

AYGAZ

Q2. 2019 Earnings Release Report

August 07, 2019



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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 Q2 2018



Domestic LPG sales

270

Thousand tons

-5% YoY



**International and
wholesale LPG sales**

274

Thousand tons

20% YoY



Total LPG sales

544

Thousand tons

6% YoY



- Cylinder sales are 77 thousand tons (-6% YoY)
- Autogas sales are 182 thousand tons (-5% YoY)
- The decline in commercial sales and continuation of natural gas transition are affecting cylinder gas. Autogas sales is getting the effect from the slow down in demand and profitability focused policies. Expected decrease in Sonatrach price affected the last week's sale of June negatively.



Highlights

Operational – 6 Months cumulative

According to 6M 2018



Domestic LPG sales

501

Thousand tons

-7% YoY



**International and
wholesale LPG sales**

515

Thousand tons

11% YoY



Total LPG sales

1,016

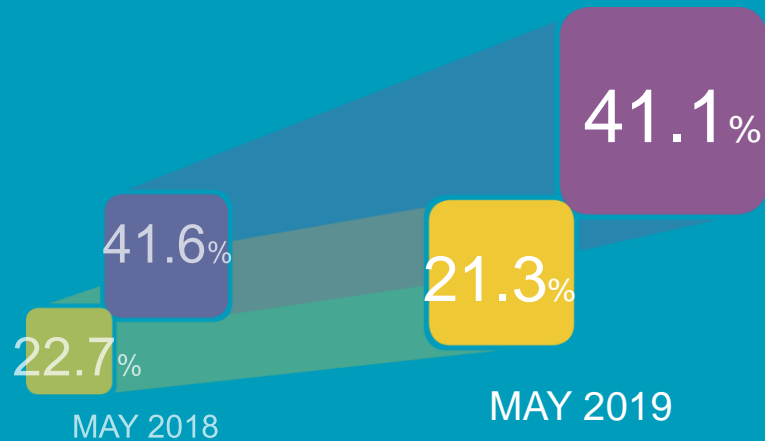
Thousand tons

1% YoY



- Cylinder sales are 146 thousand tons (-7% YoY)
- Autogas sales are 336 thousand tons (-6% YoY)
- International sales increased by 20% while wholesale sales contracted since more companies started importing for themselves.

> Highlights



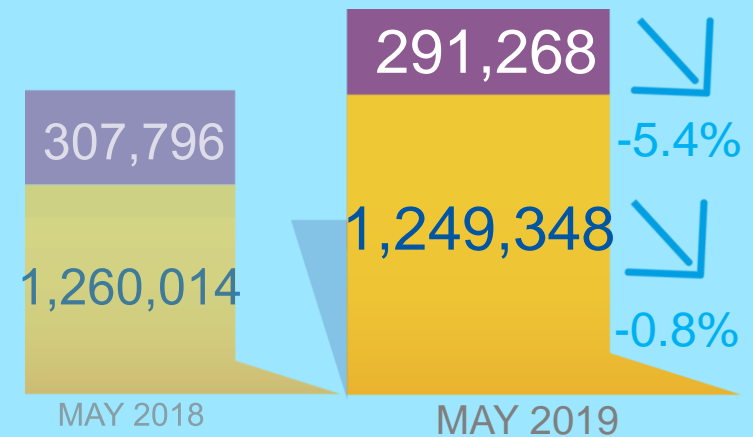
As of May 2019 EMRA report, Aygaz cylinder and autogas market shares are 41.1% and 21.3% respectively.

(41.6% and 22.7% in May 2018)

According to May 2019 EMRA report, Turkish cylinder sales volume is 291 thousand tons and autogas volume is 1,249 thousand tons.

2018/ 5 months:

Cylinder gas	307,796	tons
Autogas	1,260,014	tons



SALES VOLUME (Tons)

EMRA, Aygaz

> Highlights

Financial

QUARTERLY / (YoY)

