

AYGAZ

Q1. 2019 Earnings Release Report

May 8, 2019



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 Q1 2018



Domestic LPG sales

231

Thousand tons

-9%

YoY



**International and
wholesale LPG sales**

241

Thousand tons

2%

YoY



Total LPG sales

472

Thousand tons

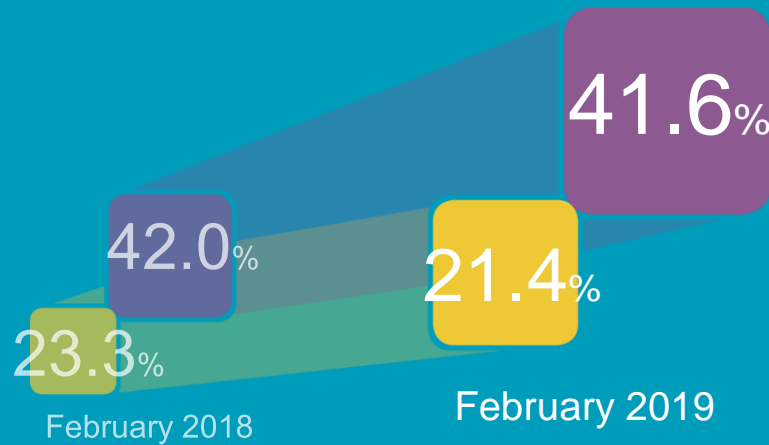
-4%

YoY



- Cylinder sales are 69 thousand tons (-8% YoY)
- Autogas sales are 154 thousand tons (-7% YoY)
- The decline in commercial sales and continuation of natural gas transition are affecting cylinder gas sales whereas autogas sales is getting the effect from the slow down in demand. Profitability focused policies have an impact on sales volumes.

> Highlights



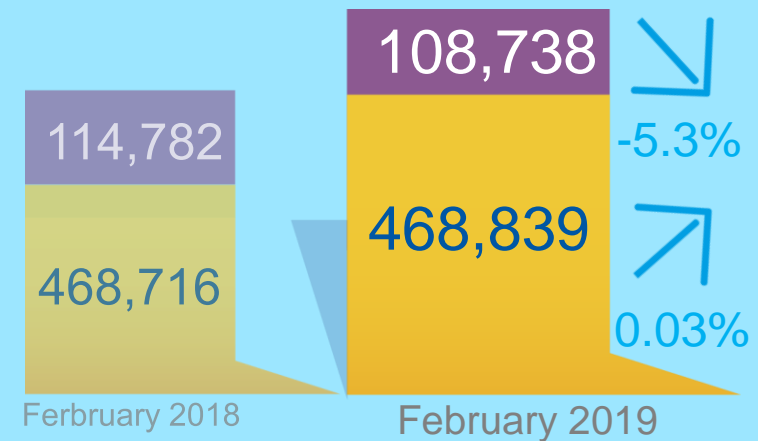
As of February 2019 EMRA report, Aygaz cylinder and autogas market shares are 41.6% and 21.4% respectively.

(42.0% and 23.3% in February 2018)

According to February 2019 EMRA report, Turkish cylinder sales volume is 108,738 tons and autogas volume is 468,839 tons.

2018/ 2 months:

Cylinder gas	114,782	tons
Autogas	468,716	tons



SALES VOLUME (Tons)

