

AYGAZ

Q2. 2020

Earnings Release Report

August 12, 2020



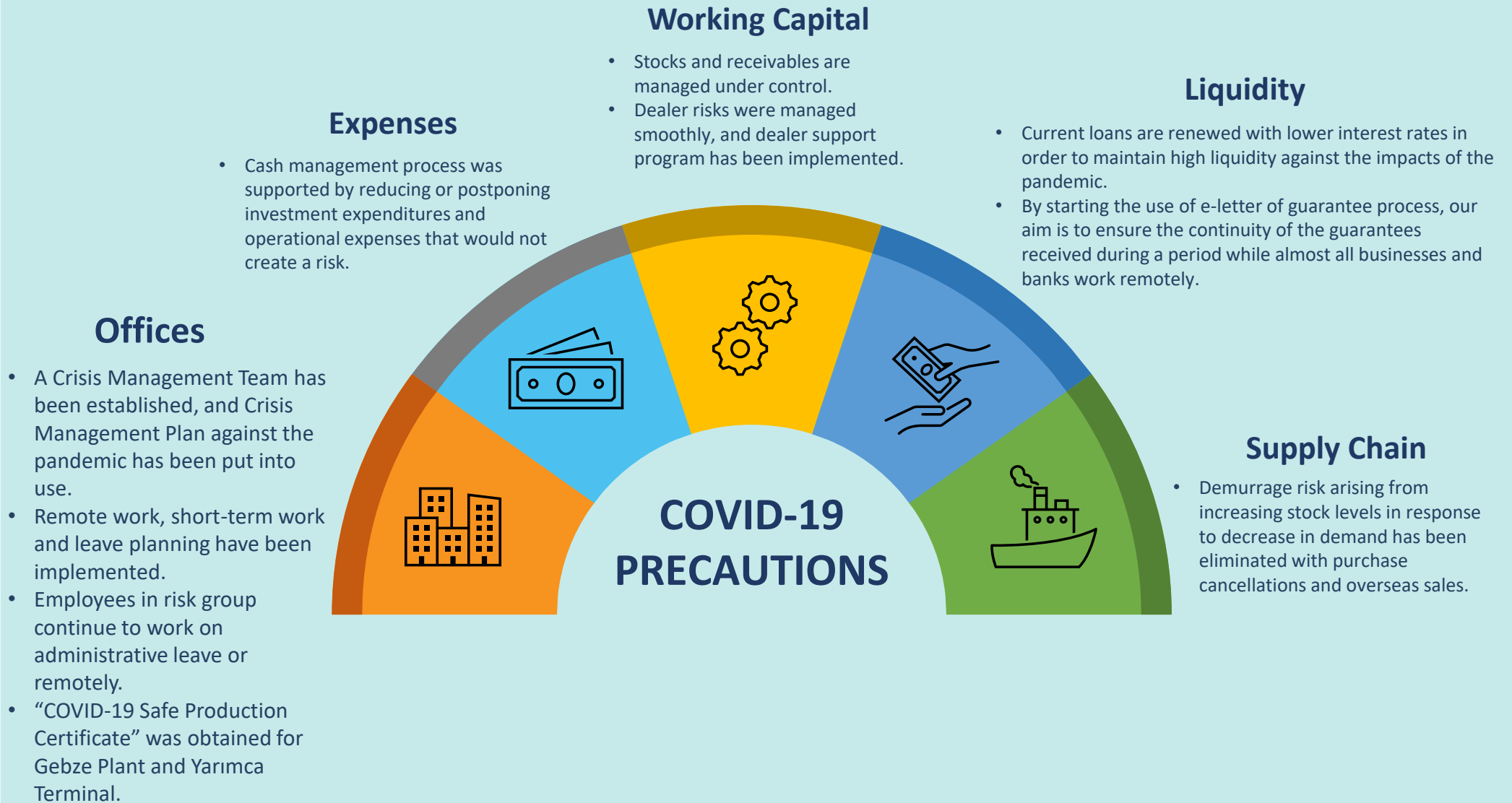


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- This presentation may contain forward-looking statements that reflect the company management's current views with respect to certain future events. Although it is believed that the expectations reflected in these statements are reasonable, they may be affected by a variety of variables and changes in underlying assumptions that could cause actual results to differ materially.
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Covid-19 Precautions



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Highlights

Operational

- The total Turkish LPG demand tightened by 11.5% for the January- May period with the Covid-19 effects and Aygaz 6-month domestic sales contracted by 11.9% .
- Domestic cylinder gas sales increased during March-May period when measures to prevent the spread of pandemic was implemented whereas commercial cylinder and autogas sales were under pressure with the lower demand.
- Aygaz continues to lead the market share in all segments according to EMRA May Report.

Financial

- Improvement in gross and operating profit in Q2.
- Increasing LPG prices led to inventory gain.
- Maintenance of strong cash flow structure.

Operations - Quarterly

According to Q2 2019



Domestic LPG sales

216

Thousand tons

-20% YoY



**International,
wholesale and trading
LPG sales (*)**

311

Thousand tons

13% YoY



Total LPG sales (*)

527

Thousand tons

-3% YoY



- Cylinder sales are 80 thousand tons (+ 3% YoY)
- Autogas sales are 130 thousand tons (-29% YoY)
- Domestic cylinder gas sales accelerated during the curfews regarding Covid-19 whereas autogas sales are affected .

