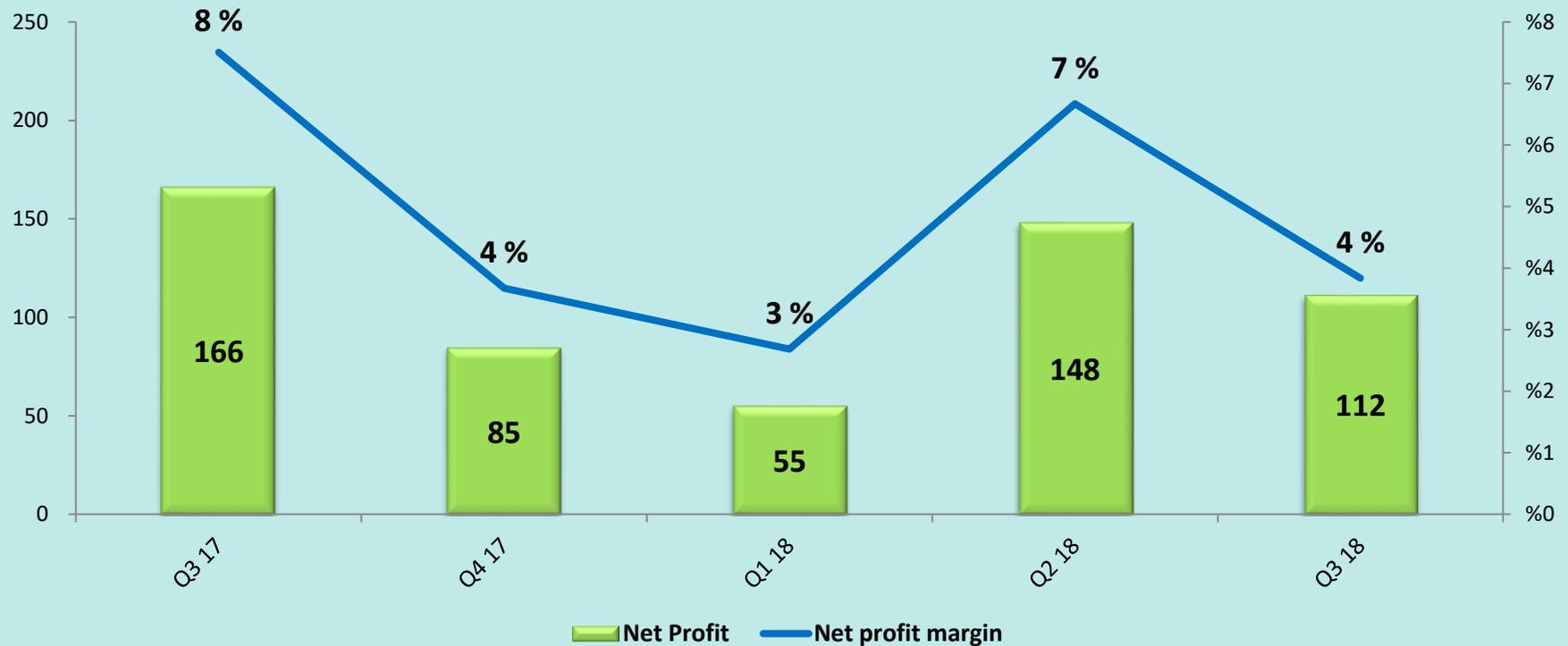
Operating Profit (m TL)



- Operating profit is 84 million TL.
- Operating profit margin is 3%.