Revenue

2,745 Million TL

+24% YoY



Operating profit

54 Million TL

-42% YoY



EBITDA

86 Million TL

-25% YoY



Net profit

121 Million TL

-19% YoY



> Highlights

Financial

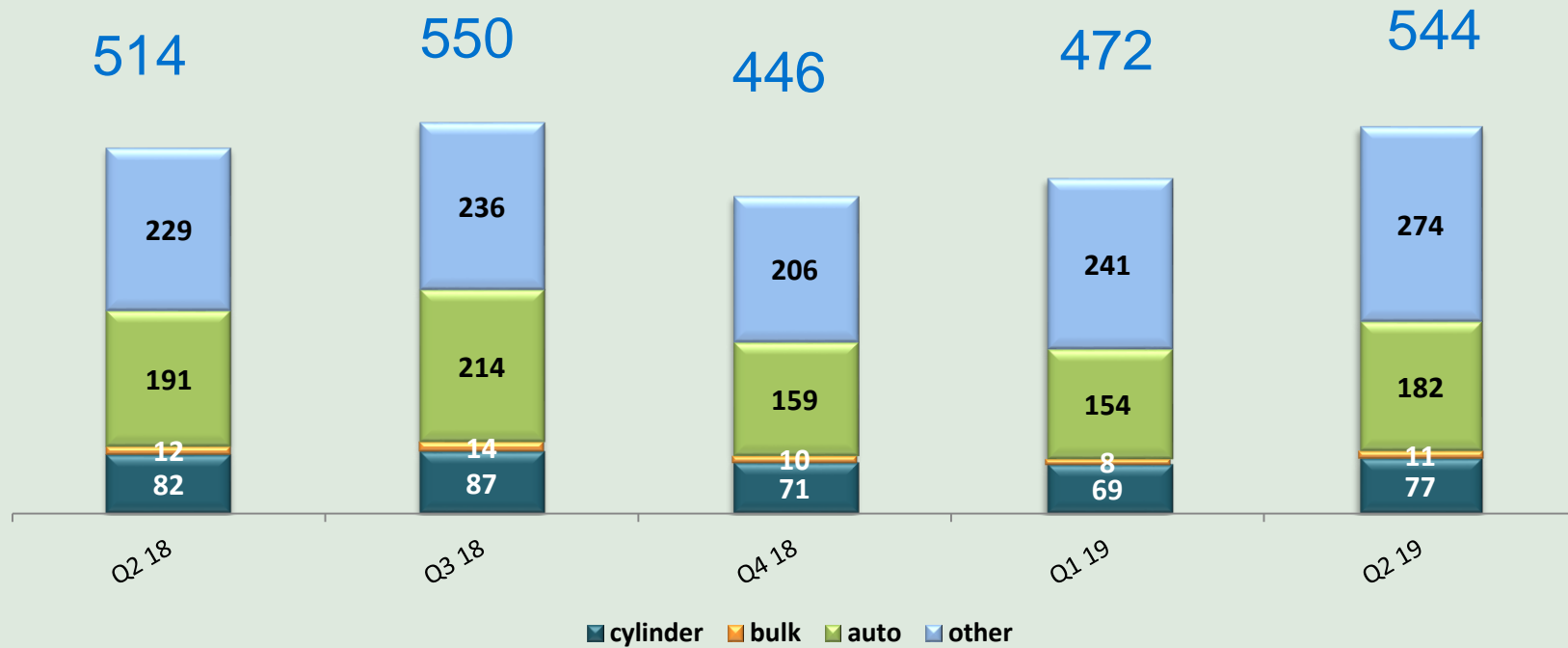
6 MONTHS CUMULATIVE / (YoY)

Revenue	5,096 Million TL	+19% YoY	↑
Operating profit	122 Million TL	+6% YoY	↑
EBITDA	185 Million TL	+15% YoY	↑
Net profit	131 Million TL	-36% YoY	↓

- Despite contracting domestic retail sales and negative variance of inventory gain/loss, 6M operating profit was higher than the same period of the previous year. Lower contribution from the investments under equity method and higher financial expenses had an effect on net profit.

Aygaz LPG Sales (Quarterly)

(Thousand tons)