(*) Including Aygaz UK Q2 transactions of 94 thousand tons. (excluding financial trading)

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Operations – 6 months cumulative

According to 6M 2019



Domestic LPG sales

441
Thousand tons

-12% YoY



**International,
wholesale and trading
LPG sales (*)**

488
Thousand tons

-5% YoY



Total LPG sales (*)

929
Thousand tons

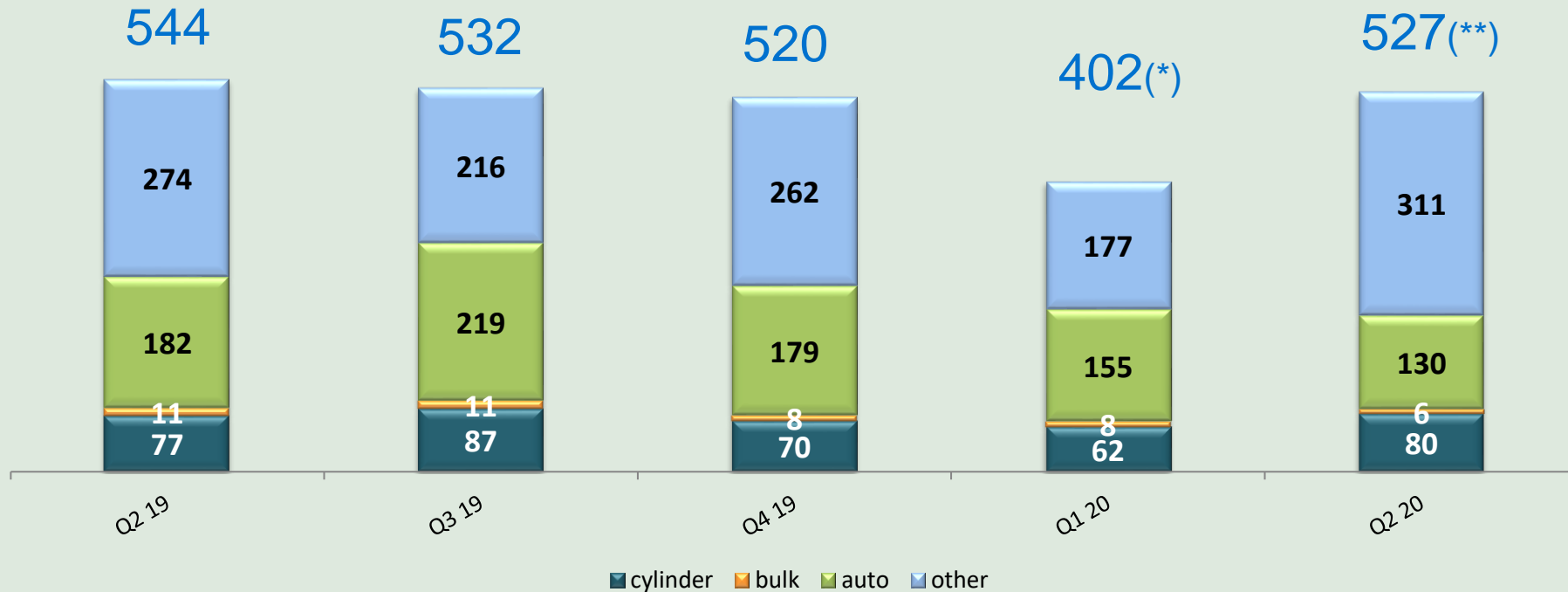
-9% YoY



- Cylinder sales are 142 thousand tons (- 3% YoY)
- Autogas sales are 285 thousand tons (-15% YoY)
- Our domestic sales are affected negatively from the Covid-19 pandemic that became effective globally and in Turkey as of March.

(*) Including Aygaz UK 6M transactions of 94 thousand tons. (excluding financial trading)

Aygaz LPG Sales (Quarterly) (000 tons)



Q2 2020 sales volumes were realized as

- 130 thousand tons in Autogas (-29% YoY)
- 80 thousand tons in Cylinder Gas (+3.5% YoY)
- 527 thousand tons in Total (-3.2% YoY)

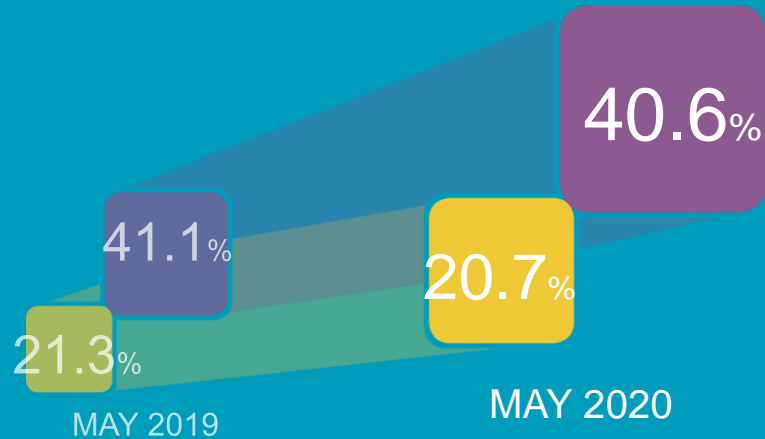
(*) Excluding Aygaz UK Q1 financial trading of 36 thousand tons.

(**) Including Aygaz UK Q2 trading volume of 94 thousand tons (Excluding financial trading)

EMRA, Aygaz

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Market Shares



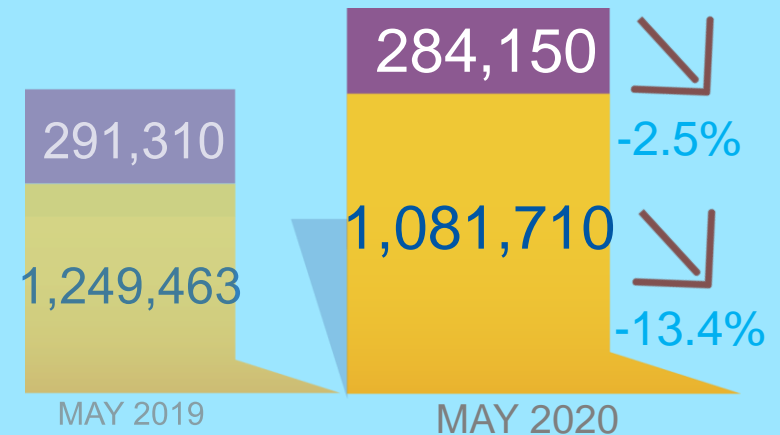
As of May 2020 EMRA report, Aygaz cylinder and autogas market shares are 40.6% and 20.7% respectively.

(41.1% and 21.3% in May 2019)

According to May 2020 EMRA report, Turkish cylinder sales volume is 284,150 tons and autogas volume is 1,081,710 tons.

