

AYGAZ

Q2. 2018

Earnings Release Report

August 09, 2018



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 Q2 2017



Domestic LPG sales

285

Thousand tons

-4%

YoY



**International and
wholesale LPG sales**

229

Thousand tons

3%

YoY



Total LPG sales

514

Thousand tons

-1%

YoY



- Cylinder sales are 82 thousand tons (-4% YoY)
- Autogas sales are 191 thousand tons (-6% YoY)
- Autogas sales are pressurized due to focus on profitability.



Highlights

Operational – 6 Months cumulative

According to 6M 2017



Domestic LPG sales

538

Thousand tons

-2% YoY



**International and
wholesale LPG sales**

466

Thousand tons

-6% YoY



Total LPG sales

1.003

Thousand tons

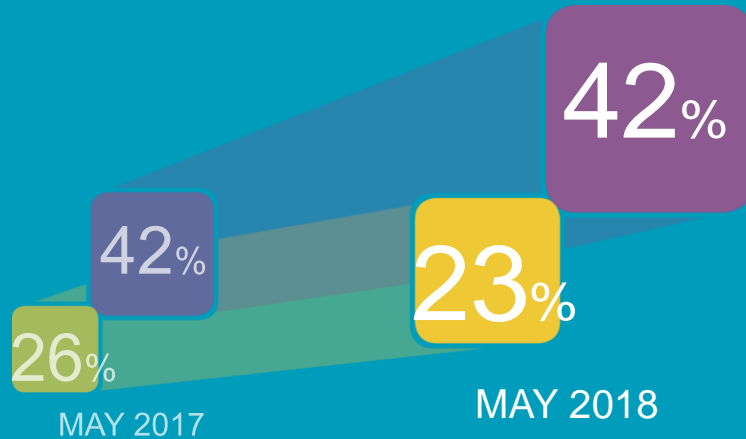
-4% YoY



- Cylinder sales are 157 thousand tons (-5% YoY)
- Autogas sales are 357 thousand tons (-3% YoY)
- International sales increased by 19% while wholesale sales contracted since more companies started importing for themselves.



Highlights



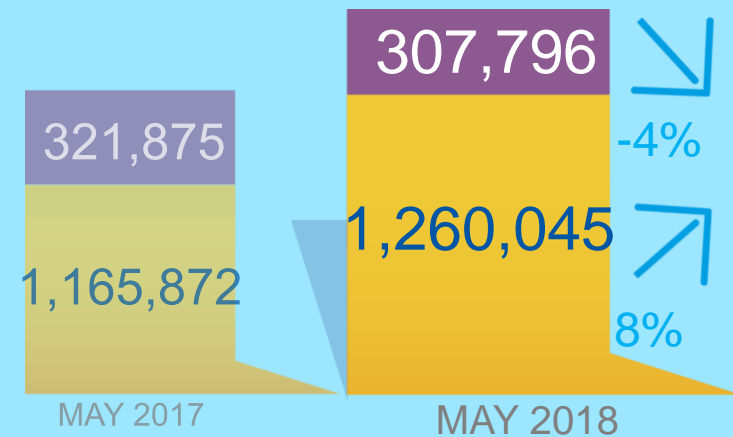
As of May 2018 EMRA report, Aygaz cylinder and autogas market shares are 42% and 23% respectively.

(42% and 26% in May 2017)

According to May 2018 EMRA report, Turkish cylinder sales volume is 307,796 tons and autogas volume is 1,260,045 tons.

2017/ 5 months:

Cylinder gas	321,875	tons
Autogas	1,165,872	tons



SALES VOLUME (Tons)

EMRA, Aygaz

> Highlights

Financial

QUARTERLY / (YoY)

Revenue	2,222 Million TL	+18% YoY	↑
Operating profit	93 Million TL	+180% YoY	↑
EBITDA	115 Million TL	+109% YoY	↑
Net profit	148 Million TL	-12% YoY	↓

- In Q2 2018, operating profit improved due to profit enhancing policies and inventory effect.