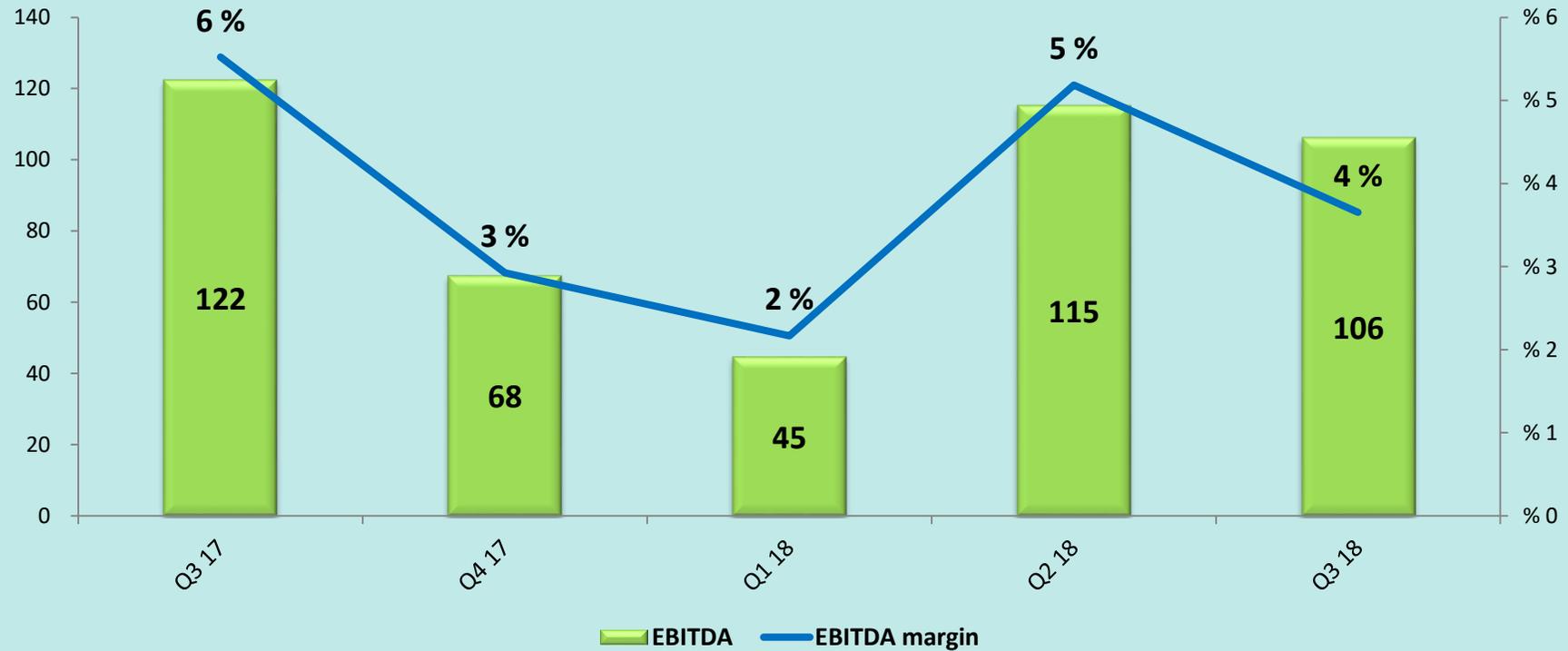
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Net Profit (m TL)



- Net Profit is 112 million TL and net profit margin is 4%.
- Lower contribution from the investments under equity method had an effect on net profit.

EBITDA (m TL)



- In Q3 of 2018, EBITDA is 106 million TL, while EBITDA margin is 4%.