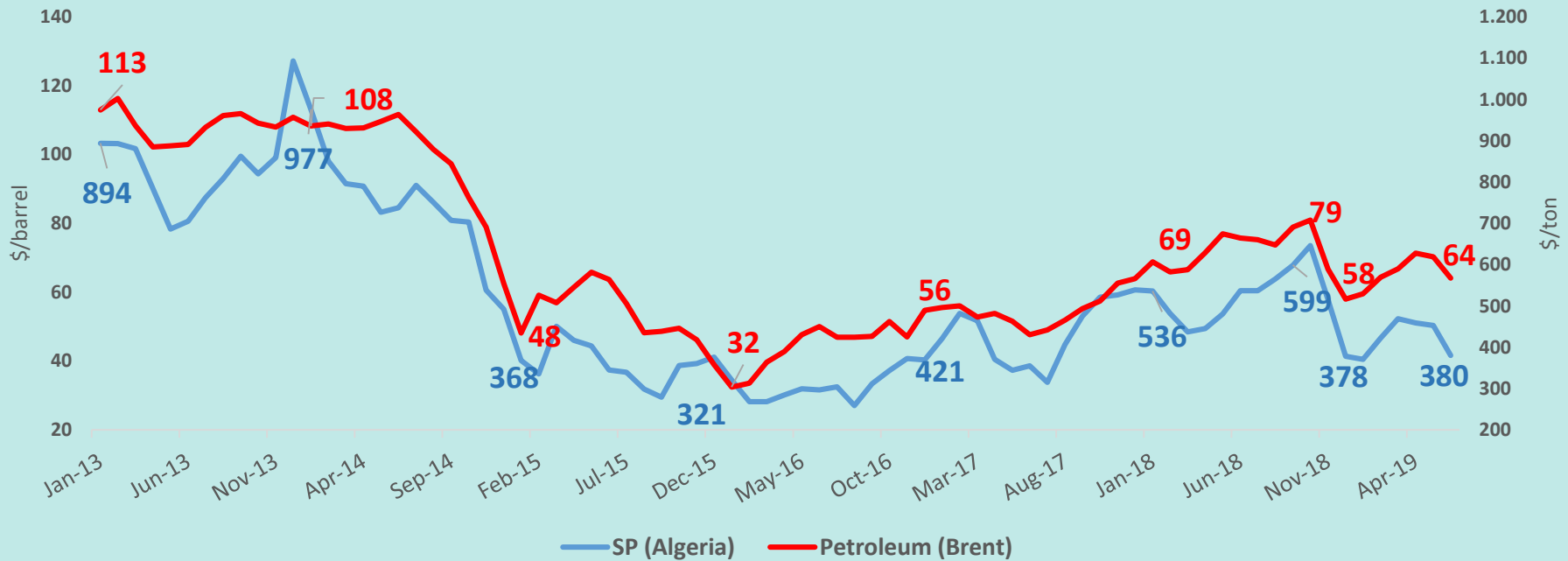
Q2 2019 sales volumes were realized as

- 182 thousand tons in Autogas (-5% YoY)
- 77 thousand tons in Cylinder Gas (-6% YoY)

EMRA, Aygaz

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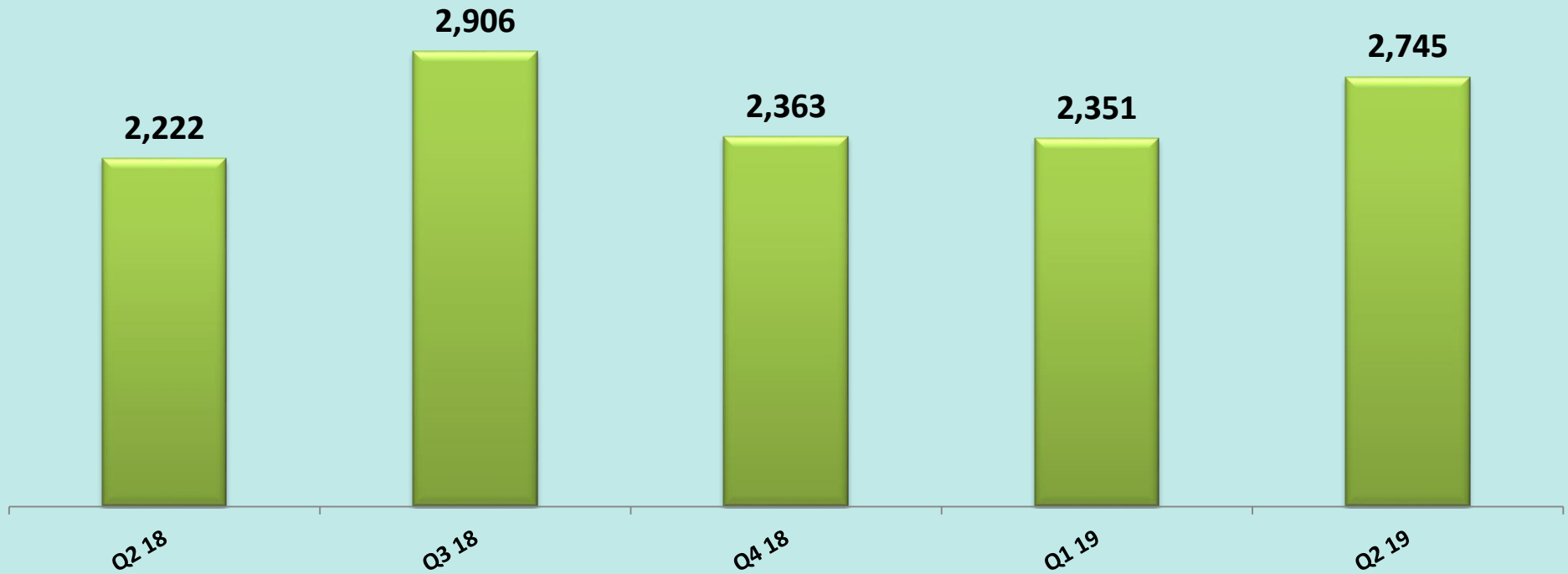
LPG – Brent world prices



- June 2019 Sonatrach LPG price is at USD 380 and 29% lower than June 2018 price.

