

AYGAZ

Q3. 2017

Earnings Release Report

November 8, 2017



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Disclaimer

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Highlights

Operational - Quarterly

According to Q3 2016



Domestic LPG sales

326

Thousand tons

-5% YoY



**International and
wholesale LPG sales**

268

Thousand tons

-5% YoY



Total LPG sales

594

Thousand tons

-5% YoY



- The increase in the LPG prices compared to previous year especially affects autogas demand.



Highlights

Operational– 9 Months cumulative

According to 9M 2016



Domestic LPG sales

876

Thousand tons

-2% YoY



**International and
wholesale LPG sales**

764

Thousand tons

+9% YoY



Total LPG sales

1.640

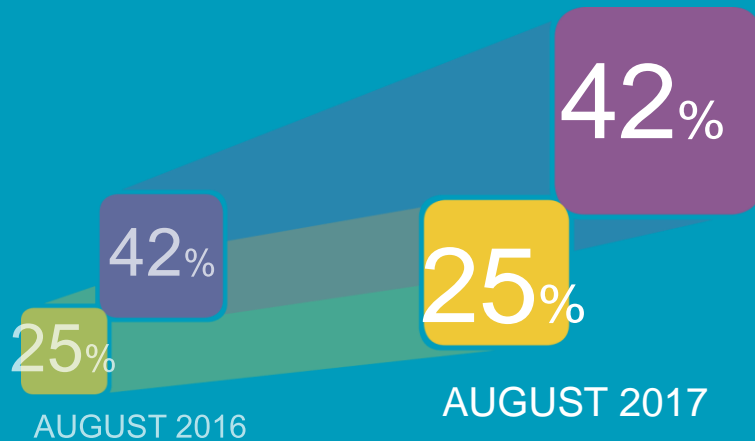
Thousand tons

+3% YoY



- Cylinder sales are 258 thousand tons (-1% YoY)
- Autogas sales are 591 thousand tons (-3% YoY)

> Highlights



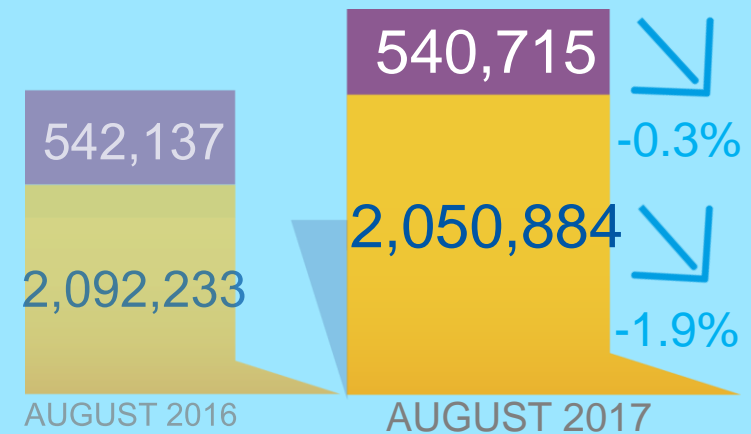
As of August 2017 EMRA report, Aygaz cylinder and autogas market shares are 42% and 25% respectively.

(42% and 25% in August 2016)

According to August 2017 EMRA report, Turkish cylinder sales volume is 540,715 tons and auto gas volume is 2,050,884 tons.

2016/8 months (*) :

Cylinder gas	542,137 tons
Autogas	2,092,233 tons



SALES VOLUME (Tons)

(*)2017 EMRA Report data

EMRA, Aygaz

> Highlights

Financial

QUARTERLY / (YoY)

Revenue	2,216 Million TL	+20% YoY	↑
Operating profit	100 Million TL	+19% YoY	↑
EBITDA	122 Million TL	+15% YoY	↑
Net profit	166 Million TL	+40% YoY	↑

- Positive effects of the increase in operating profit, contributions from investments accounted under equity method and inventory valuation are observed in Q3 2017.