> Highlights

Financial

6 MONTHS CUMULATIVE / (YoY)

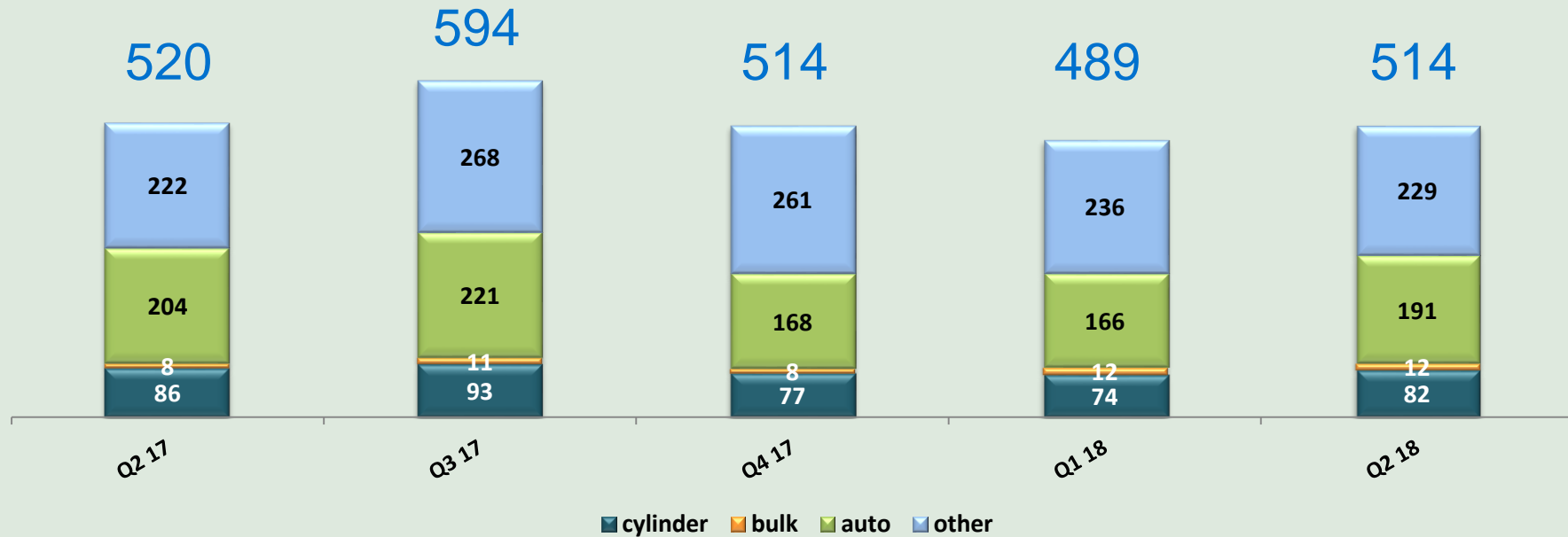
Revenue	4,286 Million TL	+9% YoY	↑
Operating profit	115 Million TL	-3% YoY	↓
EBITDA	160 Million TL	-2% YoY	↓
Net profit	204 Million TL	-38% YoY	↓

- While six-month operating profit was retained around the same level as 2017 same period , lower contribution from the investments under equity method had an effect on net profit.

3

Aygaz LPG Sales (Quarterly)

(Thousand tons)

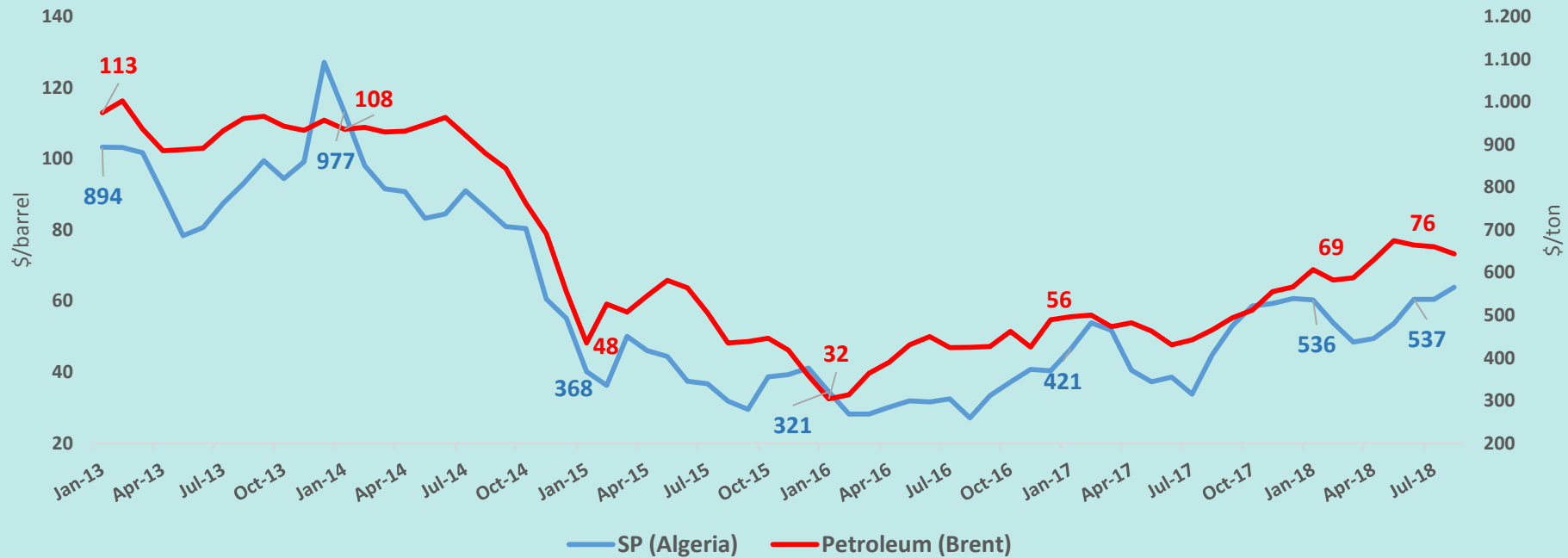


Q2 2018 sales volumes were realized as

- 191 thousand tons in Autogas (-6% YoY)
- 82 thousand tons in Cylinder Gas (-4% YoY)