2019/5 months:

Cylinder gas	291,310	tons
Autogas	1,249,463	tons

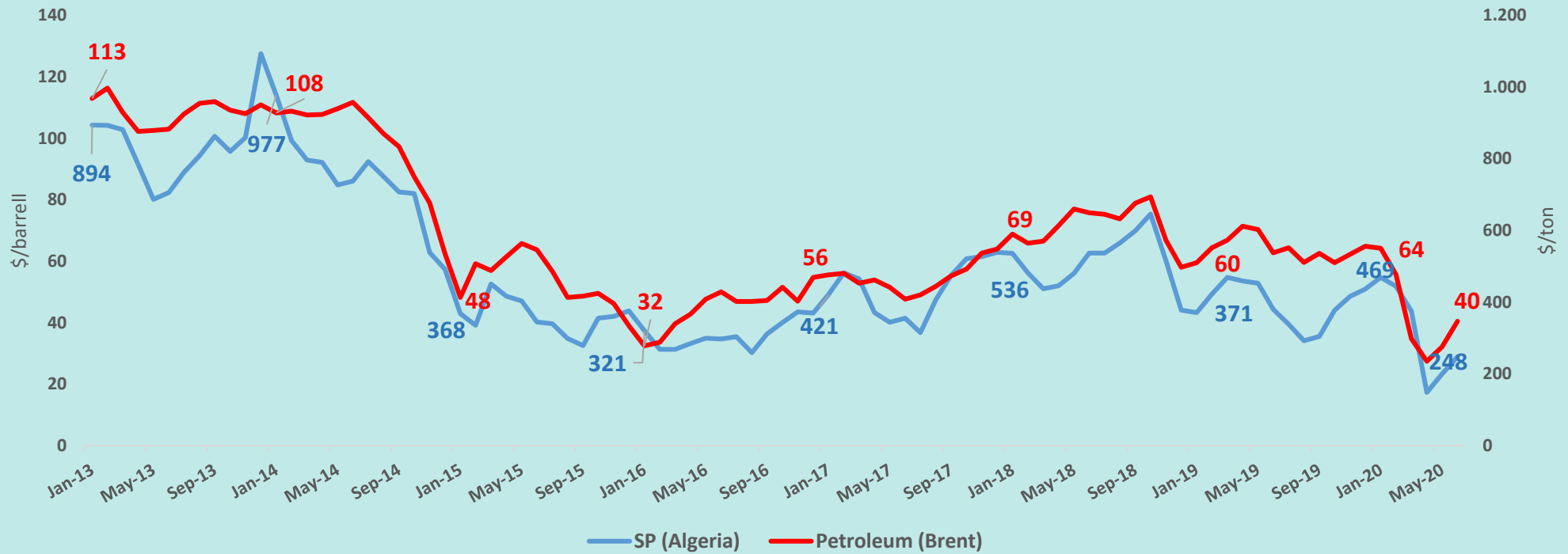


SALES VOLUME (Tons)

EMRA, Aygaz

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LPG – Brent world prices



- June 2020 Sonatrach LPG price is at USD 248 and 35% lower than June 2019 price. LPG prices escalated in May and June due to demand increase together with normalization after touching down to 148 USD in April.

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Quarterly Financials

QUARTERLY / (YoY)

Revenue	1,944 Million TL	-29%	↓
Operating profit	84 Million TL	56%	↑
EBITDA	129 Million TL	50%	↑
EBITDA (excl. other op. inc/exp)	130 Million TL	85%	↑
Net profit	41 Million TL	-66%	↓

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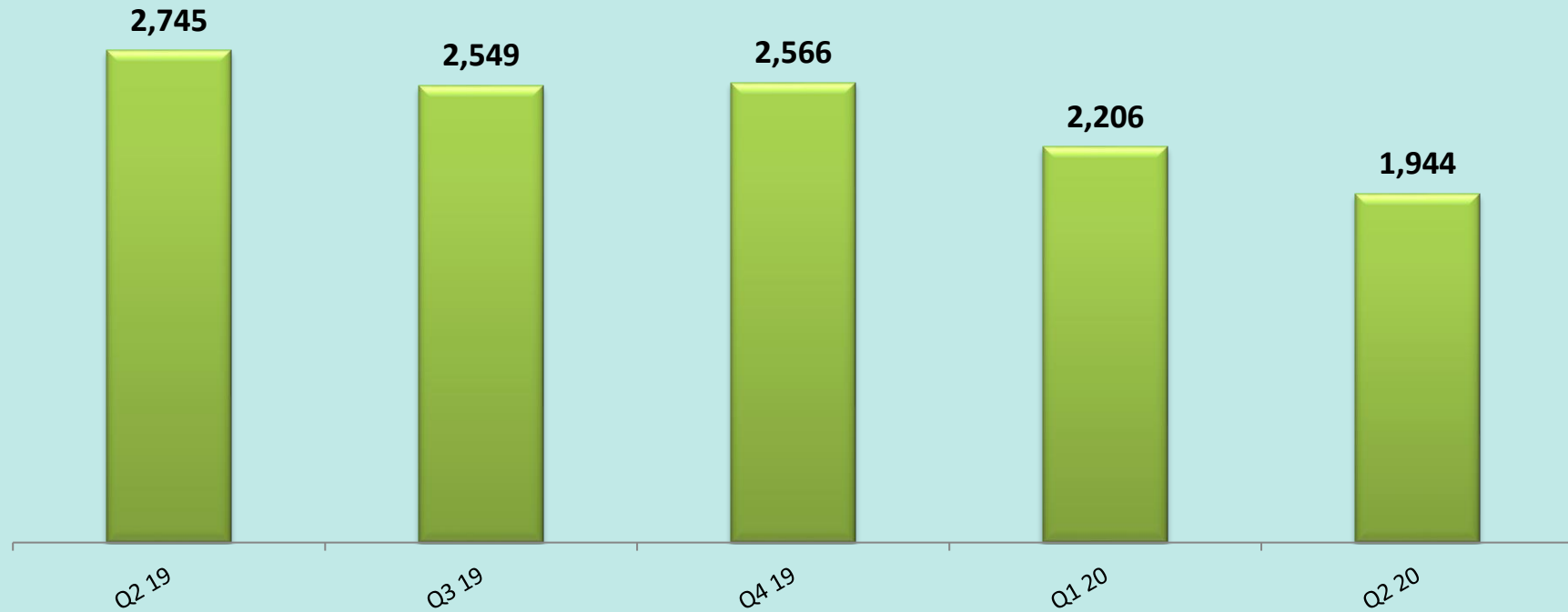
6M Financials