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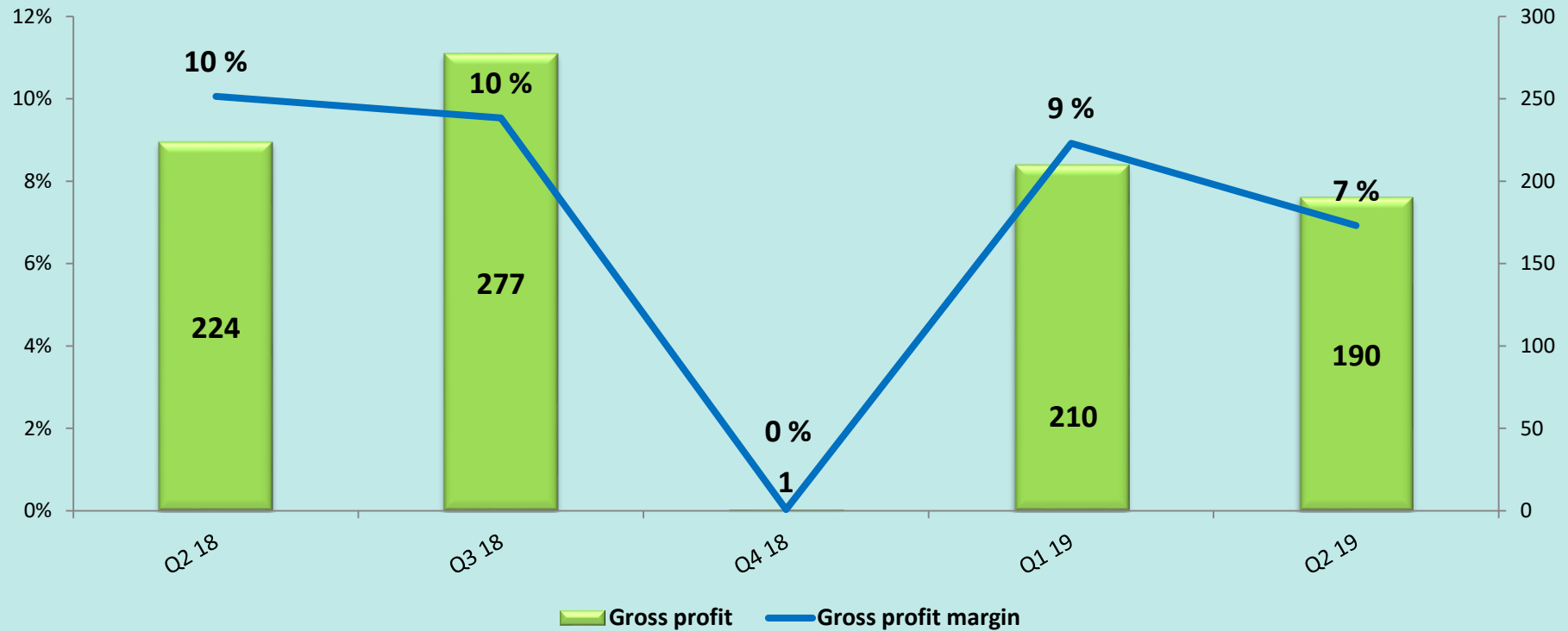
Net Sales (m TL)



- Consolidated sales revenue is 2,745 million TL and 24% higher than Q2 2018.

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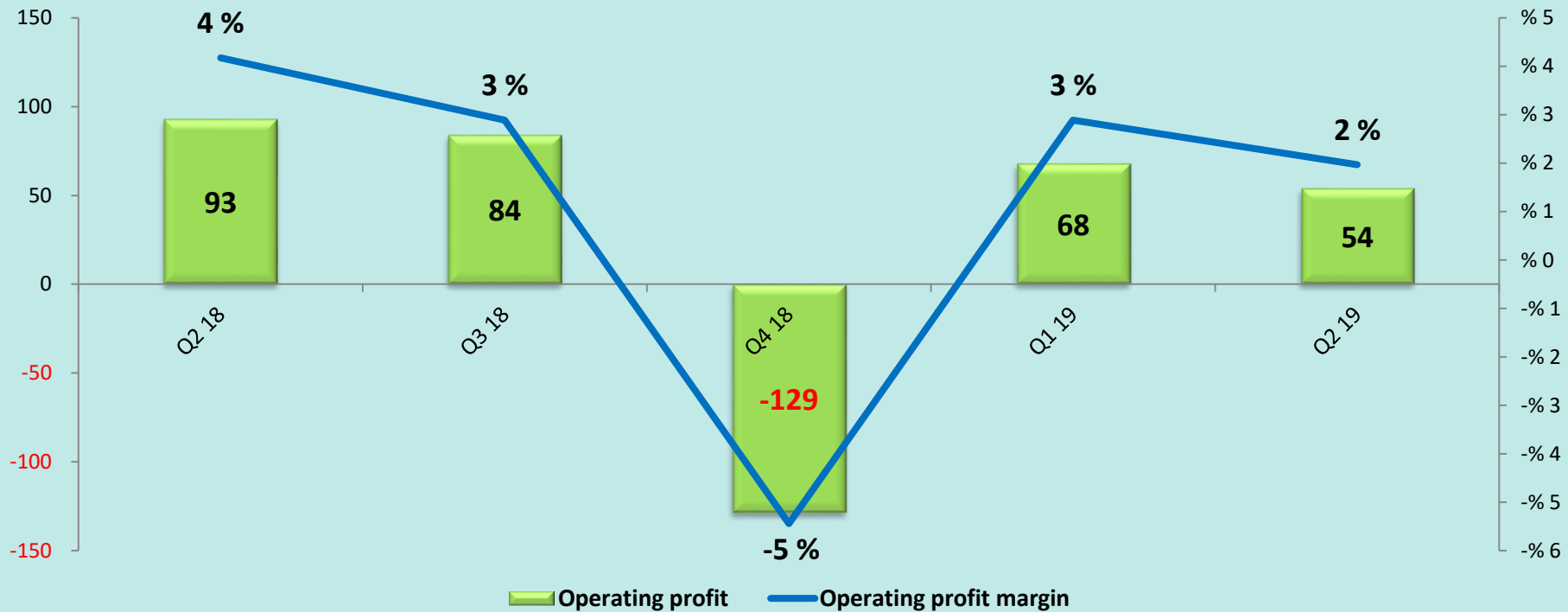
Gross Profit (m TL)



- Gross profit is down by 15% YoY due to the effect of inventory valuation.
- The net effect of inventory gain/loss between the gross profit of 6M 19 and the gross profit of 6M 18 is -39 m TL.