EMRA, Aygaz

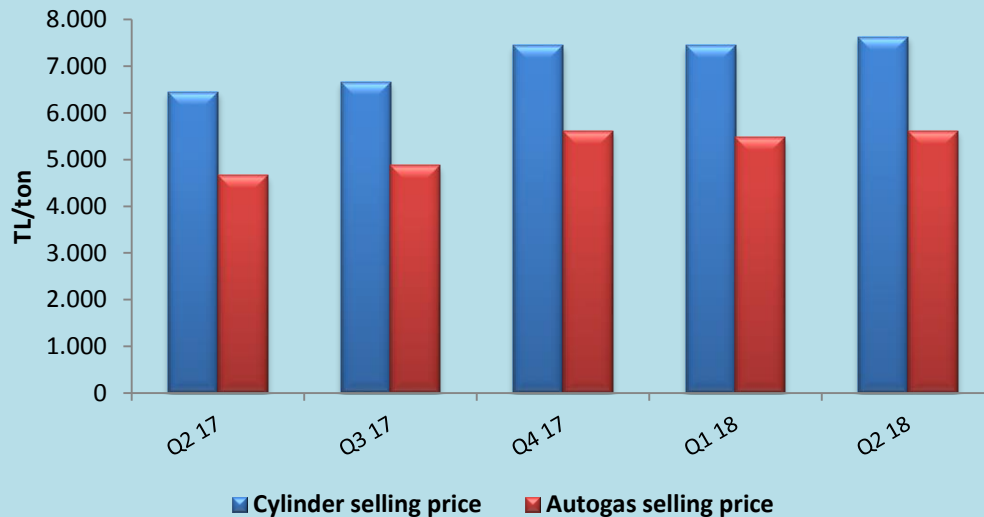
LPG – Brent world prices



- June 2018 Sonatrach LPG price is at USD 537 and 51% higher than June 2017 price.
- Rising LPG prices caused a positive impact on inventory valuation in Q2 2018 eliminating the adverse effect 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.
- 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.



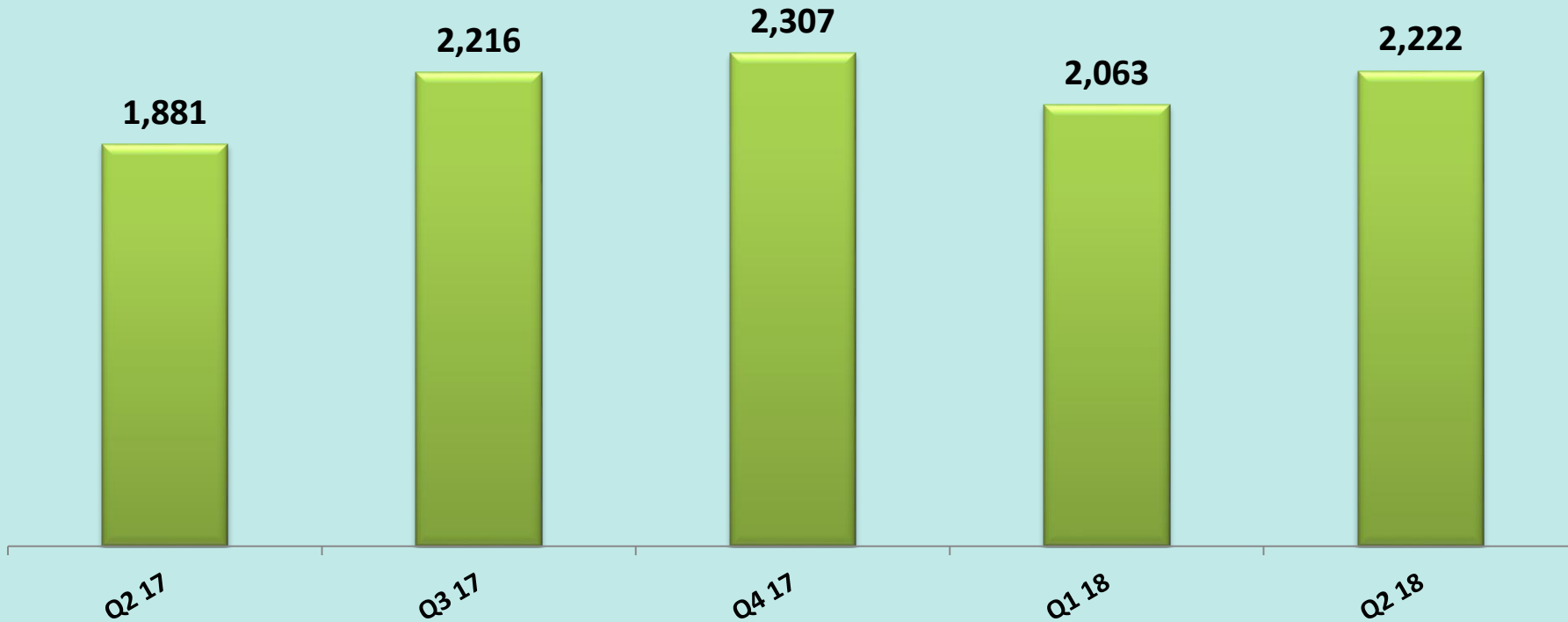
*Periodic arithmetic averages

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.
- Q2 18 prices, increased by 18% and 21% YoY while they were up by 3% QoQ for cylinder and autogas respectively.