6 MONTHS CUMULATIVE / (YoY)

Revenue	4,150 Million TL	-19%	↓
Operating profit	27 Million TL	-78%	↓
EBITDA	103 Million TL	-44%	↓
EBITDA (excl. other op. inc/exp)	98 Million TL	-42%	↓
Net profit	-186 Million TL	-242%	↓

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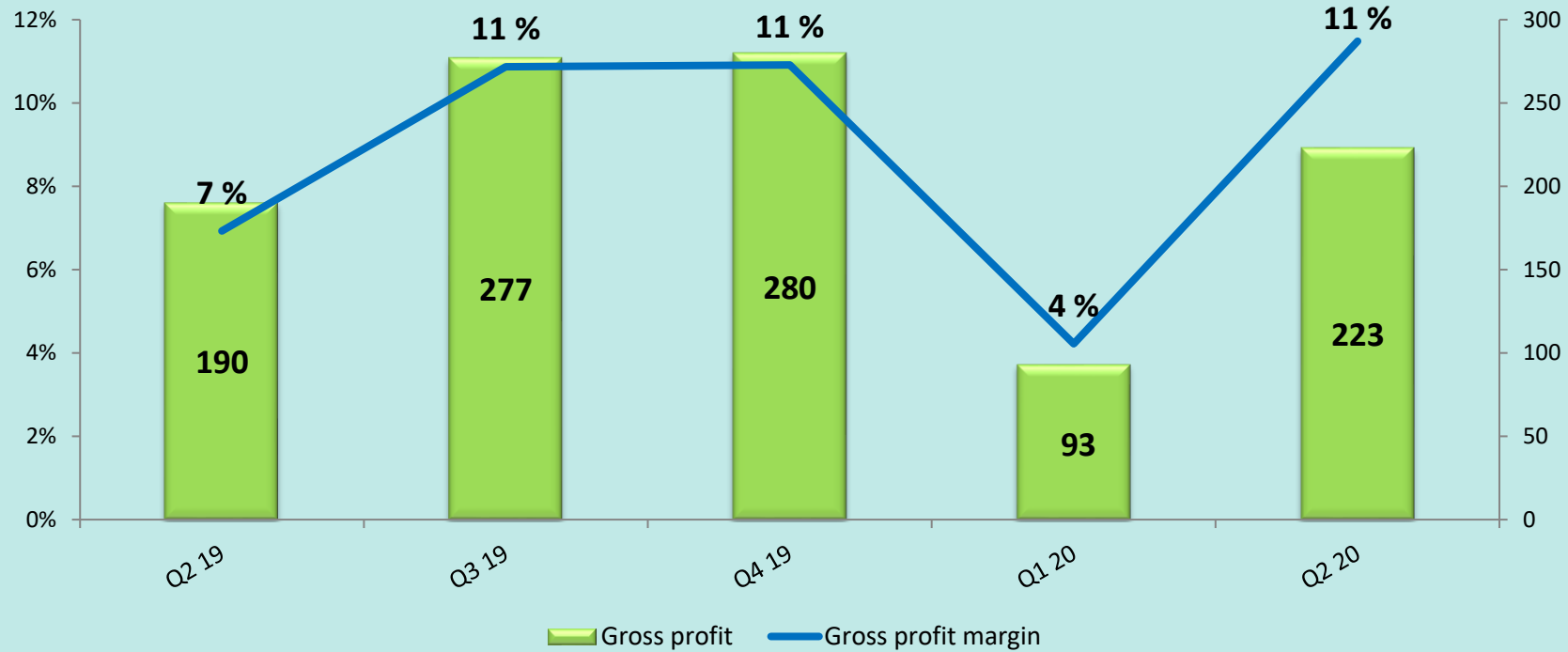
Net Sales (m TL)



- Consolidated sales revenue is 1,944 million TL and 29% lower YoY due to decreased domestic sales volumes.

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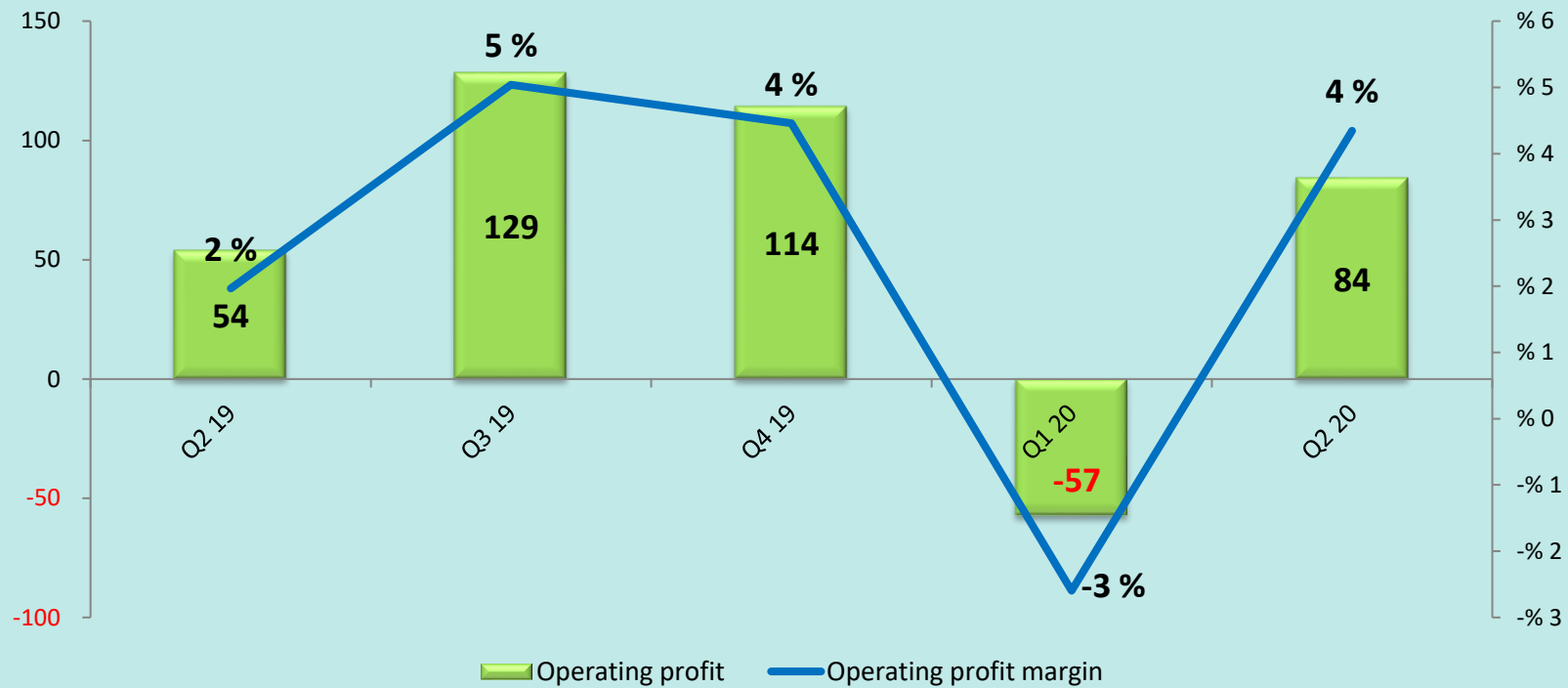
Gross Profit (m TL)