EMRA, Aygaz

> Highlights

Financial

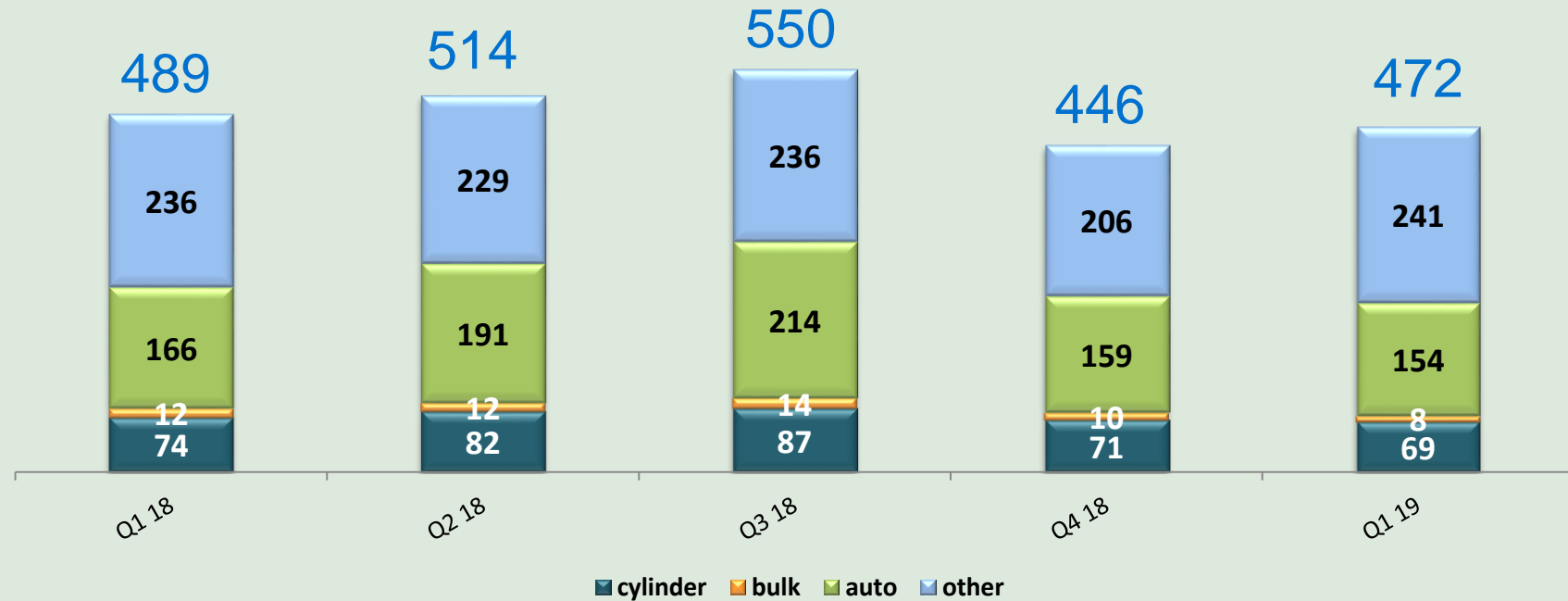
QUARTERLY / (YoY)

Revenue	2,351 Million TL	14% YoY 
Operating profit	68 Million TL	201% YoY 
EBITDA	99 Million TL	120% YoY 
Net profit	10 Million TL	-82% YoY 

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Aygaz LPG Sales (Quarterly)

(Thousand tons)



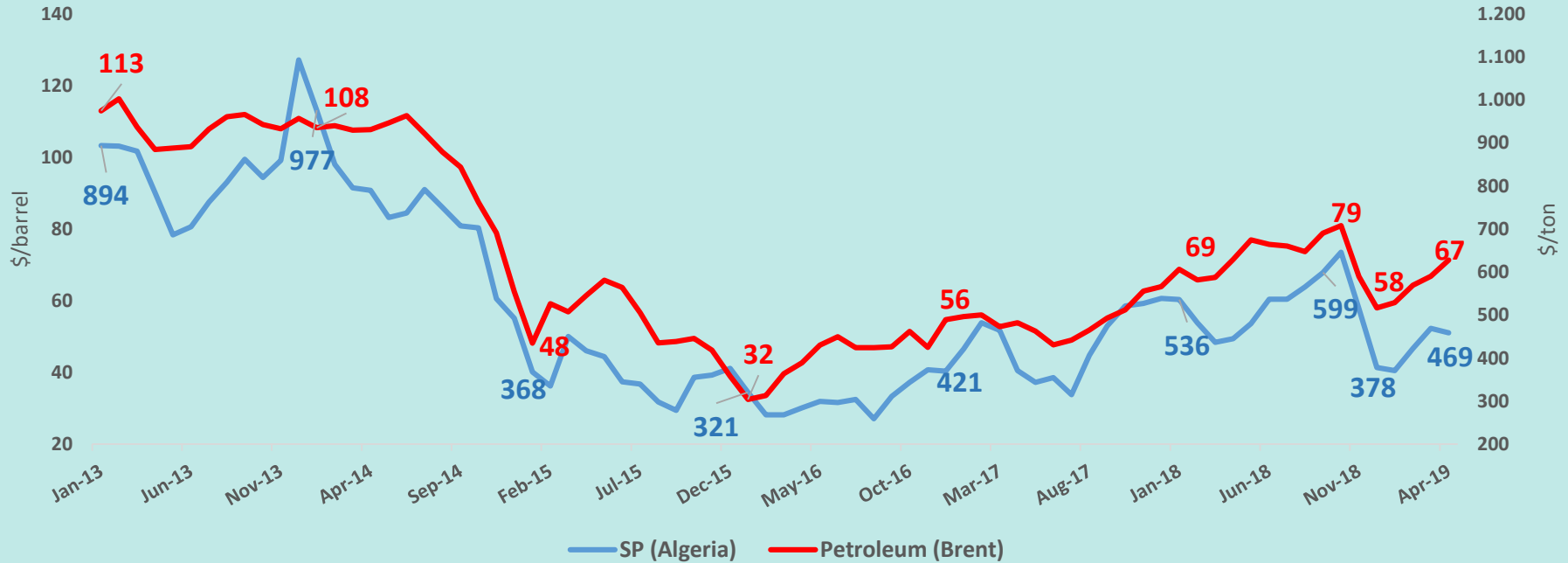
Q1 2019 sales volumes were realized as

- 154 thousand tons in Autogas (-7% YoY)
- 69 thousand tons in Cylinder Gas (-8% YoY)