> Highlights

Financial

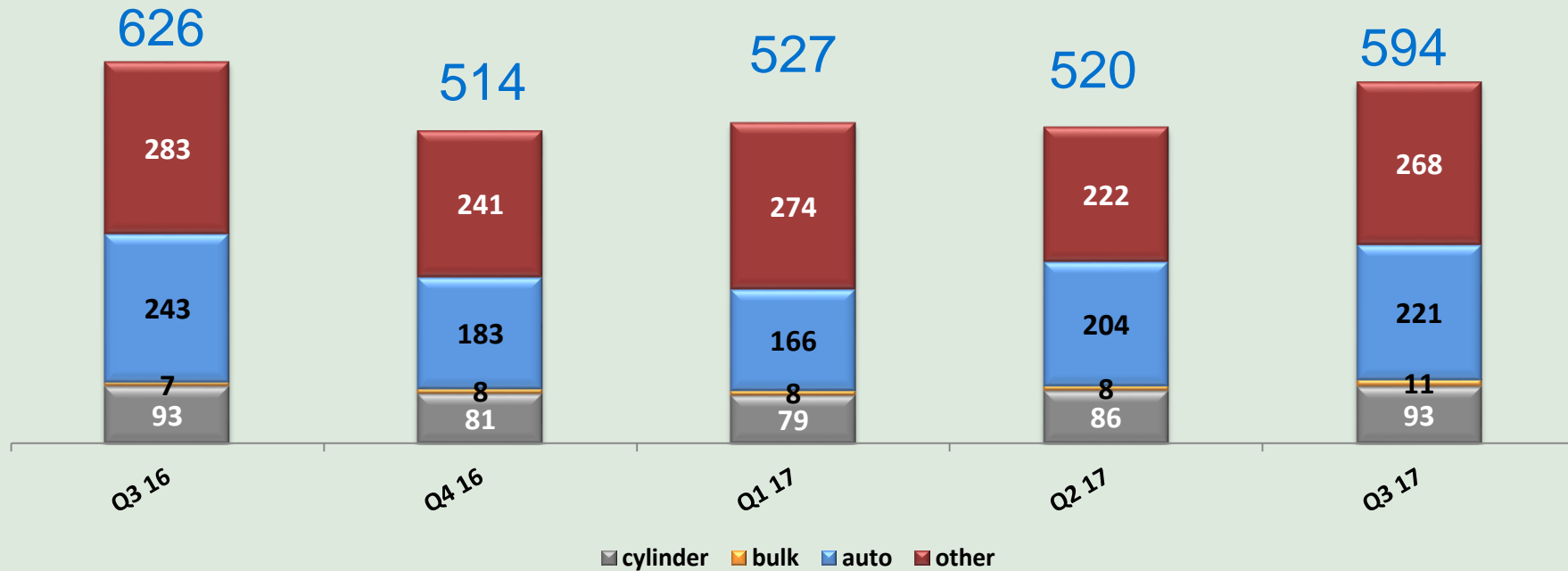
9 MONTHS CUMULATIVE / (YoY)

Revenue	6,162 Million TL	+26% YoY	↑
Operating profit	219 Million TL	-6% YoY	↓
EBITDA	285 Million TL	-4% YoY	↓
Net profit	492 Million TL	+78% YoY	↑

- Increase in contributions from investments accounted under equity method affected the net profit positively while the higher LPG prices pressured the demand side in 9M 2017.

Aygaz LPG Sales (Quarterly)

(Thousands tons)

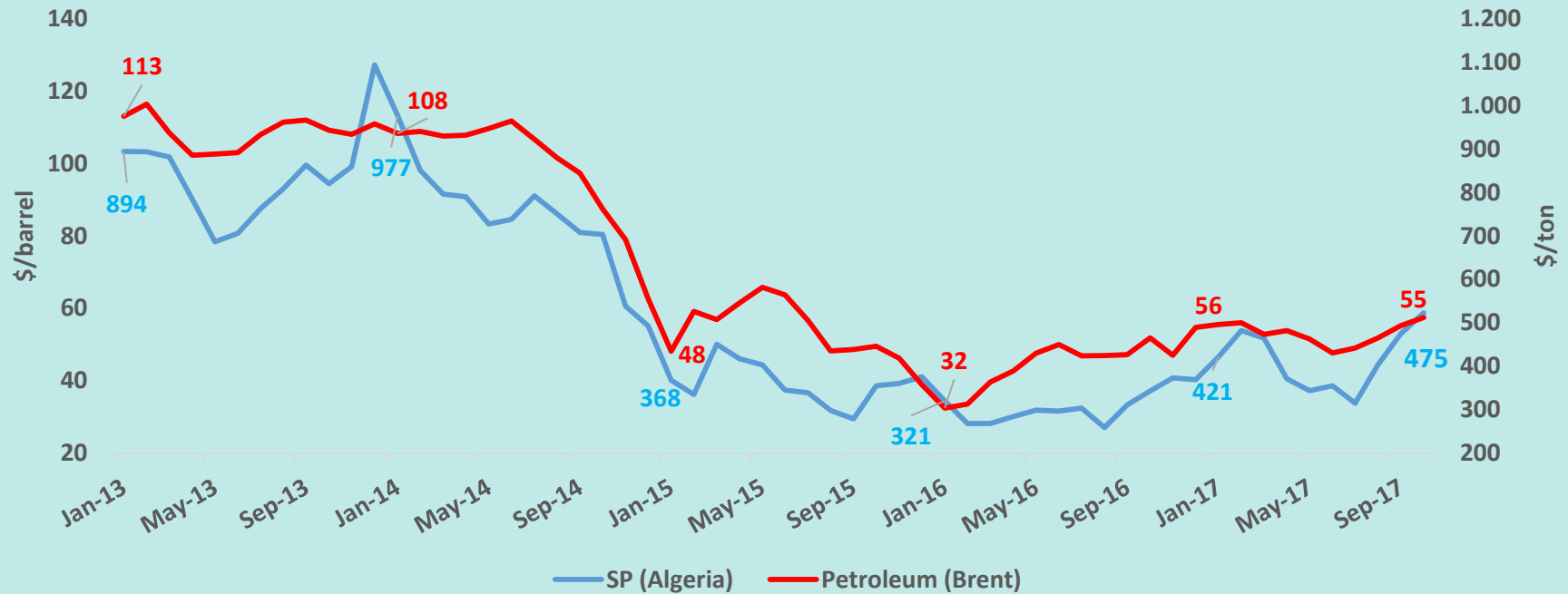


Q3 2017 sales volumes were realized as

- 221 thousand tons in Autogas (-8.9% YoY)
- 93 thousand tons in Cylinder Gas (-0.4% YoY)