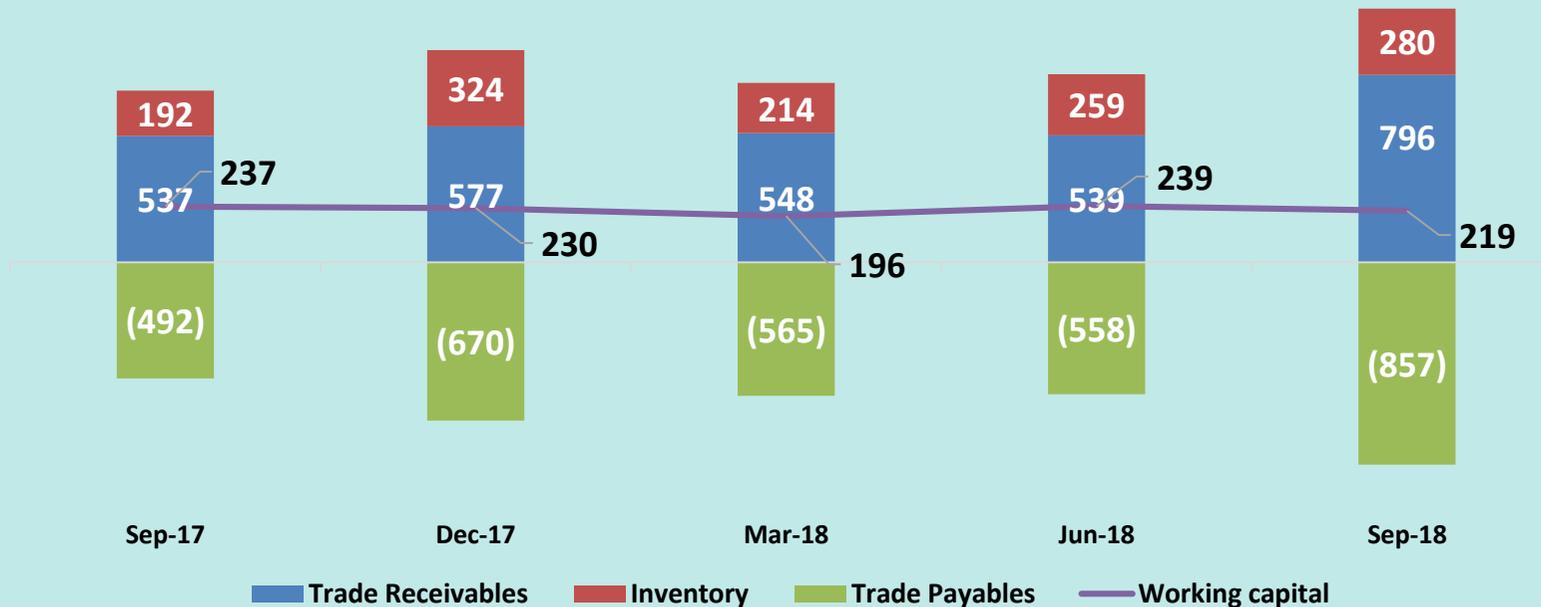
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Net Cash (m TL)



- As of September 30, 2018 net debt is 791 million TL.
- Net debt amount that increased in Q2 due to the dividend payment that also passed on to April and the contribution for capital increases of our subsidiary; stayed at the same level in Q3.

Working Capital (m TL)

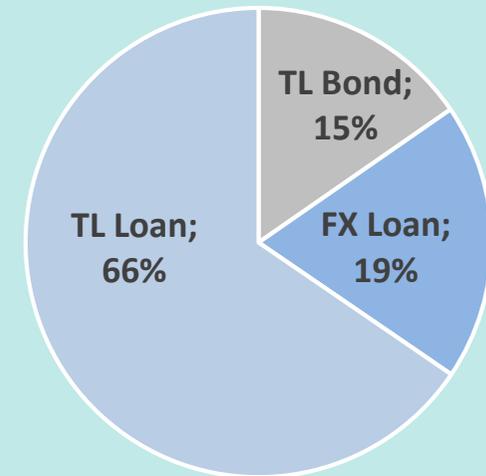


- Working capital stayed around the same level while trade receivables and trade payables increased in line with market conditions in Q3.
- The structure and size of working capital is being actively managed.

13 Debt Profile

| (m TL) | 12M 2017 | 9M 2018 |
|----------------------------------|----------|---------|
| ST Borrowings | 85 | 88 |
| Current portion of LT Borrowings | 305 | 488 |
| LT Borrowings | 583 | 830 |
| Total Debt | 973 | 1,407 |
| Cash and cash equivalents (-) | 593 | 616 |
| = Net Debt | 380 | 791 |

Debt Profile as of 30/09/2018



- 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, 2018.