EMRA, Aygaz

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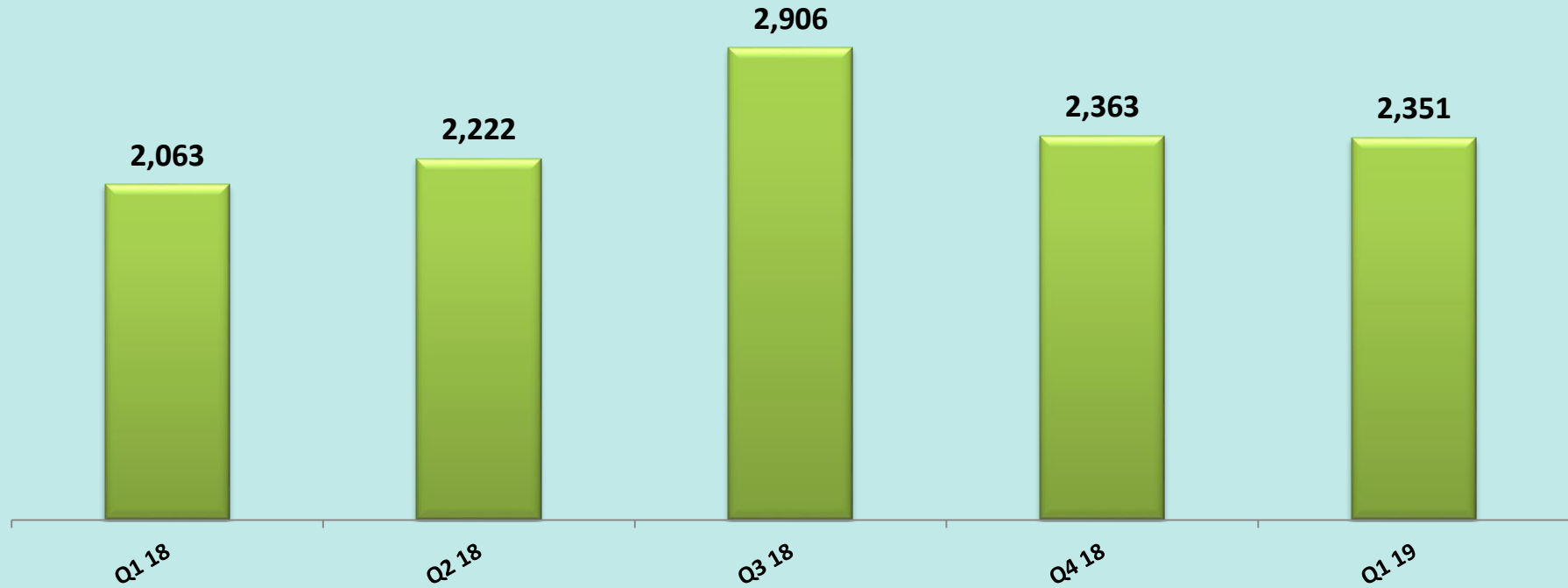
LPG – Brent world prices



- March 2019 Sonatrach LPG price is at USD 469 and 7% higher than March 2018 price.