- While gross profit is realized as 223 million TL, there is an inventory gain of 49 million TL in Q2 with the demand that started to normalize and the increase in LPG prices in May and June.

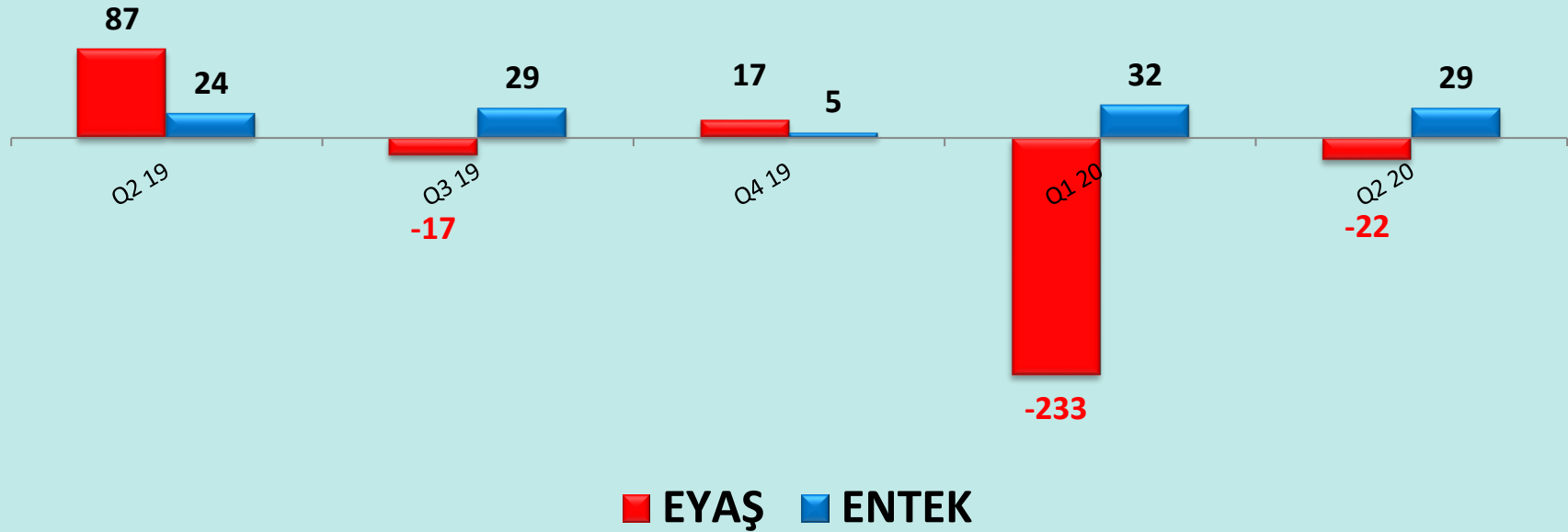
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Operating Profit (m TL)



- Operating profit is higher in line with gross profit while savings from costs and investment expenditures also had their positive impact. Operating profit is 84 million TL being better than both the previous year and the quarter.

12 Contributions from EYAŞ and Entek (m TL)



- Total contribution from EYAŞ(*) and Entek(**) is 7 million TL in Q2 2020.
(Q2 2019: 111 million TL)

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

13 Entek

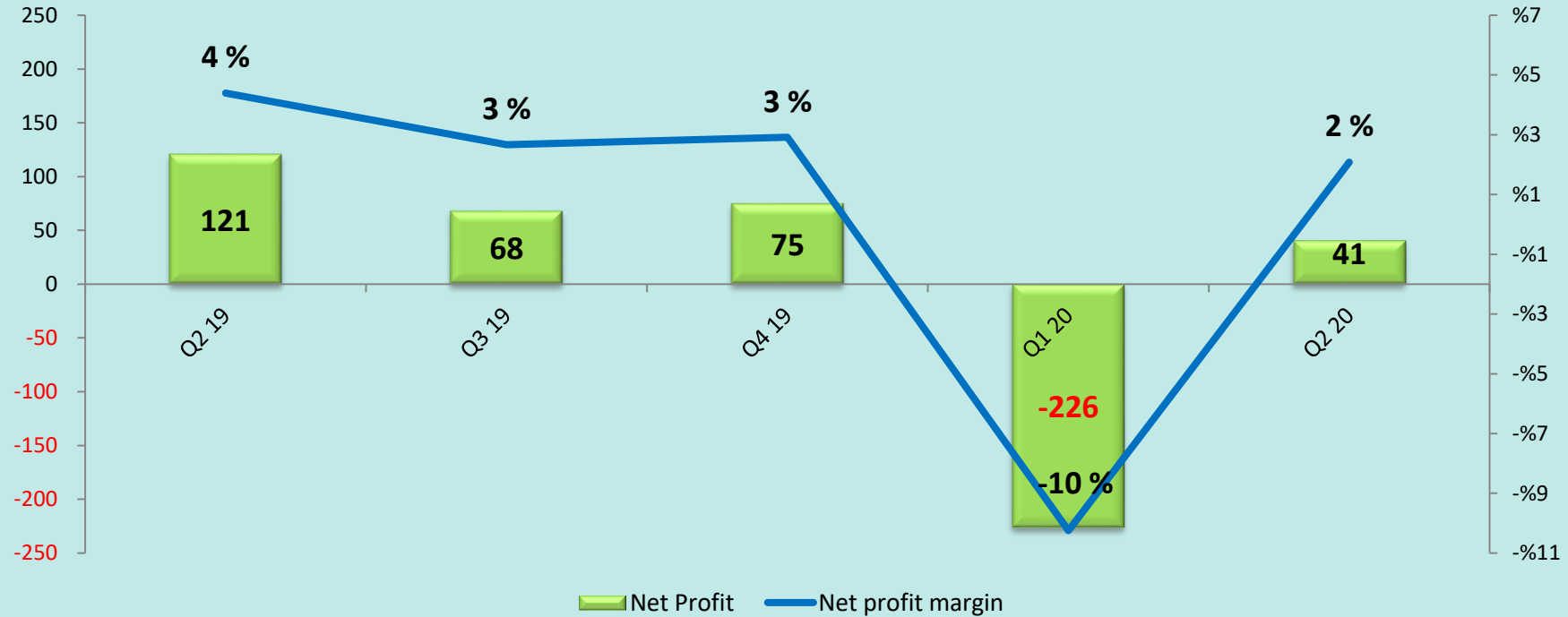
Entek, who positively contributed to Aygaz net profit in Q2 2020;