EMRA, Aygaz

LPG – Brent World prices

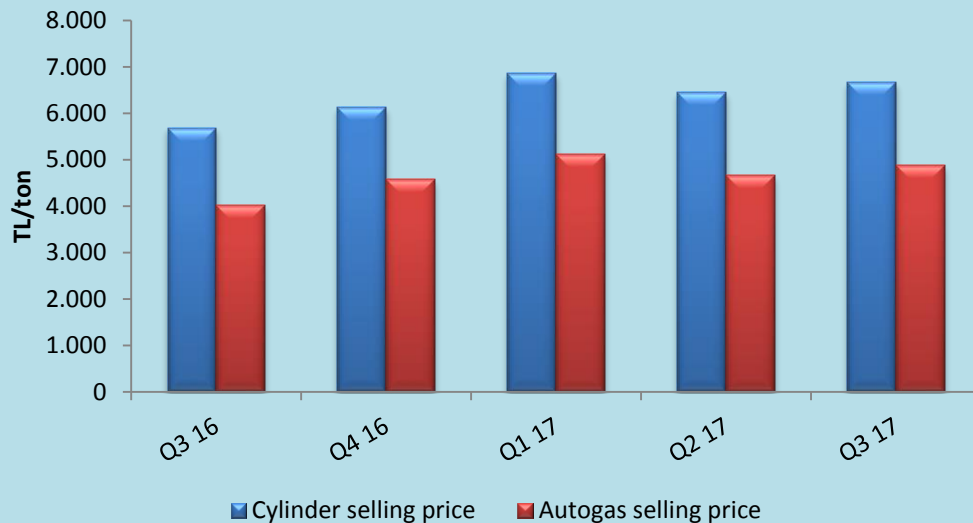


- September 2017 Sonatrach LPG price is at USD 475 and 52% higher than September 2016 price.

LPG-Price* and Tax

Excise tax amount and VAT rates are changed as of **August 1, 2017**;

- All LPG types are made subject to the same amount of excise tax, accordingly cylinder LPG's excise tax amount is increased from TL 1,210 to TL 1,778.
- VAT rate for cylinder LPG is decreased from 18% to 8% in order to limit the increase in the final selling price,



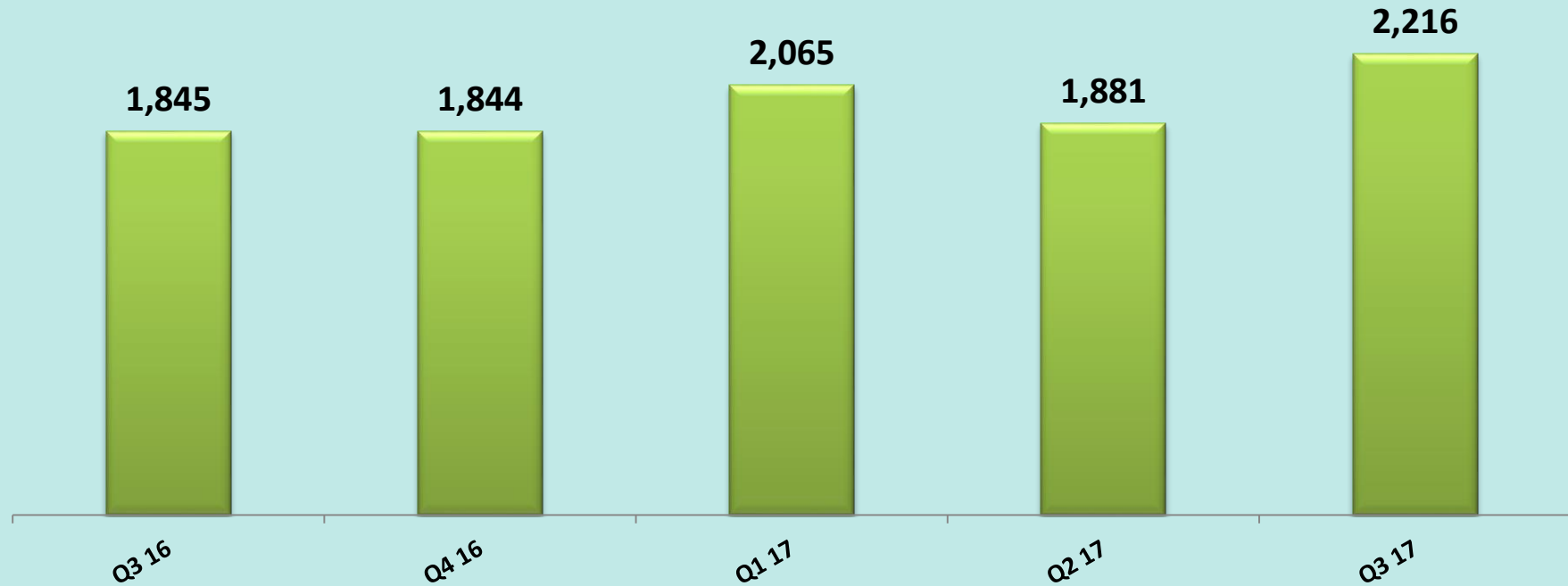
*Periodic arithmetic averages

Average listed selling prices;

- Q3 17 prices, increased by 17% and 22% YoY while they were up by %3 and 5% QoQ for cylinder and autogas respectively.
- When comparing for 9M 17, due to FX and commodity price, they are higher by 18% and 23% YoY for cylinder and autogas respectively.