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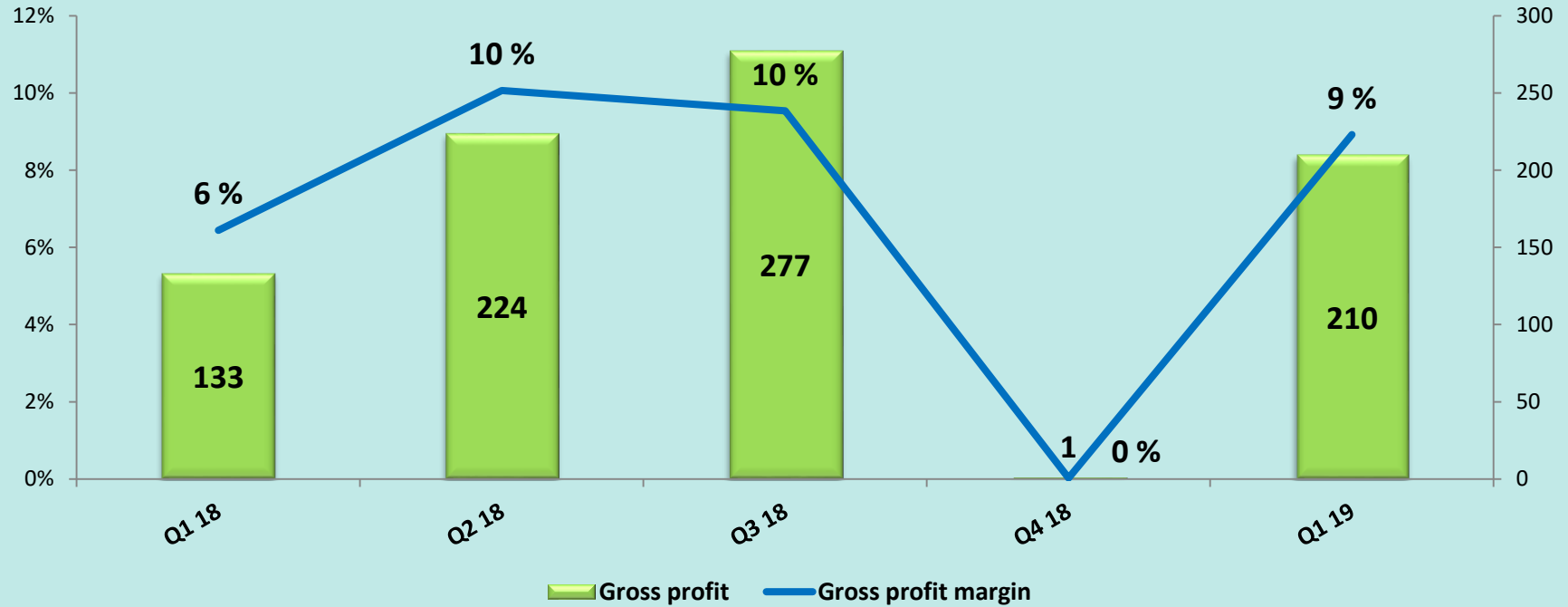
Net Sales (m TL)



- Consolidated sales revenue is 2,351 million TL and 14% higher than Q1 2018.

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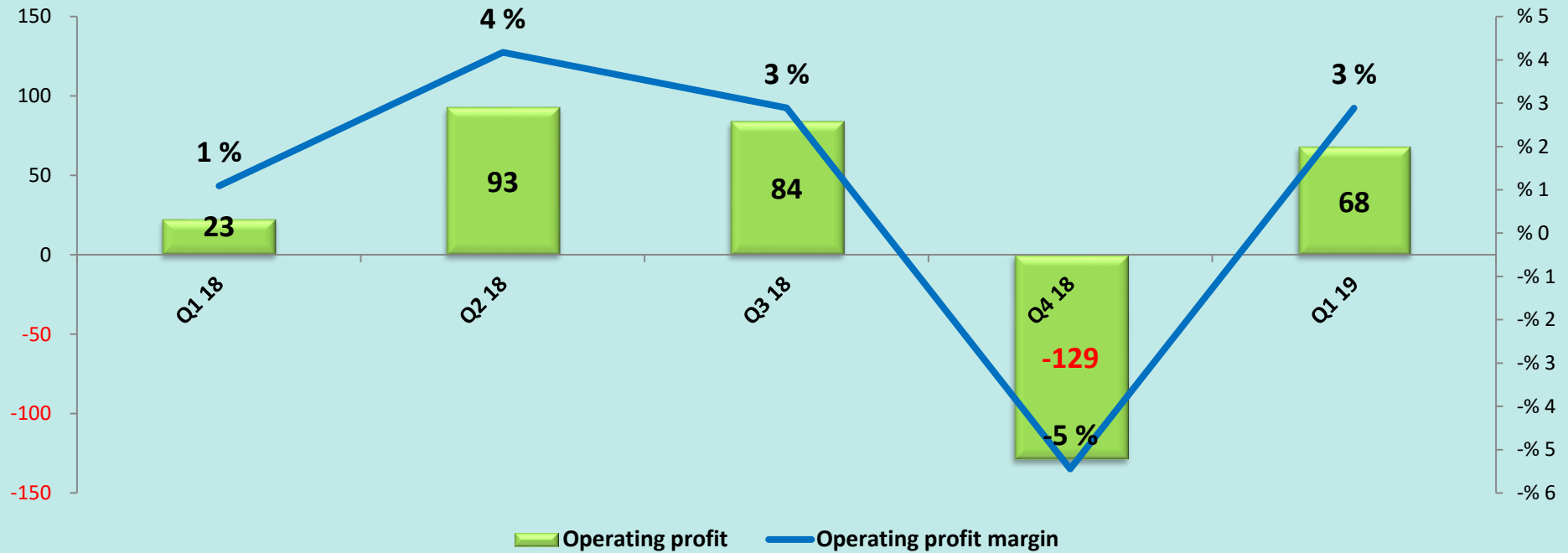
Gross Profit (m TL)



- Positive impact from improvement in mark ups and inventory gain are observed, contrary to Q1 2018.
- With the elimination of the one-off Aygaz Doğal Gaz (ADG) provision amount in Q4 2018, the gross profit amount was 210 m TL in Q1 2019.