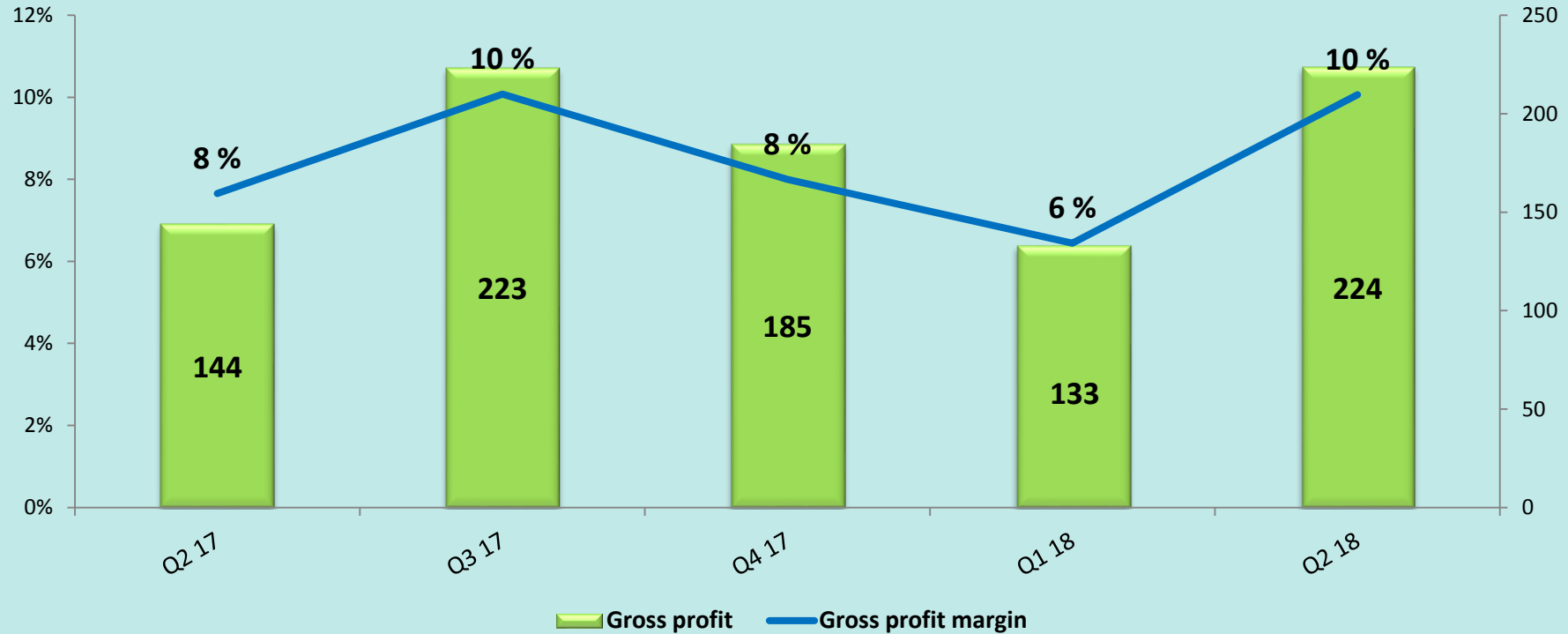
6

Net Sales (m TL)



- Consolidated sales revenue is 2,222 million TL and 18% higher than Q2 2017.

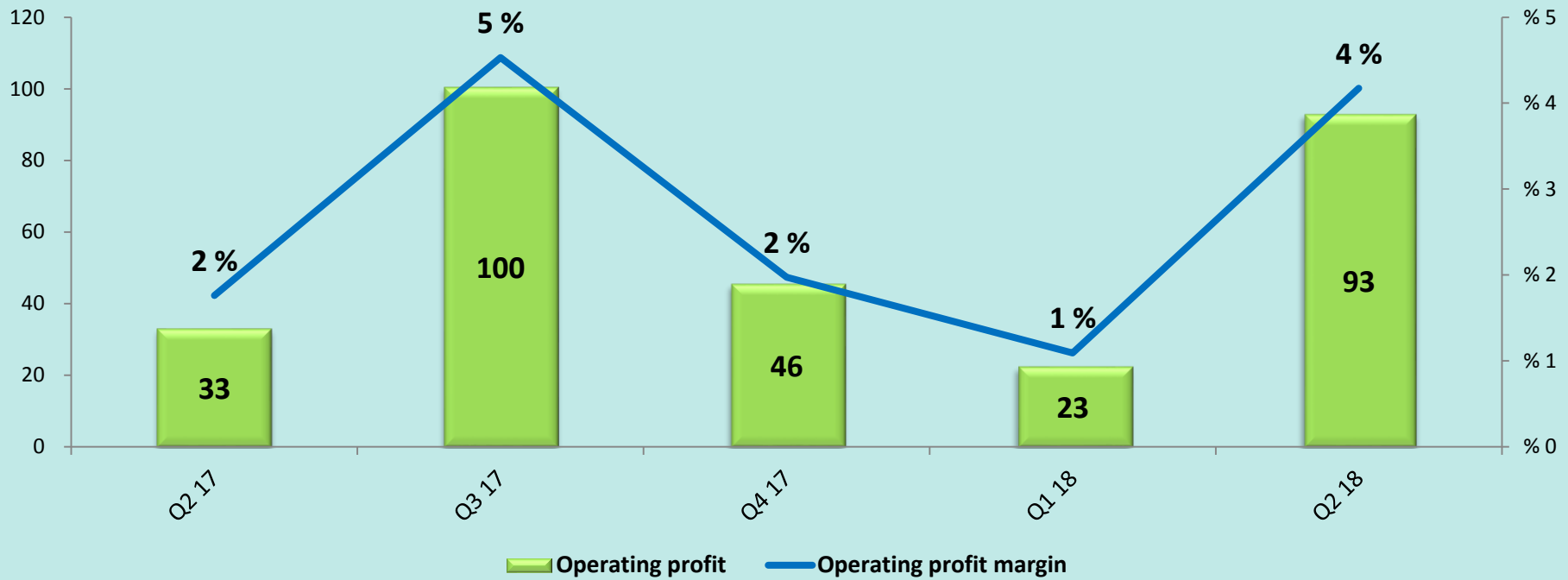
Gross Profit (m TL)