- 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)	6M 2020	12M 2019
Revenues	671	1,196
Operating profit*	202	377
EBITDA	226	422

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

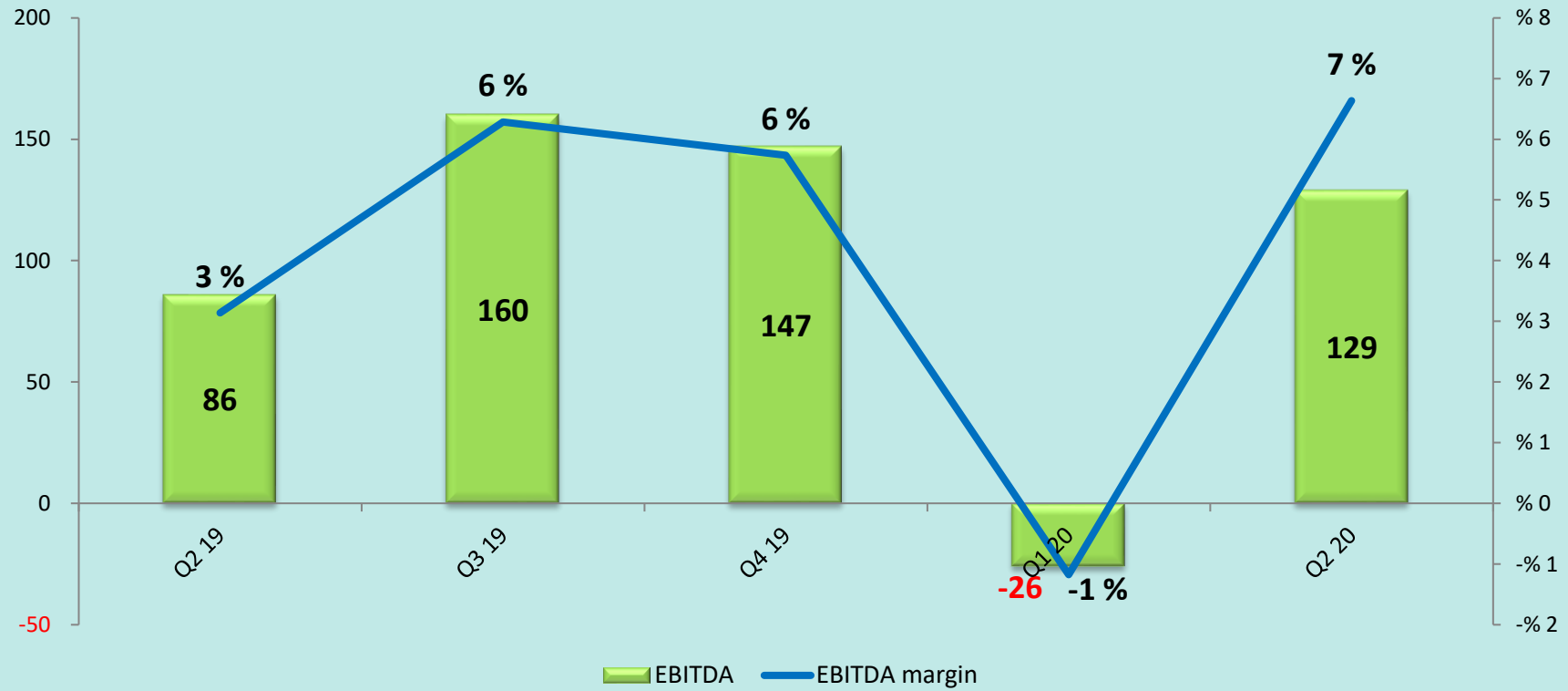
Net Profit (m TL)



- Net profit is 41 million TL due the recovery in operating profit while the contribution from investments accounted under equity method is lower than the same period of the previous year,