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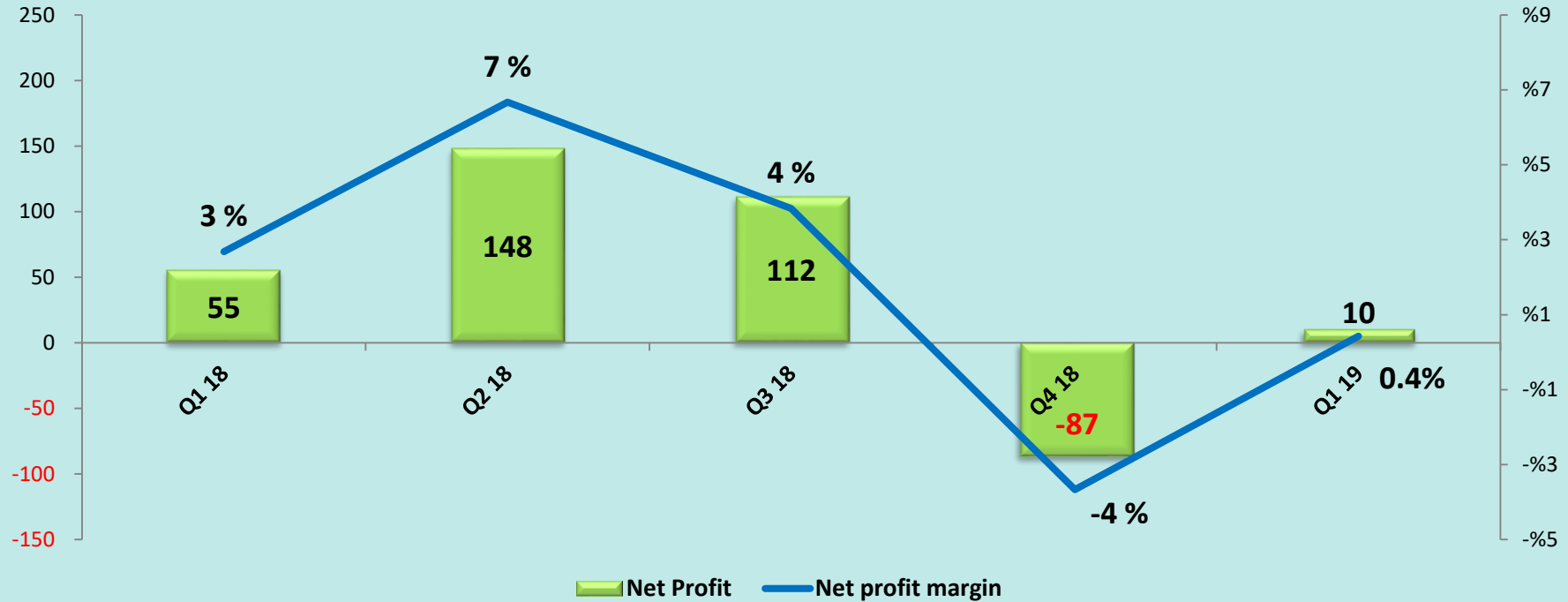
Operating Profit (m TL)



- Operating profit was 68 m TL and operating profit margin was 3% in line with the improvement in gross profit.

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Net Profit (m TL)



- Profit/loss from investments accounted under equity method had an impact on net profit. The loss coming from EYAŞ* was 40 m TL whereas the profit from Entek** was 30 m TL in Q1 2019. (in Q1 2018; profit from EYAŞ and Entek were 37 m TL and 2 m TL respectively)

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



Highlights

Entek, who positively contributed to Aygaz net profit in Q1 2019;