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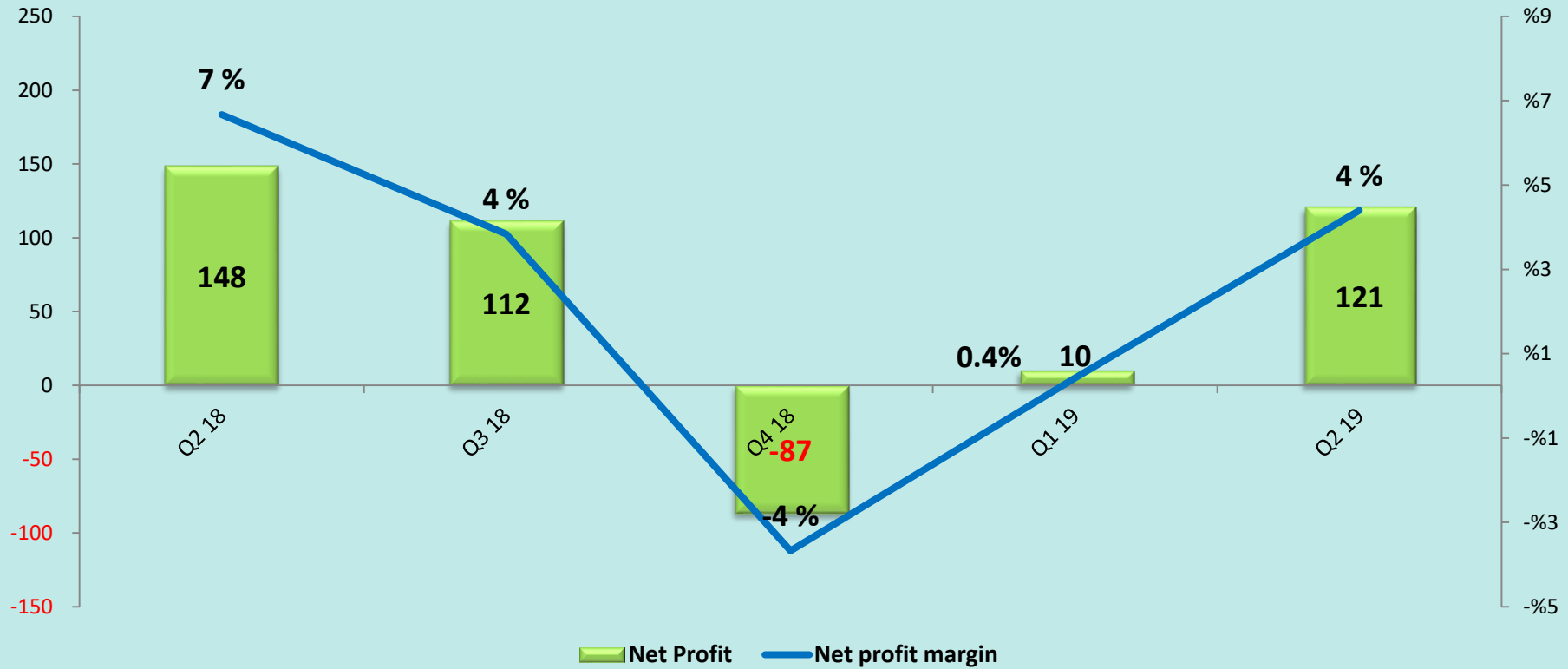
Operating Profit (m TL)



- Operating profit was 54 m TL and operating profit margin was 2% mainly due to the inventory loss in Q2 19.

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Net Profit (m TL)



- Profit from investments accounted under equity method had an impact on net profit. The profit coming from EYAŞ* was 88 m TL whereas the profit from Entek** was 24 m TL in Q2 2019. (in Q2 2018; contribution from EYAŞ and Entek were 103 m TL and -11 m TL respectively)