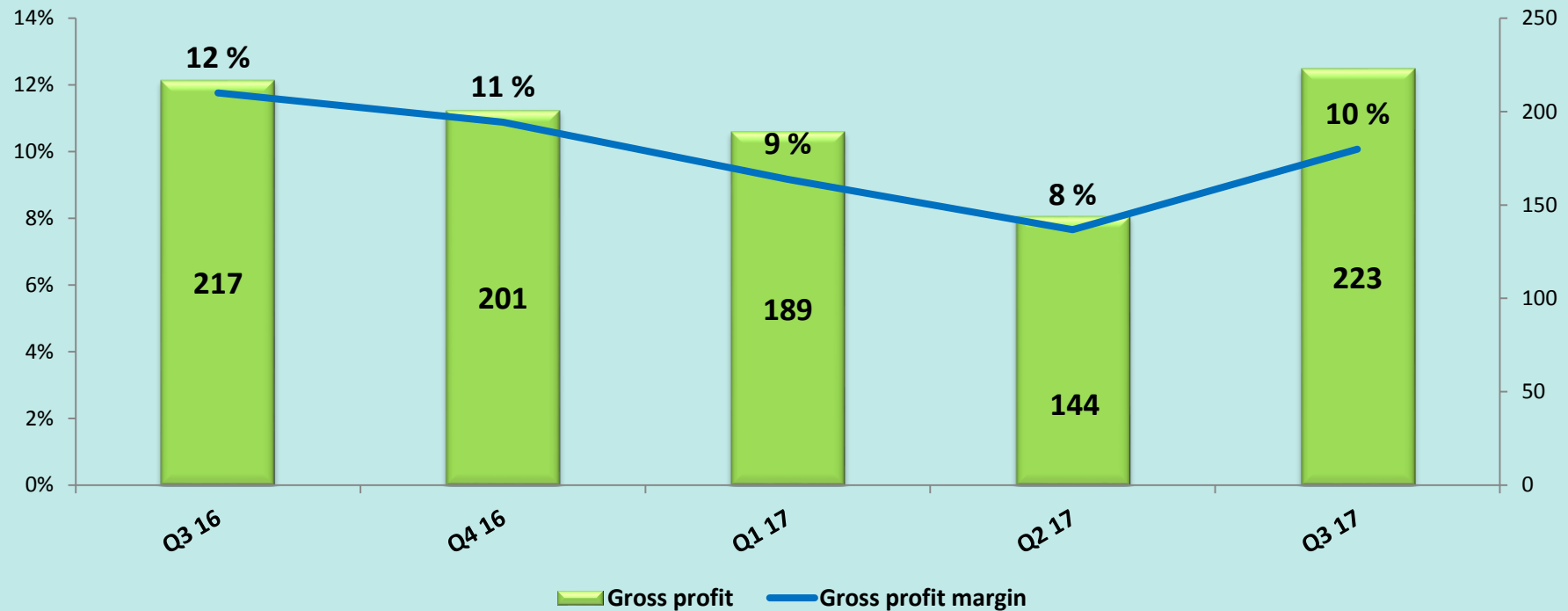
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Net Sales (m TL)



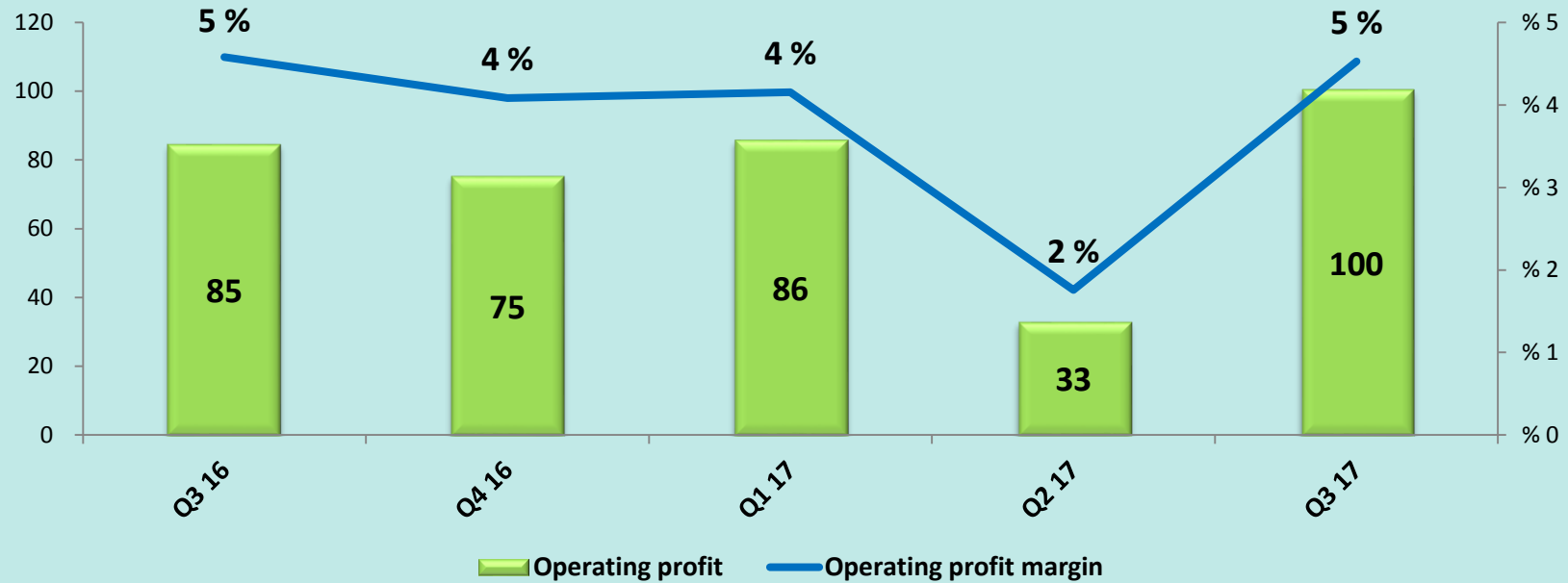
- Consolidated sales revenue is reported as 2,216 million TL up by 20% YoY with the effects of higher commodity price and rise in USD exchange rate.