14 Income Statement – Summary

| Million TL | Q3 18 | Q2 18 | Change | Q3 18 | Q3 17 | Change |
|----------------------|-------|-------|--------|-------|-------|--------|
| Revenues | 2,906 | 2,222 | 31% | 2,906 | 2,216 | 31% |
| Gross Profit | 277 | 224 | 24% | 277 | 223 | 24% |
| Operating Profit | 84 | 93 | -9% | 84 | 100 | -16% |
| Profit Before Tax | 124 | 163 | -24% | 124 | 183 | -32% |
| Net Profit | 112 | 148 | -25% | 112 | 166 | -33% |
| EBITDA | 106 | 115 | -8% | 106 | 122 | -13% |
| MARGINS | | | | | | |
| Gross Profit M. | 10% | 10% | - | 10% | 10% | - |
| Operating Profit M. | 3% | 4% | -1 | 3% | 5% | -2 |
| Profit Before Tax M. | 4% | 7% | -3 | 4% | 8% | -4 |
| Net Profit M. | 4% | 7% | -3 | 4% | 8% | -4 |
| EBITDA M. | 4% | 5% | -1 | 4% | 6% | -2 |

Balance Sheet- Summary

| Million TL | 9M 18 | 12M 17 |
|---------------------------------------|--------------|--------------|
| Cash & Cash Eq. | 616 | 593 |
| Trade Receivables | 796 | 577 |
| Inventories | 280 | 324 |
| Prop.Plant&Equipment | 681 | 678 |
| Participations | 2,156 | 2,273 |
| Total Assets | 5,244 | 4,966 |
| Financial Debt | 1,407 | 973 |
| Trade Payables | 857 | 670 |
| Total Equity | 2,596 | 2,923 |
| Total Liabilities & Equity | 5,244 | 4,966 |
| Net Cash (Debt) | -791 | -380 |
| Working Capital | 219 | 230 |

16 Forward looking statements for 2018

Sales volume

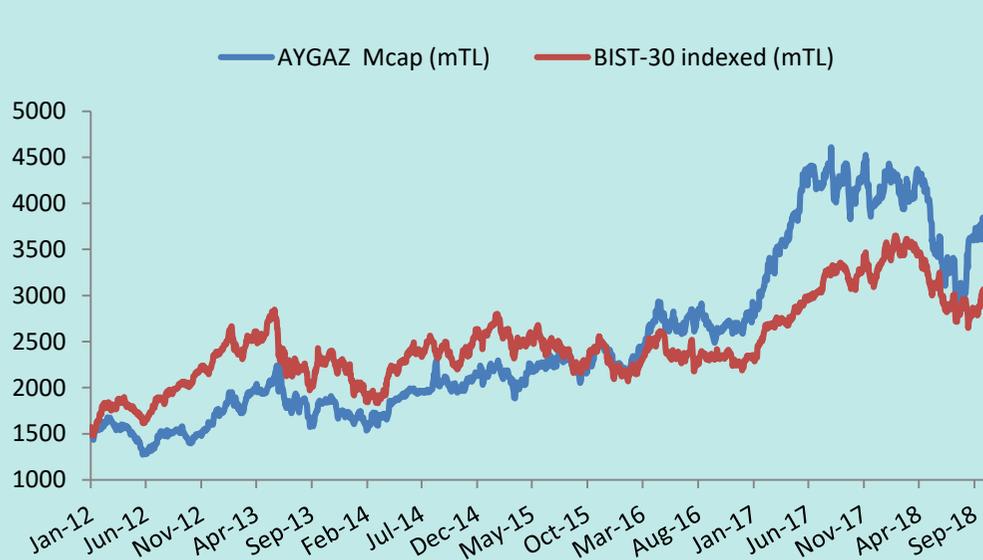
- Cylinder: 310-325 thousand tons
(previous: 320-335 thousand tons)
- Otogaz: 720-750 thousand tons
(previous: 750-785 thousand tons)

Market share

- Cylinder: 41.5%-43.5%
- Autogas: 22.5%-23.7%

- *Our sales volume expectations are updated due to our market prospects for the last quarter of 2018.*

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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