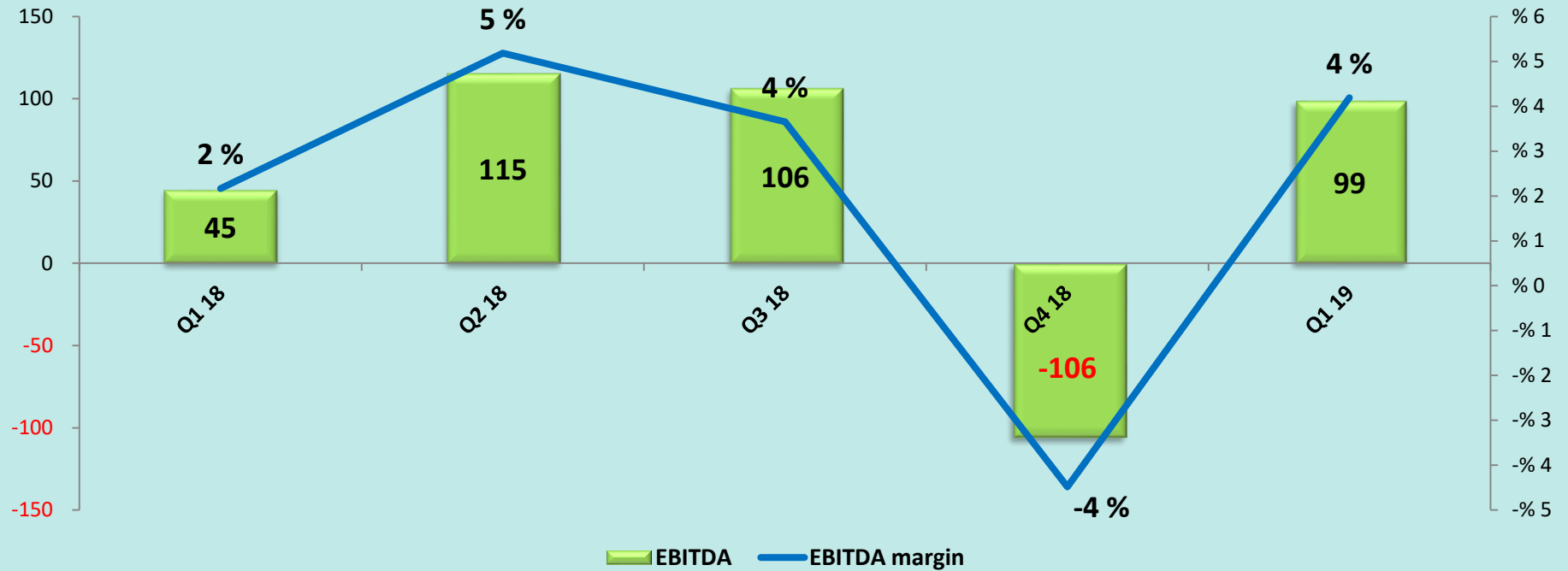
- operates one natural gas cycling plant with capacity of 157 MW in Kocaeli and eight hydroelectric power plants (HPP) in Kahramanmaraş, Karaman, Samsun and Mersin with capacity of 265 MW in total reaching aggregate capacity of 422 MW.
- had Menzelet and Kılavuzlu HPP's operating in Kahramanmaraş for approximately 1 month in Q1 2018 and for full 3 months in Q1 2019.
- contributed 30 m TL and 2 m TL in Q1 2019 and Q1 2018 respectively to Aygaz net profit through our share ownership of 49.62%.

(m TL)	12M 2018	12M 2017
Revenues	498	341
Operating profit*	106	23
EBITDA	144	38

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

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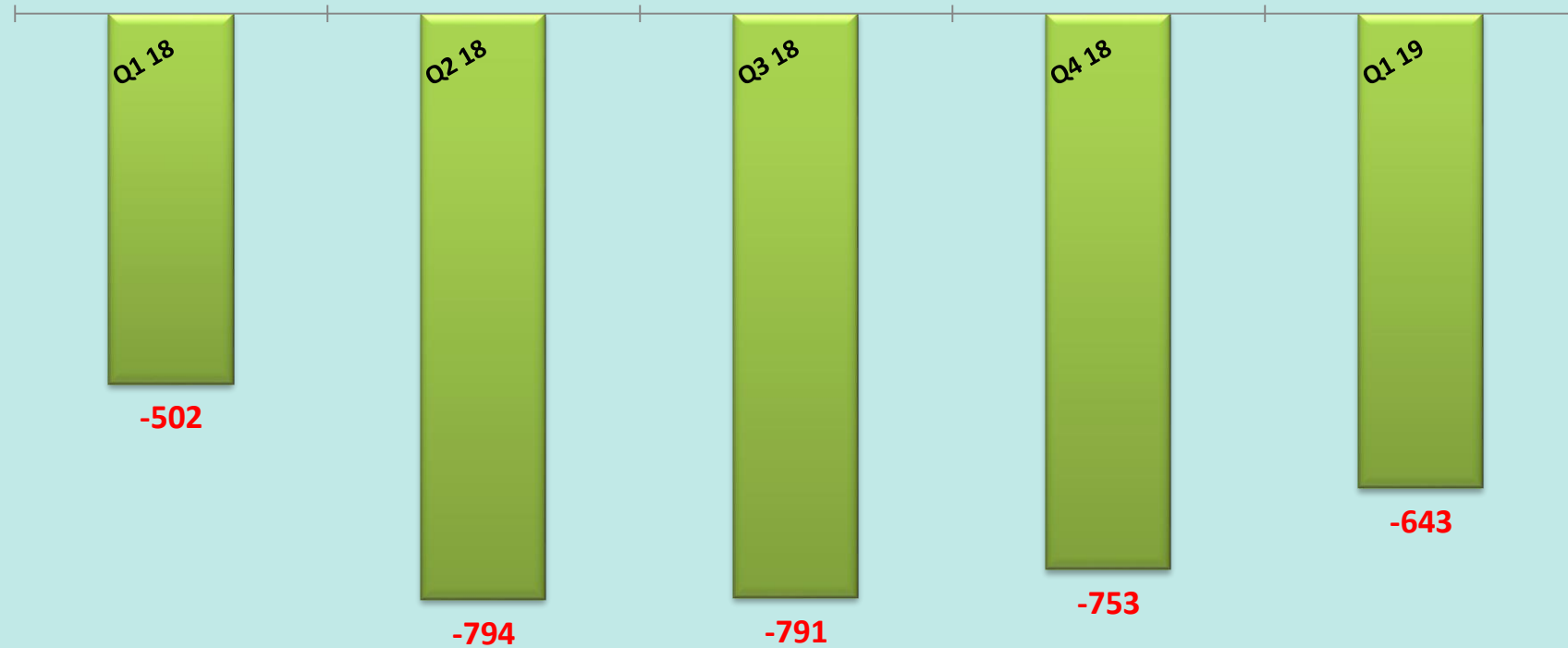
EBITDA (m TL)