- Gross profit is realized as 224 million TL.
- Gross profit margin up to 10% due to the effect of inventory valuation.

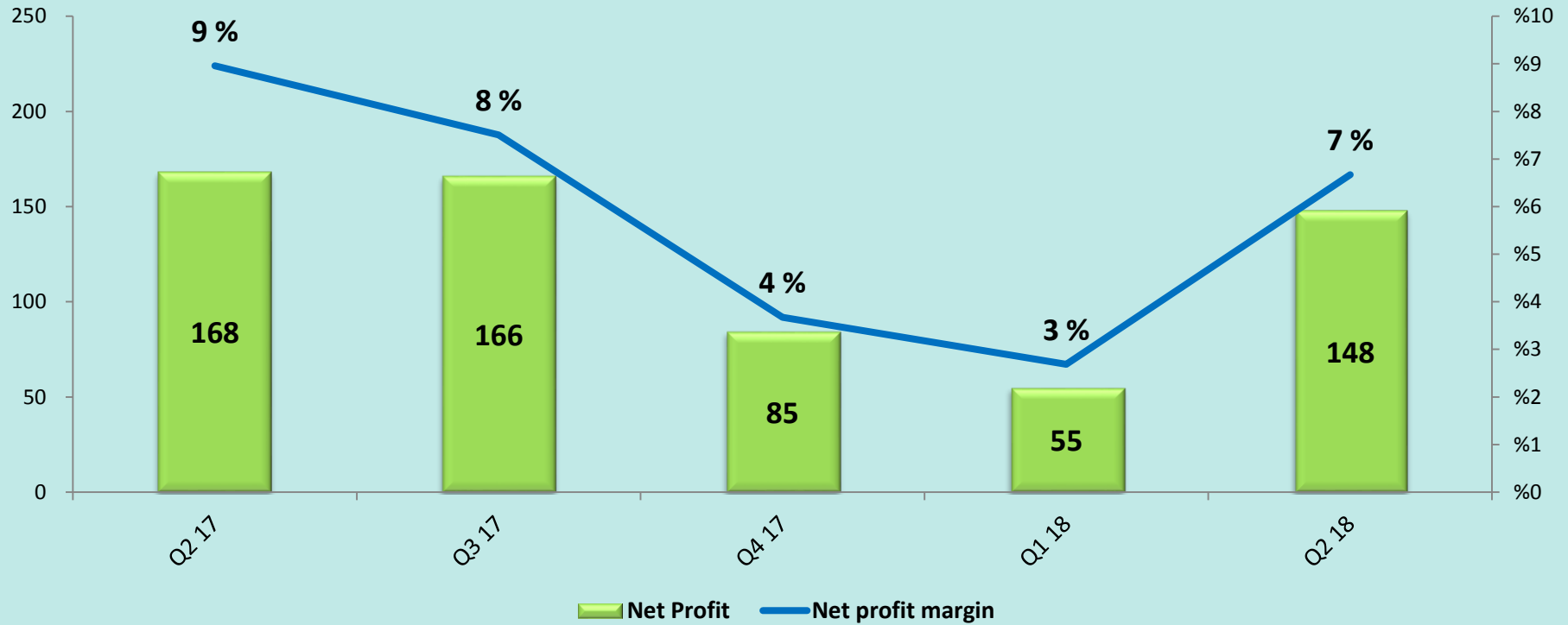
8

Operating Profit (m TL)