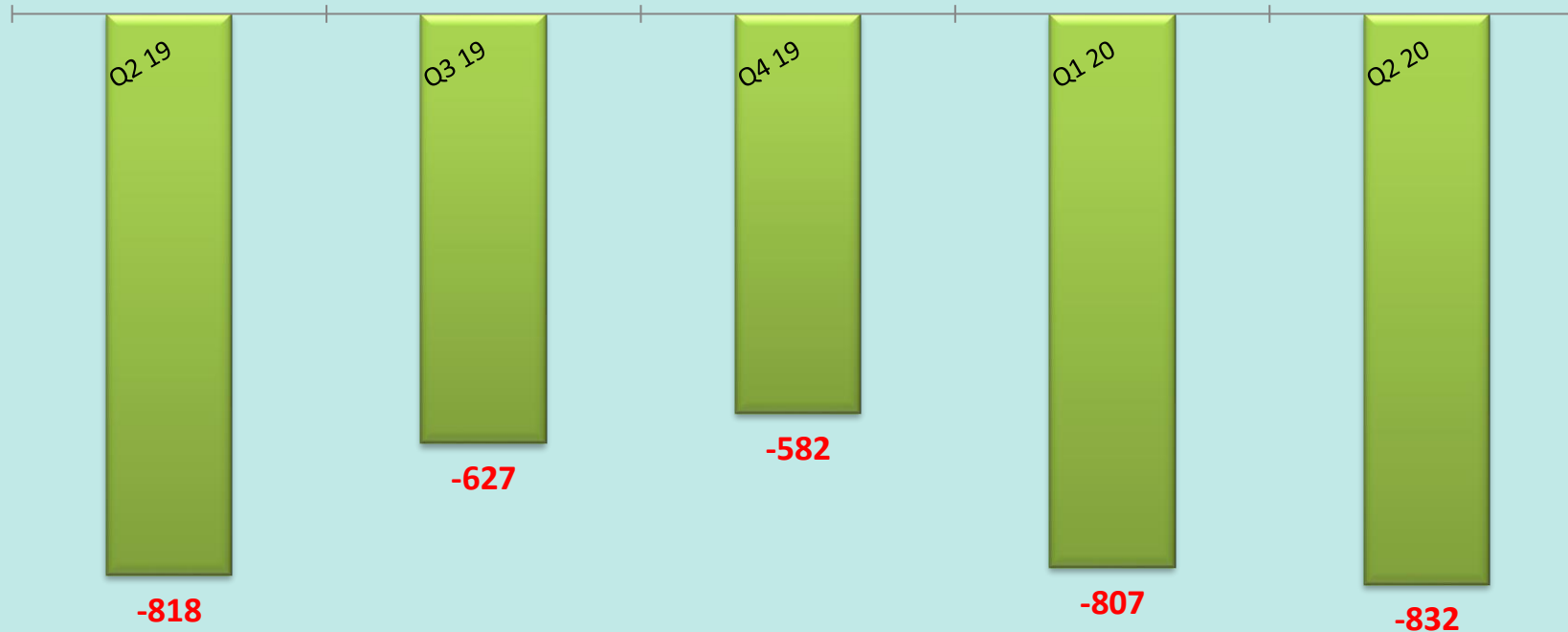
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EBITDA (m TL)



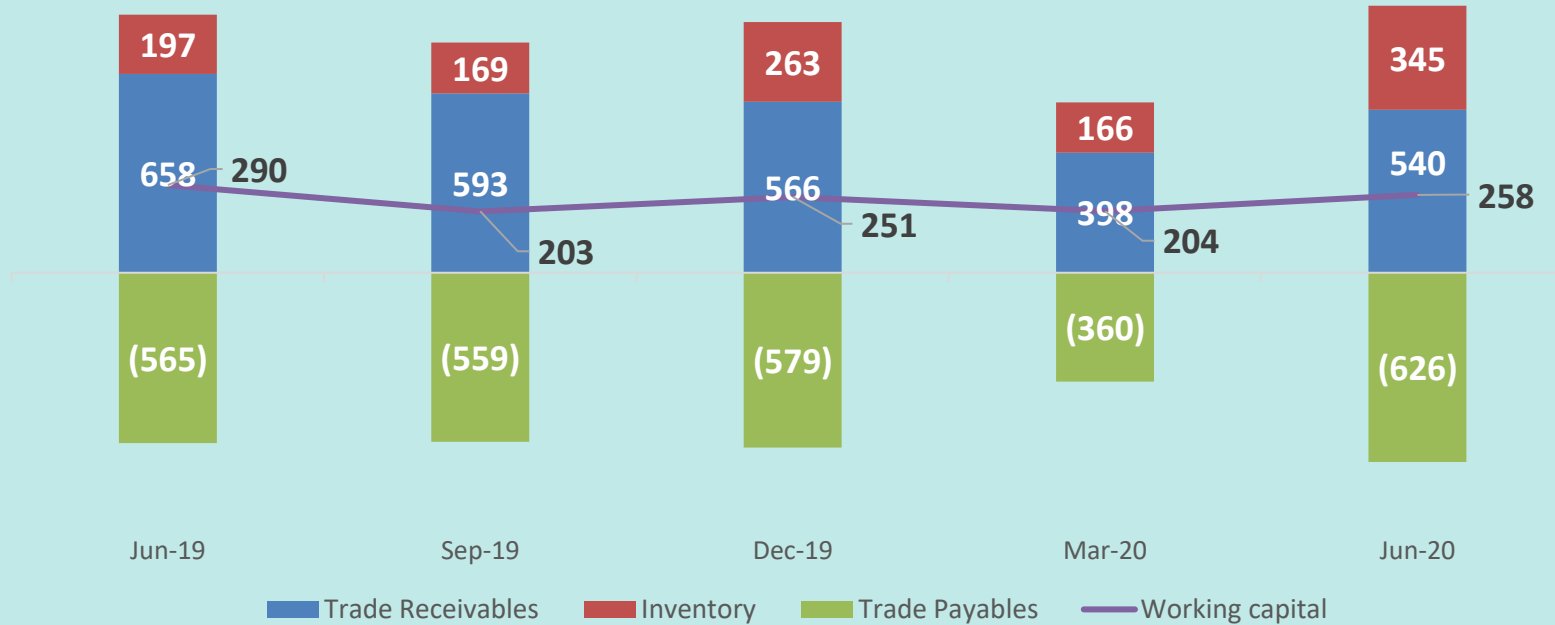
■ EBITDA figure improved in line with the operating profit.

Net Cash (m TL)



- Short-term financial borrowings, current portion of long-term financial borrowings and interest payments are met by cash and cash equivalents.
- Liquidity is preserved against the Covid-19 impacts and loans are continued to be renewed with lower interest rates in a decreasing interest rate environment.

Working Capital (m TL)

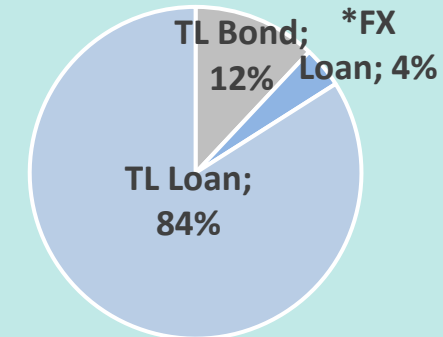


- Effective management and follow-up of the structure and size of the working capital is ensured in this period. Receivables risk is monitored closely and kept under control.