- In Q1 of 2019, EBITDA is 99 million TL, while EBITDA margin is 4%.

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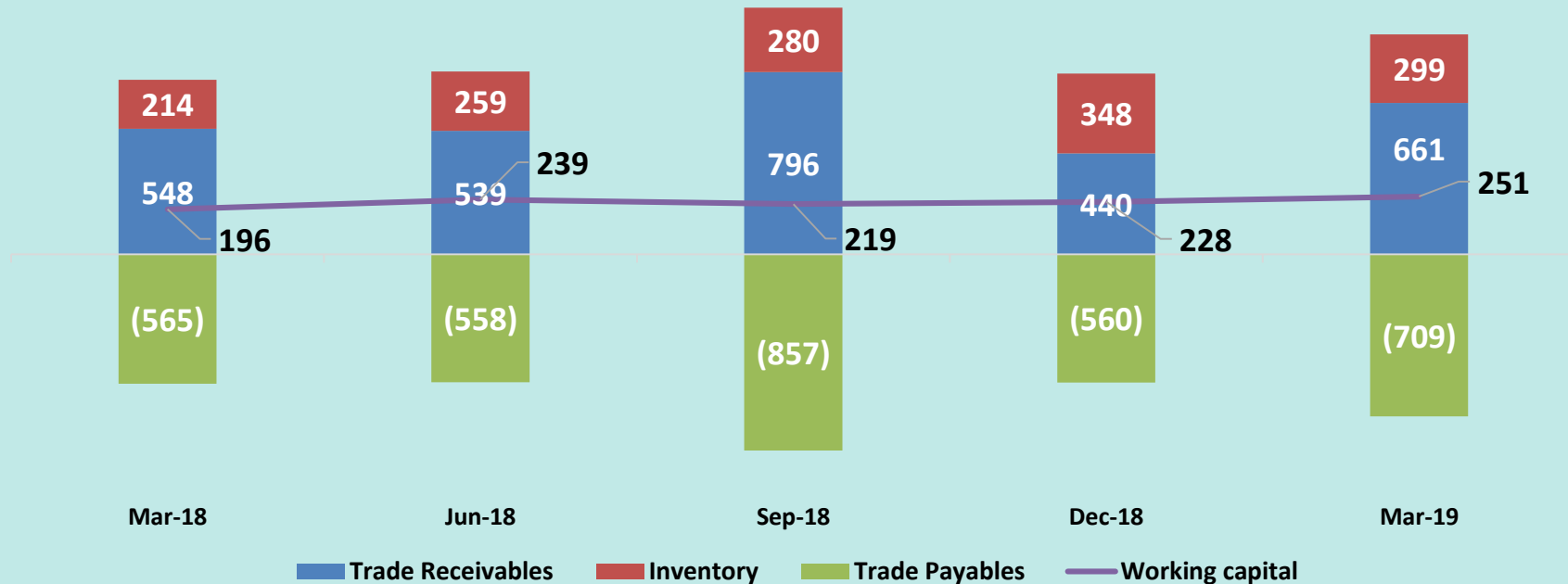
Net Cash (m TL)



- Net debt is 643 million TL, as of March 31, 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)

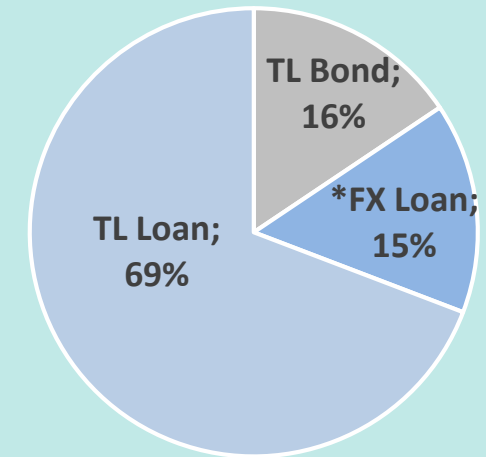


- In Q1; working capital need did not change while trade receivables and trade payables stayed in line with previous periods' figures.
- The structure and size of working capital is being actively managed.