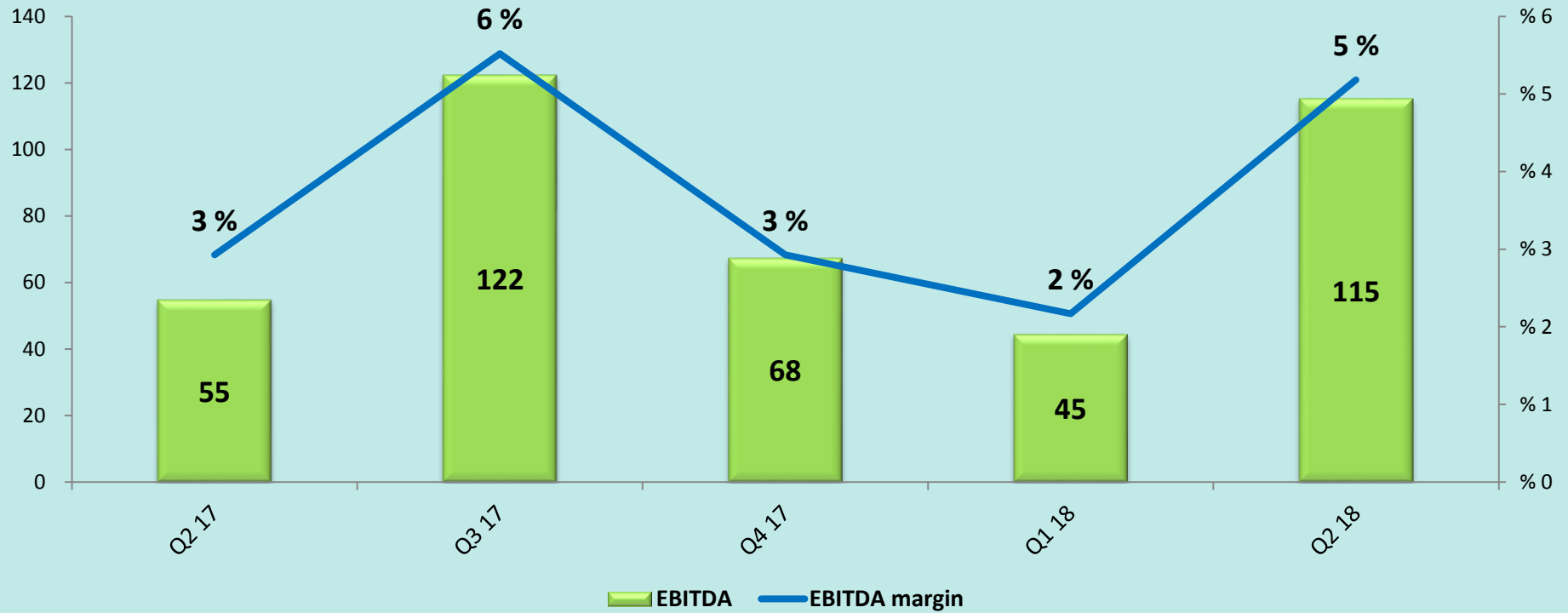
- Operating profit is 93 million TL.
- Operating profit margin is up to 4% in line with gross profit.

Net Profit (m TL)



- Net Profit is 148 million TL and net profit margin is 7%.
- Increasing operating profit supported net profit.

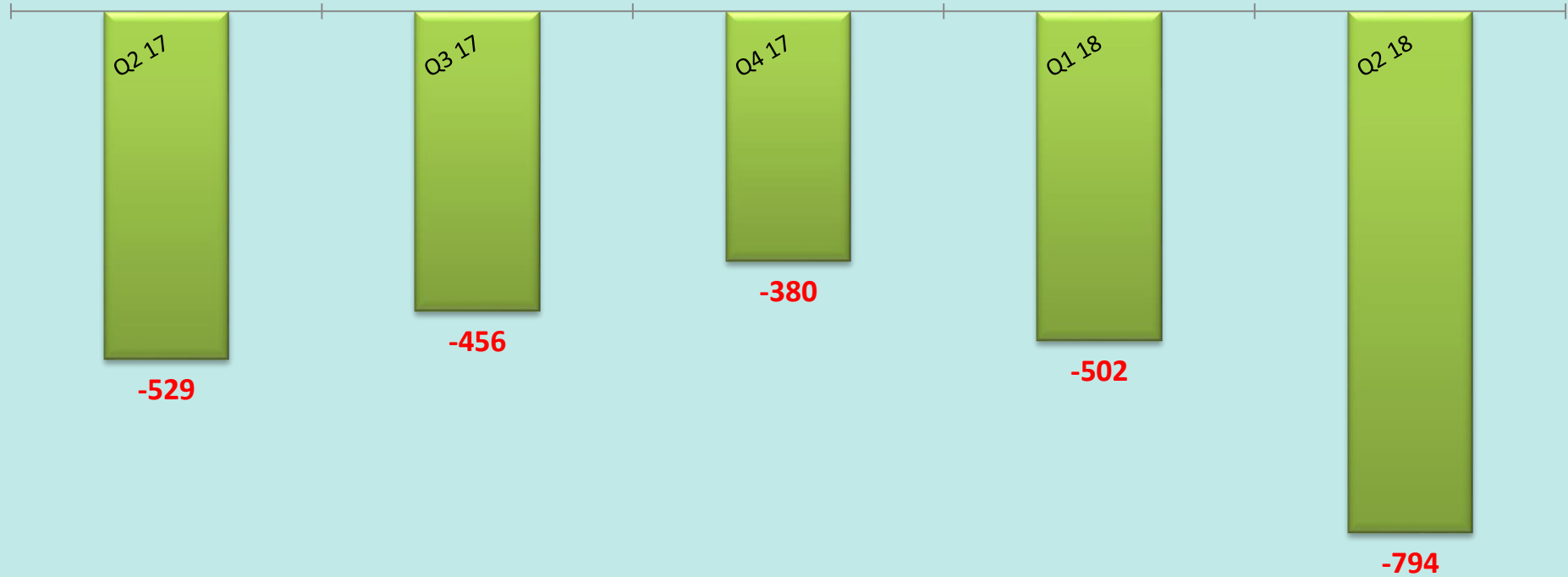
EBITDA (m TL)



- In Q2 of 2018, EBITDA is 115 million TL, while EBITDA margin is 5%.