Gross Profit (m TL)



- Gross Profit is realized as 223 million. (+3% YoY)
- Inventory gain effect and improvement in profitability stands out in Q3 2017.

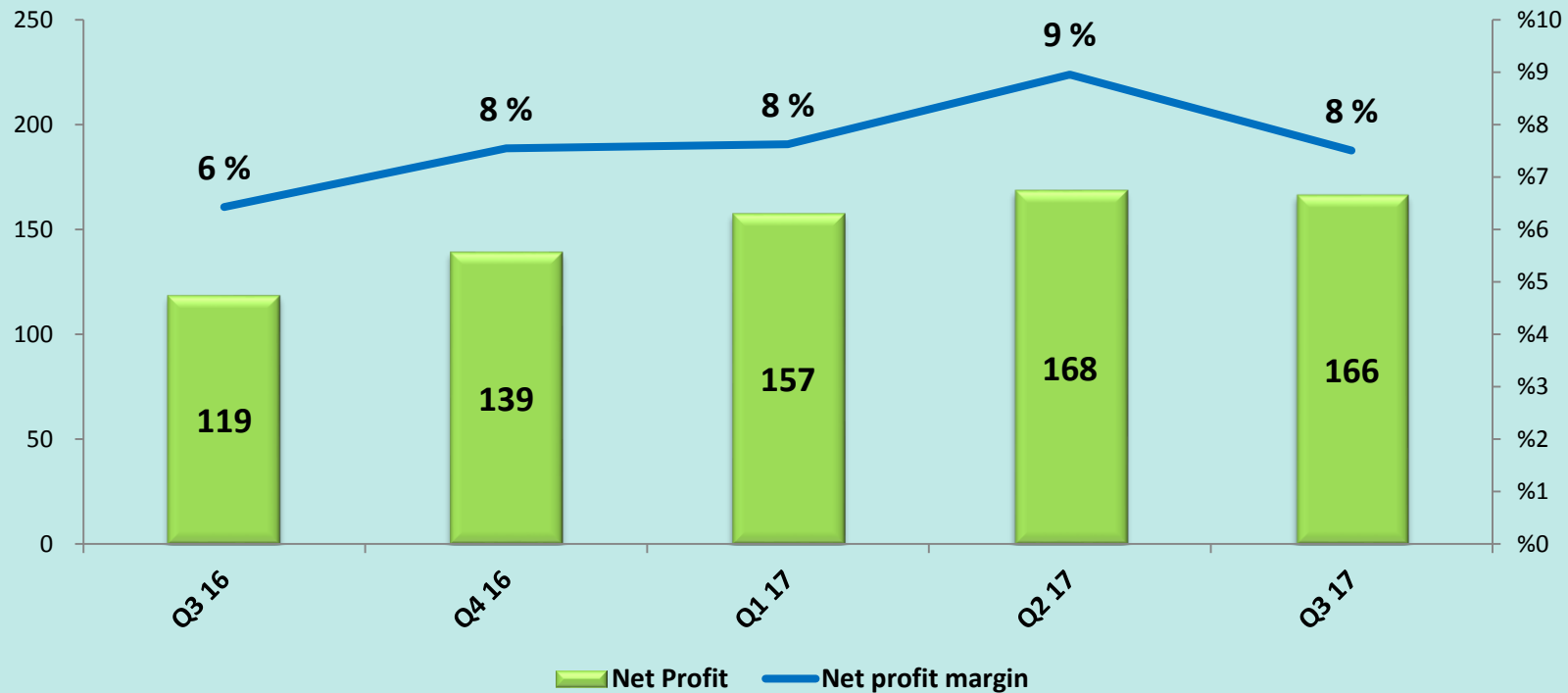
Operating Profit (m TL)



- Operating Profit is 100 million TL. (+19% YoY)
- In line with the progress in gross profit, operating profit margin is 5%.