12 Debt Profile

(m TL)	3M 2019	12M 2018
ST Borrowings	131	79
Current portion of LT Borrowings	613	492
LT Borrowings	708	830
Total Debt	1,452	1,401
Cash and cash equivalents (-)	809	648
= Net Debt	643	753

Debt Profile as of 31/03/2019



- 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 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	Q1 19	Q4 18		Q1 19	Q1 18	
Revenues	2,351	2,363	-1%	2,351	2,063	14%
Gross Profit	210	1	209%	210	133	58%
Operating Profit	68	-129	153%	68	23	201%
Profit Before Tax	15	-97	116%	15	60	-75%
Net Profit	10	-87	112%	10	55	-82%
EBITDA	99	-106	193%	99	45	120%
MARGINS						
Gross Profit M.	9%	0%	+9	9%	6%	+3
Operating Profit M.	3%	-5%	+8	3%	1%	+2
Profit Before Tax M.	1%	-4%	+5	1%	3%	-2
Net Profit M.	0.4%	-4%	+4.4	0.4%	3%	-2.6
EBITDA M.	4%	-4%	+8	4%	2%	+2

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Balance Sheet- Summary

Million TL	3M 19	12M 18
Cash & Cash Eq.	809	648
Trade Receivables	661	440
Inventories	299	348
Prop.Plant&Equipment	719	687
Participations	1,899	2,305
Total Assets	5,039	5,013
Financial Debt	1,452	1,401
Trade Payables	709	560
Total Equity	2,118	2,502
Total Liabilities & Equity	5,039	5,013
Net Cash (Debt)	-643	-753
Working Capital	251	228

15 Forward looking statements for 2019

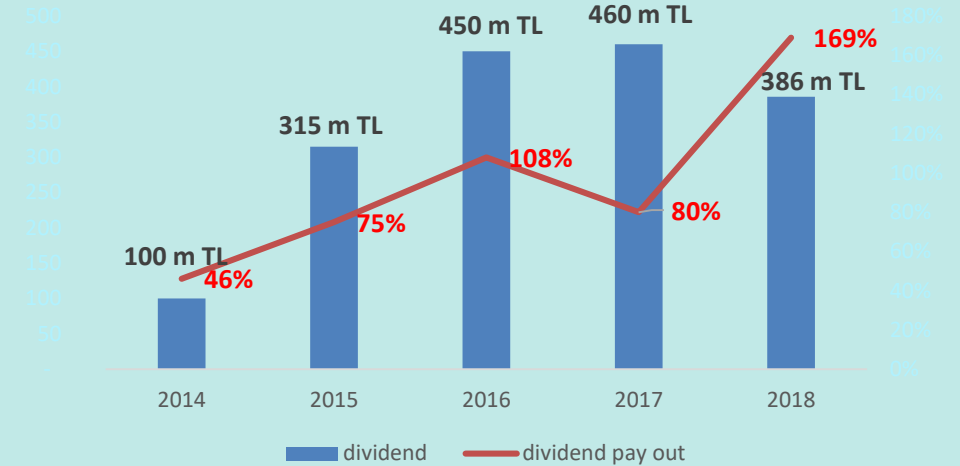
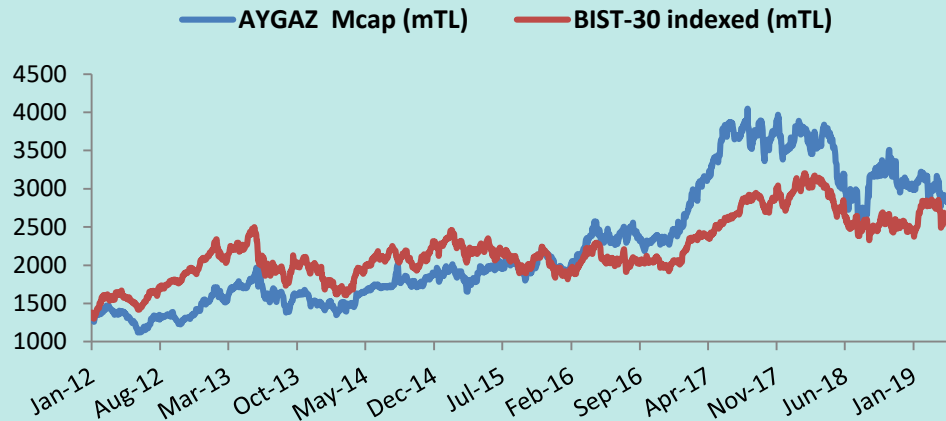
Sales volume

- 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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