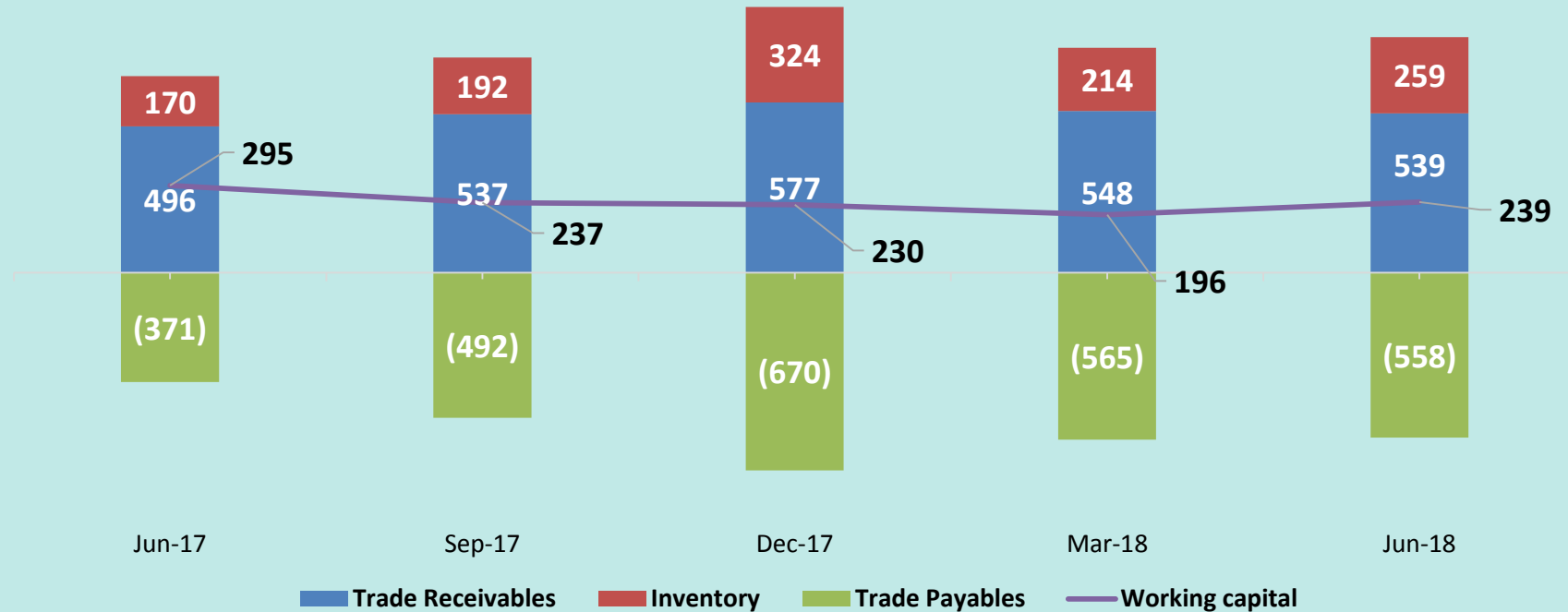
11

Net Cash (m TL)



- As of June 30, 2018 net debt is 794 million TL.
- Net debt amount increased due to the dividend payment that also passed on to April and the contribution for capital increases of our subsidiary.

Working Capital (m TL)

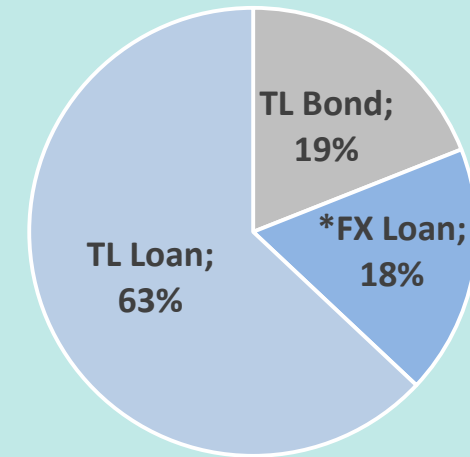


- The structure and size of working capital is being actively managed.

Debt Profile

(m TL)	12M 2017	6M 2018
ST Borrowings	85	45
Current portion of LT Borrowings	305	442
LT Borrowings	583	657
Total Debt	973	1,144
Cash and cash equivalents (-)	593	350
= Net Debt	380	794

Debt Profile as of 30/06/2018



- 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.