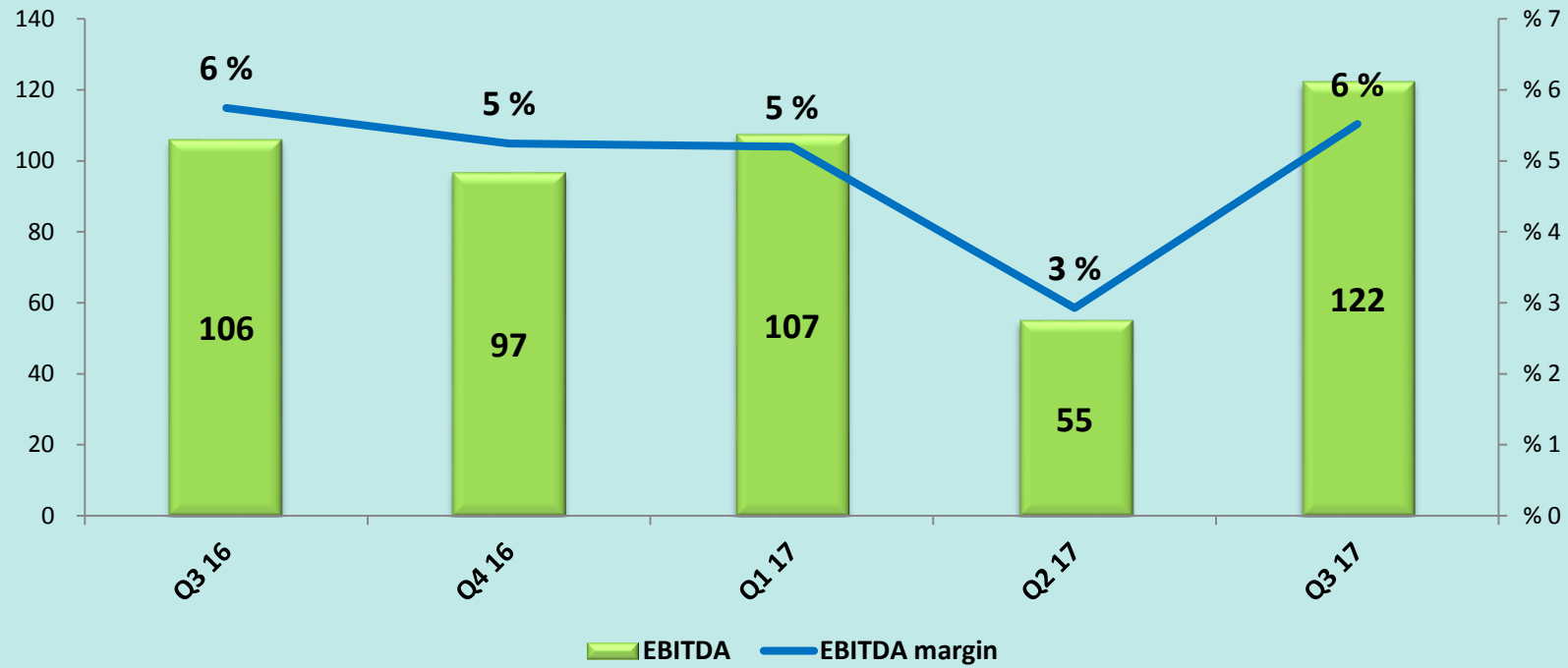
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Net Profit (m TL)



- Net Profit is 166 million TL. (+40% YoY)
- With the contributions from investments accounted under equity method, net profit margin is 8%.

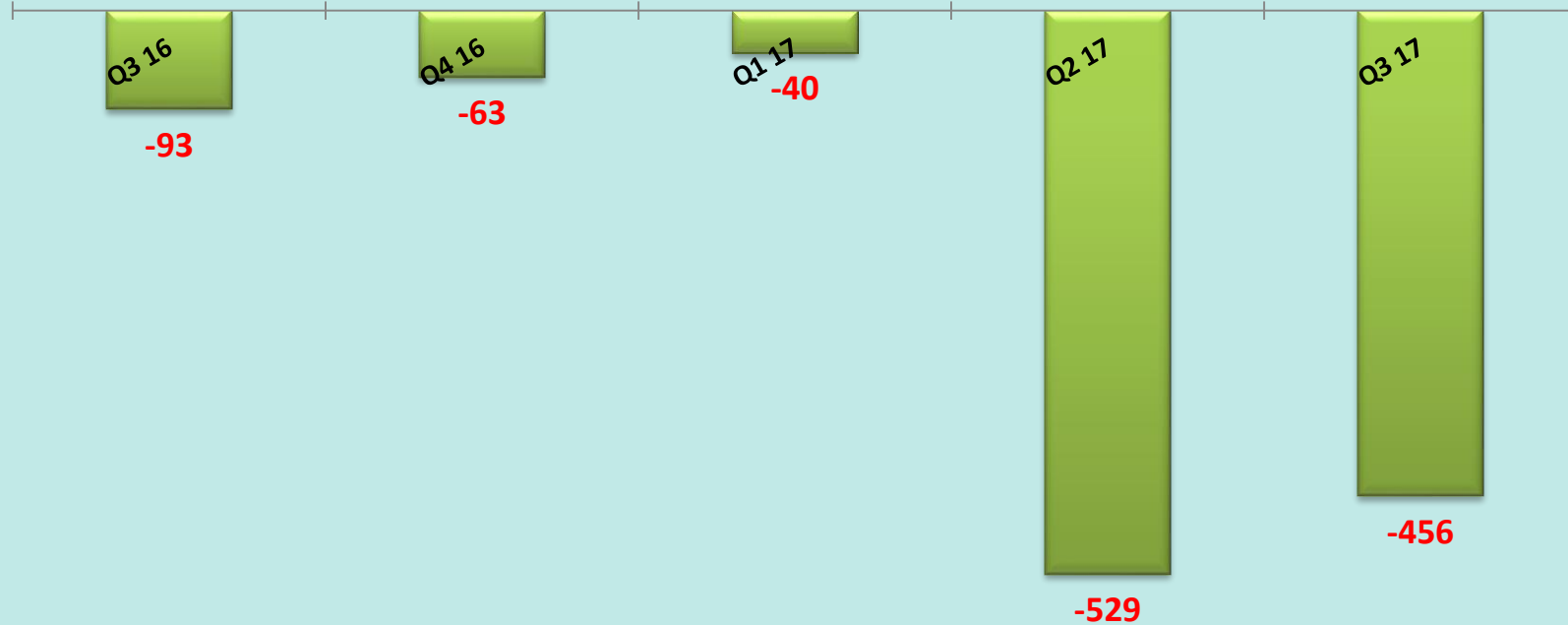
EBITDA (m TL)