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

> Highlights

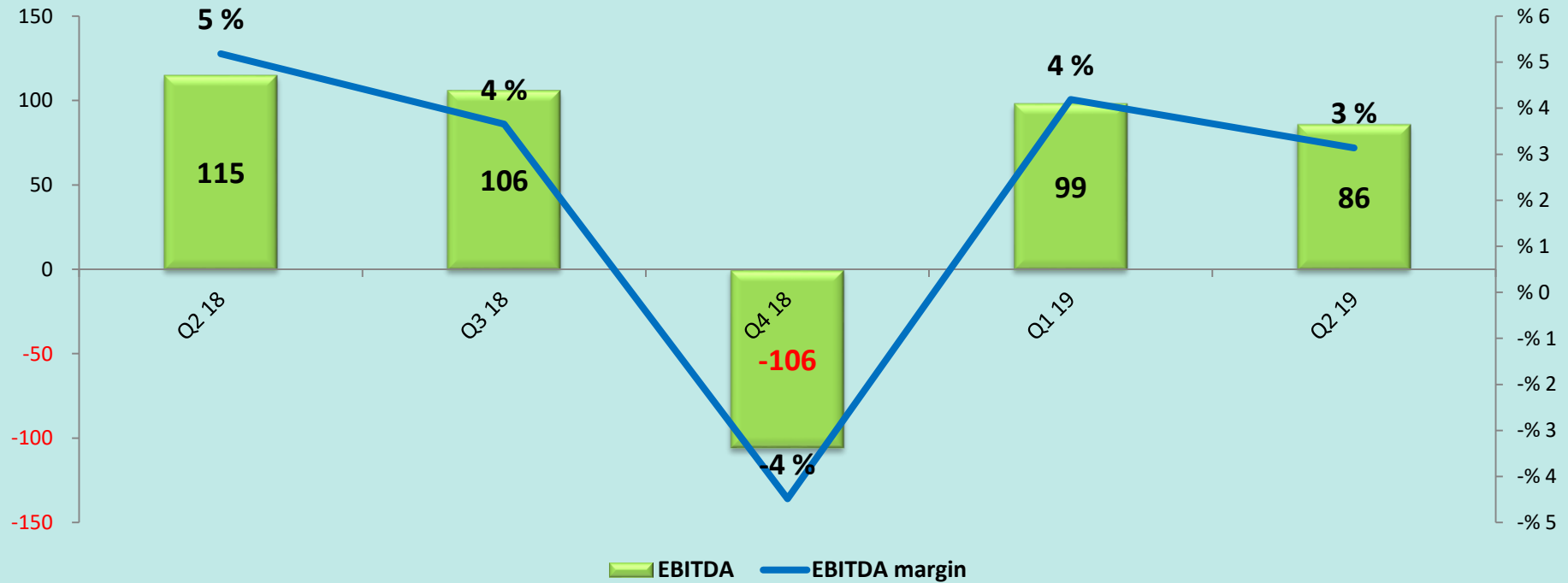
Entek, who positively contributed to Aygaz net profit in Q2 2019;

- operates one natural gas cycling plant with capacity of 97 MW in Kocaeli and eight hydroelectric power plants (HPP) in Kahramanmaraş, Karaman, Samsun and Mersin with capacity of 265 MW in total reaching aggregate capacity of 362 MW.
- contributed 30 m TL and 24 m TL in Q1 and Q2 2019 respectively, whereas the contribution was 2 m TL and -11 m TL for Q1 and Q2 of 2018, to Aygaz net profit through our share ownership of 49.62%.

(m TL)	6M 2019	6M 2018	12M 2018
Revenues	583	193	498
Operating profit*	217	24	106
EBITDA	242	43	144

*Excluding other operating income/expenses

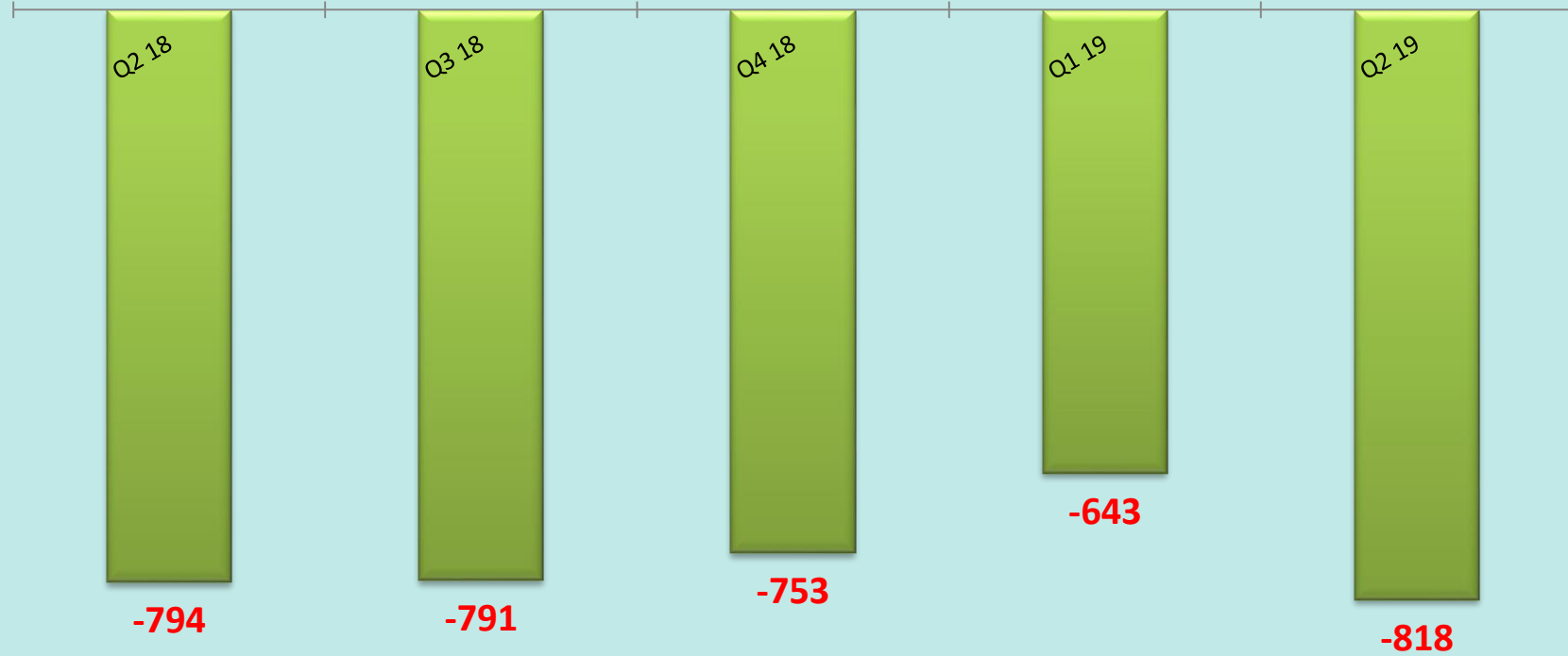
EBITDA (m TL)