Income Statement – Summary

Million TL	Q2 18	Q1 18	Change	Q2 18	Q2 17	Change
Revenues	2,222	2,063	8%	2,222	1,881	18%
Gross Profit	224	133	68%	224	144	55%
Operating Profit	93	23	312%	93	33	180%
Profit Before Tax	163	60	174%	163	170	-4%
Net Profit	148	55	168%	148	168	-12%
EBITDA	115	45	158%	115	55	109%
MARGINS						
Gross Profit M.	10%	6%	+4	10%	8%	+2
Operating Profit M.	4%	1%	+3	4%	2%	+2
Profit Before Tax M.	7%	3%	+4	7%	9%	-2
Net Profit M.	7%	3%	+4	7%	9%	-2
EBITDA M.	5%	2%	+3	5%	3%	+2

Balance Sheet- Summary

Million TL	6M 18	12M 17
Cash & Cash Eq.	350	593
Trade Receivables	539	577
Inventories	259	324
Prop.Plant&Equipment	688	678
Participations	2,213	2,273
Total Assets	4,676	4,966
Financial Debt	1,144	973
Trade Payables	558	670
Total Equity	2,590	2,923
Total Liabilities & Equity	4,676	4,966
Net Cash (Debt)	-794	-380
Working Capital	239	230

16 Forward looking statements for 2018

Sales volume

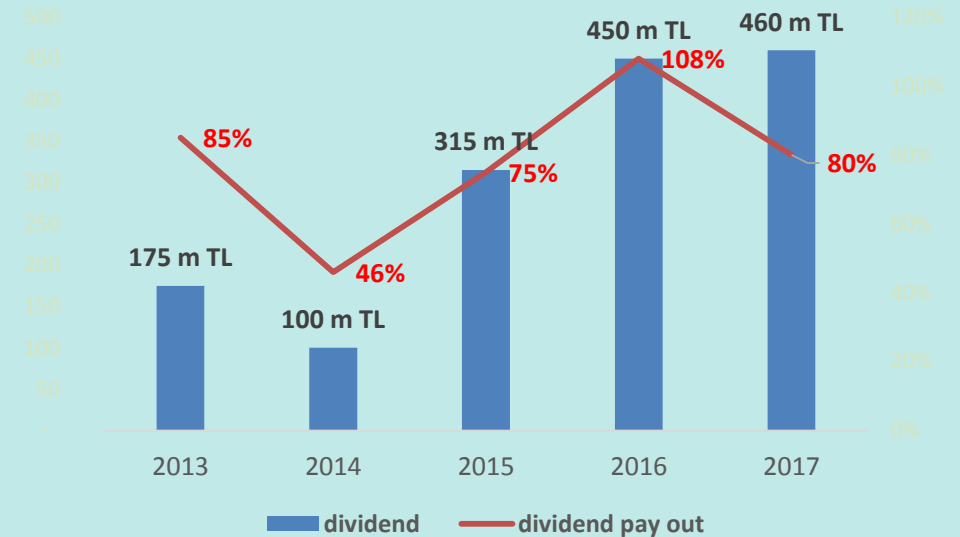
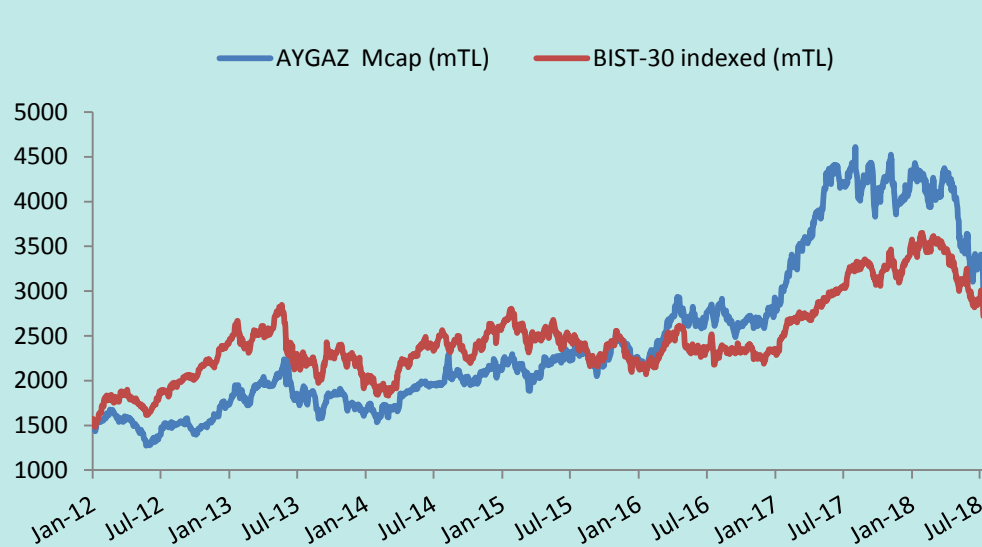
- Cylinder: 320-335 thousand tons
- Autogas: 750-785 thousand tons

Market share

- Cylinder: 41.5%-43.5%
- Autogas: 22.5%-23.7%
(previous: 23.2%-24.5%)

- According to EMRA's monthly reports, since the market growth is above expectations for the first five months of 2018, without any change in sales volume, our autogas market share is reevaluated as 22.5%-23.7%.

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