- EBITDA is 122 million TL. (+15% YoY)
- EBITDA Margin is 6%.

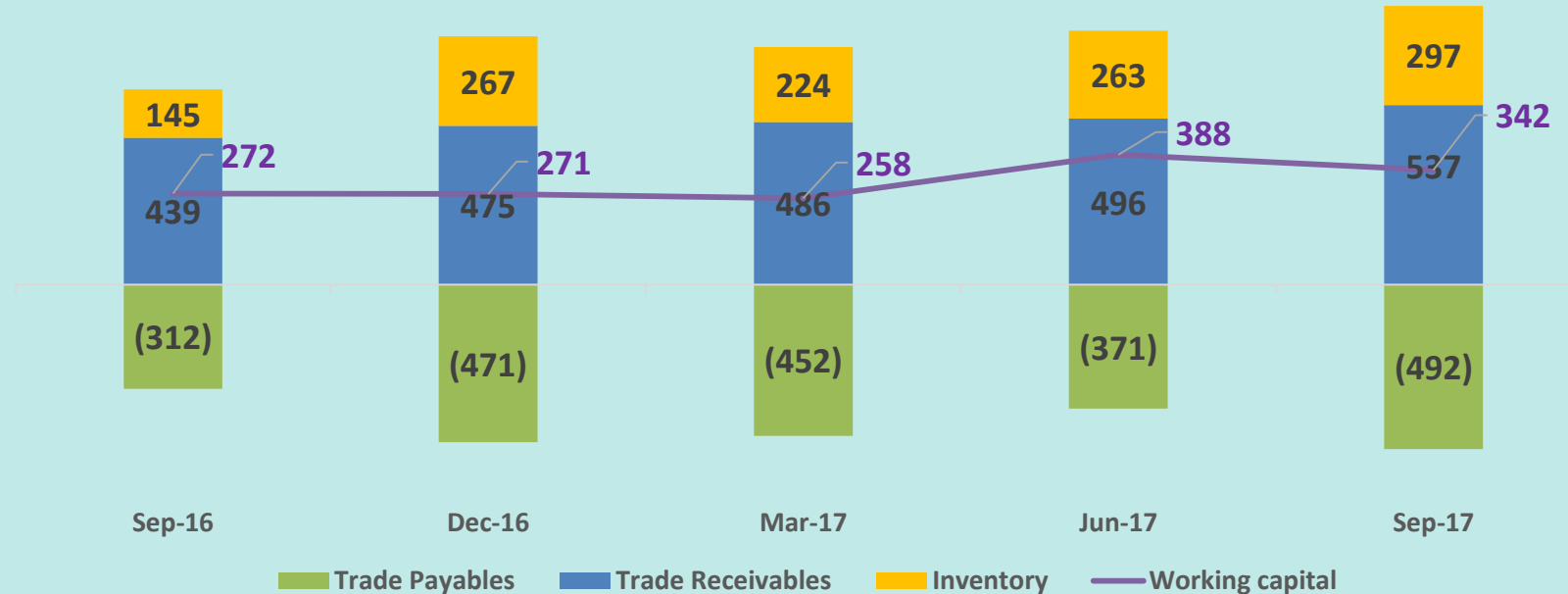
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Net Cash (m TL)



- As of 30 September 2017 net debt is 456 million TL.
- After Q1 17, the rise in net debt in line with the working capital need of the company due to LPG price upsurge, the natural gas inventory, dividend payment and contributions for capital increases of the participations was partially recovered by the improvement in liquidity in Q3 17.

Working Capital (m TL)

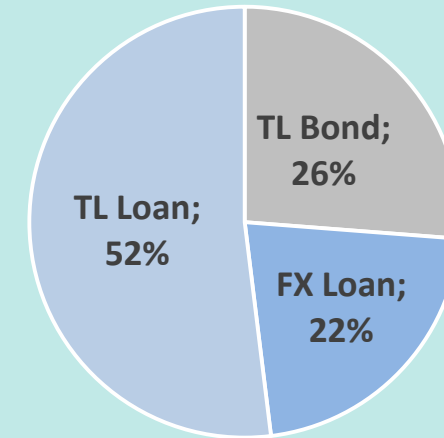


- While the working capital need increased due to the rise in commodity prices, the structure and size of working capital is being actively managed.