- In Q2 of 2019, EBITDA is 86 million TL, while EBITDA margin is 3%.

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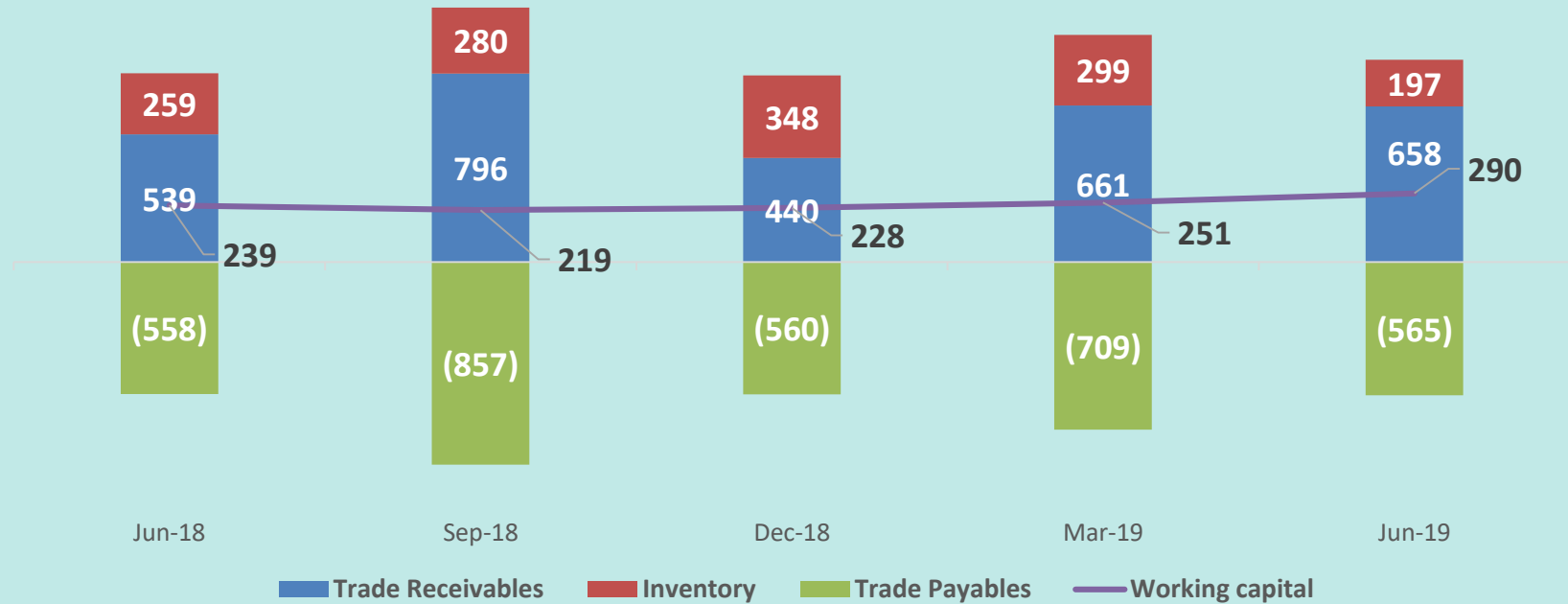
Net Cash (m TL)



- With the effects of decreasing cash due to the dividend payment that lagged to April and increase in lease liabilities within the scope of IFRS 16, net debt is 818 million TL as of June 30, 2019.
- Short-term financial borrowings, current portion of long-term financial borrowings and interest payments are met by cash and cash equivalents.

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Working Capital (m TL)

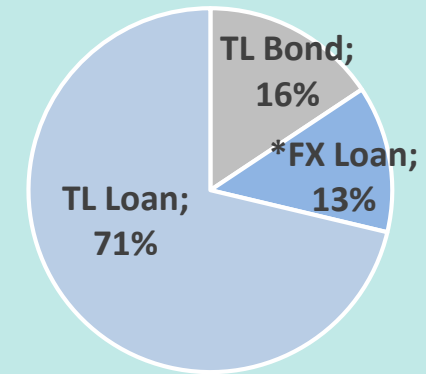


- The structure and size of working capital is being actively followed and managed.