Debt Profile

(m TL)	6M 2020	12M 2019
ST Borrowings	213	65
Current portion of LT Borrowings	272	418
LT Borrowings	1,172	764
Total Debt	1,657	1,247
Cash and cash equivalents (-)	825	665
= Net Debt	832	582

Debt Profile as of 30/06/2020



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

- Due to cash outflow for the dividend payment in the first quarter and the uncertainty created by Covid-19, new loans were utilized against any possible liquidity risk.

- 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 22, 2020.

Income Statement – Summary

Million TL	Q2 20	Q1 20	Change	Q2 20	Q2 19	Change
Revenues	1,944	2,206	-12%	1,944	2,745	-29%
Gross Profit	223	93	139%	223	190	17%
Operating Profit	84	-57	247%	84	54	56%
Profit Before Tax	50	-231	122%	50	121	-59%
Net Profit	41	-226	118%	41	121	-66%
EBITDA	129	-26	598%	129	86	50%
MARGINS						
Gross Profit M.	11%	4%	7	11%	7%	4
Operating Profit M.	4%	-3%	7	4%	2%	2
Profit Before Tax M.	3%	-10%	13	3%	4%	-1
Net Profit M.	2%	-10%	12	2%	4%	-2
EBITDA M.	7%	-1%	8	7%	3%	4

Balance Sheet- Summary

Million TL	6M 20	12M 19
Cash & Cash Eq.	825	665
Trade Receivables	540	566
Inventories	345	263
Prop.Plant&Equipment	700	713
Participations	1,819	2,059
Total Assets	5,004	4,955
Financial Debt	1,657	1,247
Trade Payables	626	579
Total Equity	2,021	2,478
Total Liabilities & Equity	5,004	4,955
Net Cash (Debt)	-832	-582
Working Capital	258	251

Forward looking statements for 2020

Sales volume

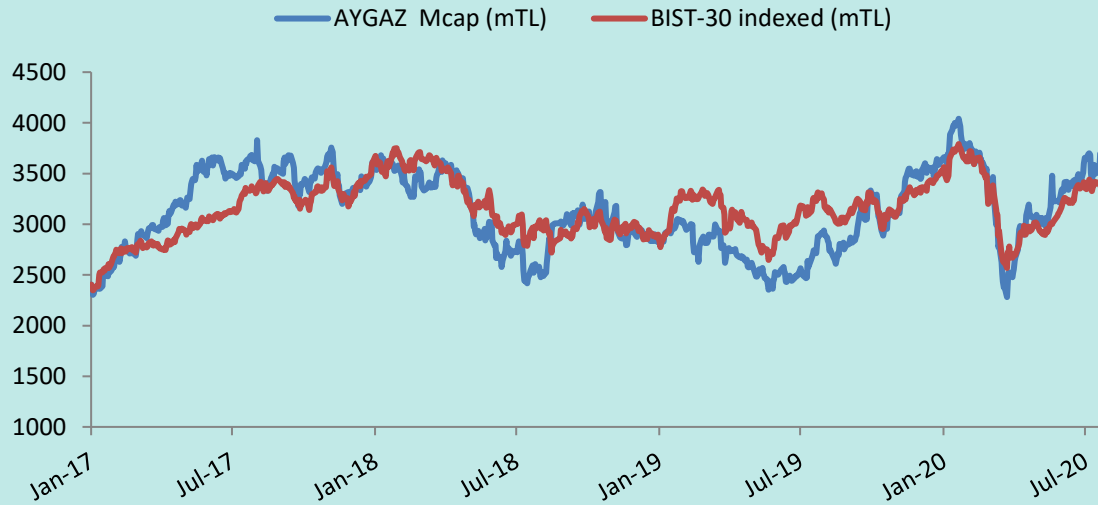
- Cylinder: 285-300 thousand tons
- Autogas: 660-700 thousand tons
- *(Previous: 590-630 thousand tons)(*)*

Market share

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

* Our autogas sales volume expectations have been updated due to changing market conditions as a result of elimination of measures taken for the Covid-19 epidemic..

Aygaz Share Value



BIST Code: **AYGAZ**

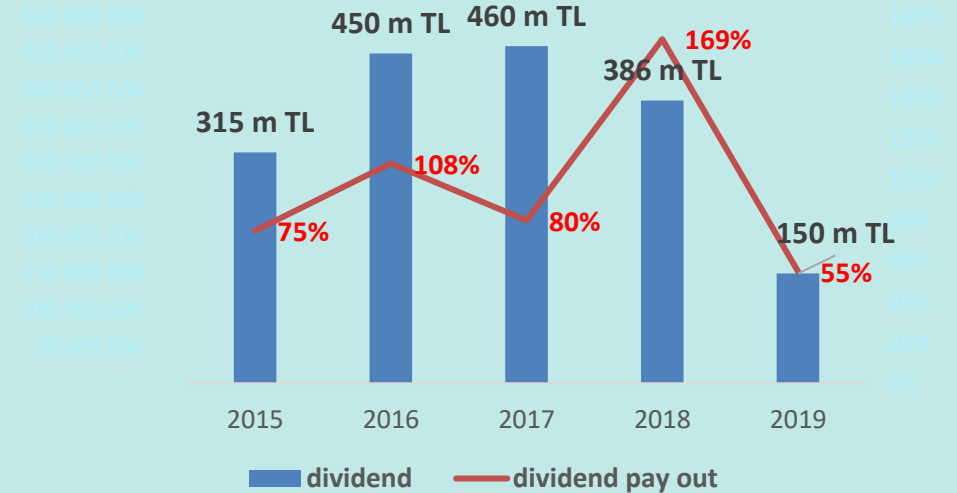
Bloomberg Code: **AYGAZ.TI**

Reuters Code: **AYGAZ.IS**

IPO Date: **13.01.1988**

Free float rate: **24.3%**

- Aygaz market value is down by 2% and is 3.6 billion TL as of 30.06.2020.
- In the same period BIST 30 is down by 4% while BIST 100 is up by 1%.



Contacts

investorrelations@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