Debt Profile

(m TL)	2016	9M 2017
ST Borrowings	1	66
Current portion of LT Borrowings	229	289
LT Borrowings	400	502
Total Debt	630	857
Cash and cash equivalents (-)	568	401
= Net Debt	63	456

Debt Profile as of 30/09/2017



- 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	Q3 17	Q2 17	Change	Q3 17	Q3 16	Change
Revenues	2,216	1,881	18%	2,216	1,845	20%
Gross Profit	223	144	55%	223	217	3%
Operating Profit	100	33	203%	100	85	19%
Profit Before Tax	183	170	8%	183	132	39%
Net Profit	166	168	-1%	166	119	40%
EBITDA	122	55	122%	122	106	15%
MARGINS						
Gross Profit M.	10%	8%	+2	10%	12%	-2
Operating Profit M.	5%	2%	+3	5%	5%	-
Profit Before Tax M.	8%	9%	-1	8%	7%	+1
Net Profit M.	8%	9%	-1	8%	6%	+2
EBITDA M.	6%	3%	+3	6%	6%	-

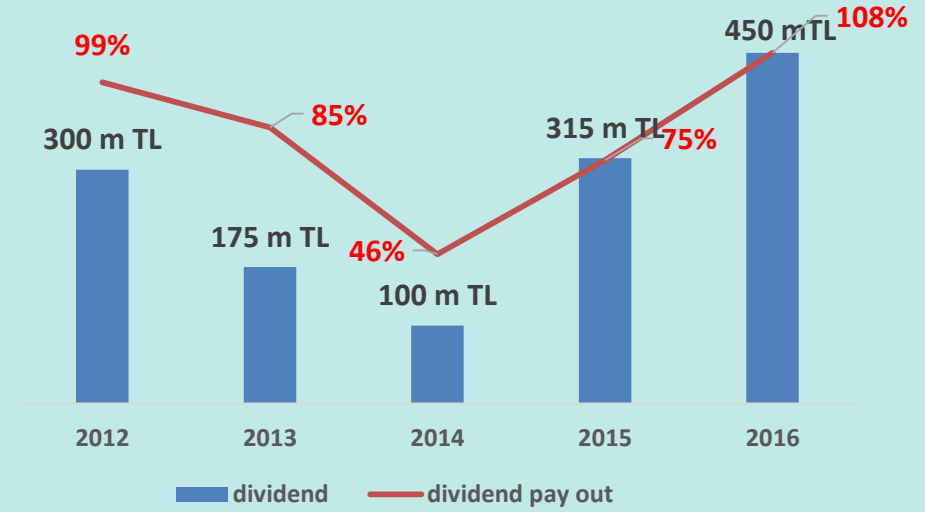
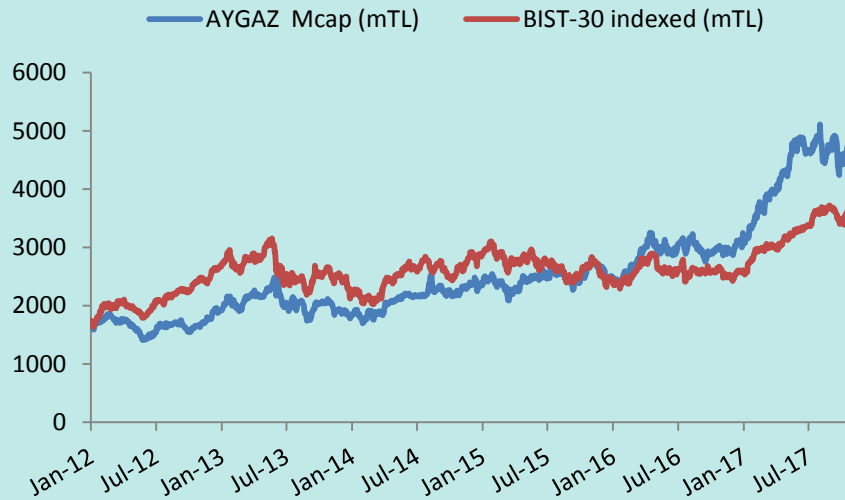
Income Statement – Summary

Million TL	9M 17	9M 16	Change
Revenues	6,162	4,905	26%
Gross Profit	557	586	-5%
Operating Profit	219	233	-6%
Profit Before Tax	523	311	68%
Net Profit	492	277	78%
EBITDA	285	297	-4%
MARGINS			
Gross Profit M.	9%	12%	-3
Operating Profit M.	4%	5%	-1
Profit Before Tax M.	8%	6%	+2
Net Profit M.	8%	6%	+2
EBITDA M.	5%	6%	-1

Balance Sheet- Summary

Million TL	9M 17	12M 16	9M 16
Cash & Cash Eq.	401	568	511
Trade Receivables	537	475	439
Inventories	297	267	145
Prop.Plant&Equipment	674	658	650
Participations	2,238	1,922	1,897
Total Assets	4,706	4,314	4,073
Financial Debt	857	630	604
Trade Payables	492	471	312
Total Equity	2,864	2,740	2,672
Total Liabilities & Equity	4,706	4,314	4,073
Net Cash (Debt)	-456	-63	-93
Working Capital	342	271	272

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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