Debt Profile

(m TL)	6M 2019	12M 2018
ST Borrowings	68	79
Current portion of LT Borrowings	546	492
LT Borrowings	874	830
Total Debt	1,488	1,401
Cash and cash equivalents (-)	670	648
= Net Debt	818	753

Debt Profile as of 30/06/2019



- 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's long term rating of (TR) AAA and a short term rating of (TR) A1+ and outlook as stable is confirmed on June 21, 2019.

Income Statement – Summary

Million TL	Q2 19	Q1 19	Change	Q2 19	Q2 18	Change
Revenues	2,745	2,351	17%	2,745	2,222	24%
Gross Profit	190	210	-9%	190	224	-15%
Operating Profit	54	68	-21%	54	93	-42%
Profit Before Tax	121	15	703%	121	163	-26%
Net Profit	121	10	1099%	121	148	-19%
EBITDA	86	99	-13%	86	115	-25%
MARGINS						
Gross Profit M.	7%	9%	-2	7%	10%	-3
Operating Profit M.	2%	3%	-1	2%	4%	-2
Profit Before Tax M.	4%	1%	+3	4%	7%	-3
Net Profit M.	4%	0.4%	+3.6	4%	7%	-3
EBITDA M.	3%	4%	-1	3%	5%	-2

Balance Sheet- Summary

Million TL	6M 19	12M 18
Cash & Cash Eq.	670	648
Trade Receivables	658	440
Inventories	197	348
Prop.Plant&Equipment	683	687
Participations	2,012	2,305
Total Assets	4,949	5,013
Financial Debt	1,488	1,401
Trade Payables	565	560
Total Equity	2,294	2,502
Total Liabilities & Equity	4,949	5,013
Net Cash (Debt)	-818	-753
Working Capital	290	228

15 Forward looking statements for 2019

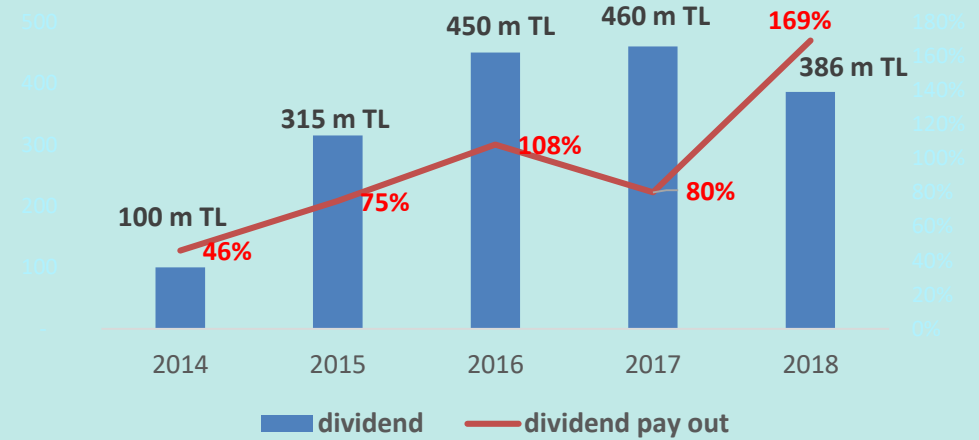
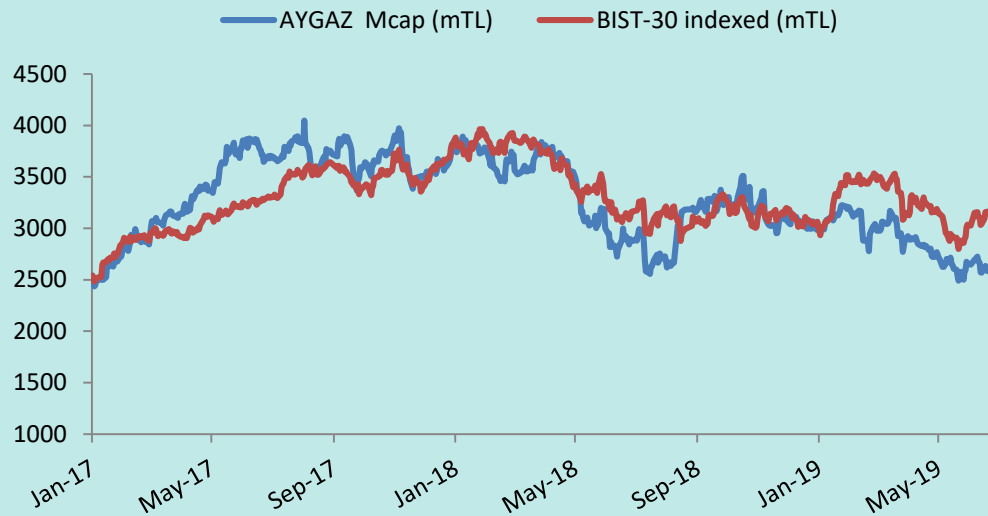
Sales volume

- Cylinder: 295-310 thousand tons
- Autogas: 695-735 thousand tons

Market share

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

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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