

**AYGAZ**

# Q4. 2018 Earnings Release Report

February 13, 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.
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# Highlights

## Operational - Quarterly

According to Q4 2017



**Domestic LPG sales**

**240**

Thousand tons

**-5%**

YoY



**International and  
wholesale LPG sales**

**206**

Thousand tons

**-21%**

YoY



**Total LPG sales**

**446**

Thousand tons

**-13%**

YoY



- Cylinder sales are 71 thousand tons (-8% YoY)
- Autogas sales are 159 thousand tons (-5% YoY)
- Autogas sales is affected by the slow down in demand whereas the decline in commercial sales and continuation of natural gas transition led to cylinder gas sales downfall. Other factors can be emphasized as effective risk management and policies aiming to protect profitability.



# Highlights

## Operational – 12 Months cumulative

According to 12M 2017



**Domestic LPG sales**

**1,092**  
Thousand tons

**-3%** YoY



**International and  
wholesale LPG sales**

**907**  
Thousand tons

**-11%** YoY



**Total LPG sales**

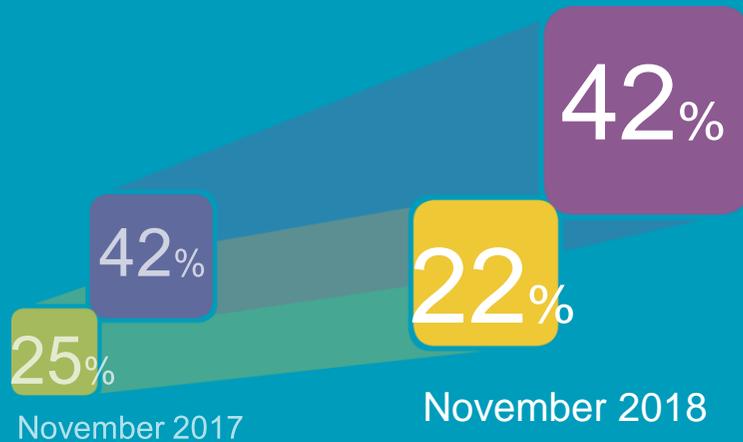
**2,000**  
Thousand tons

**-7%** YoY



- Cylinder sales are 315 thousand tons (-6% YoY)
- Autogas sales are 730 thousand tons (-4% YoY)
- International sales increased by 4% while wholesale sales contracted since more companies in previous years' customer portfolio started importing for themselves.

# > Highlights



As of November 2018 EMRA report, Aygaz cylinder and autogas market shares are 42% and 22% respectively.

(42% and 25% in November 2017)

According to November 2018 EMRA report, Turkish cylinder sales volume is 694,483 tons and autogas volume is 3,032,512 tons.

2017/ 11 months:

Cylinder gas	748,178	tons
Autogas	2,868,503	tons



SALES VOLUME (Tons)

EMRA, Aygaz

# > Highlights

## Financial

QUARTERLY / (YoY)

Revenue

**2,363** Million TL



Operating profit

**-129** Million TL



EBITDA

**-106** Million TL



Net profit

**-87** Million TL





# Highlights

- As communicated to our subsidiary Aygaz Doğalgaz Toptan Satış A.Ş.(ADG) by Akfel Gaz Sanayi ve Ticaret A.Ş. (Akfel), from which natural gas is supplied; the price revision arbitration process initiated by Gazprom Export LLC, which Akfel has imported natural gas, was concluded against Akfel and additional costs calculated for the past period is conveyed to ADG but no payment has been demanded yet. In this context total amount of 178.6 m TL provision (equivalent to 34 m USD approximately) was reflected to 2018 year end consolidated financial tables.
- Regarding our associate Entek's investment Ayas Enerji Üretimi ve Ticaret A.Ş.; the lawsuit opened against Energy Market Regulatory Body in 2011, by the environmental organizations to suspend execution and to cancel the license of production given to Ayas, is still continuing. On the trial on December 25, 2018, statements of the parties were heard and the decision regarding the lawsuit's merits are awaited. No certain evaluation can be made regarding the results of the lawsuit at this stage. The result of this lawsuit has been awaited since 2012 for the company to start operations; on the other hand, considering the decline in commodity prices and rise in financing costs, it is considered that the economic return of the project is below expectation as of the current phase, and as it is no longer viewed feasible to continue the investment with the initial planned conditions; the entire value carried for Ayas was impaired. (18.9 m TL amount of period loss and 74.7 m TL amount of impairment loss) As a result, our profitability was adversely affected.

# > Highlights

## Financial

12 MONTHS CUMULATIVE / (YoY)

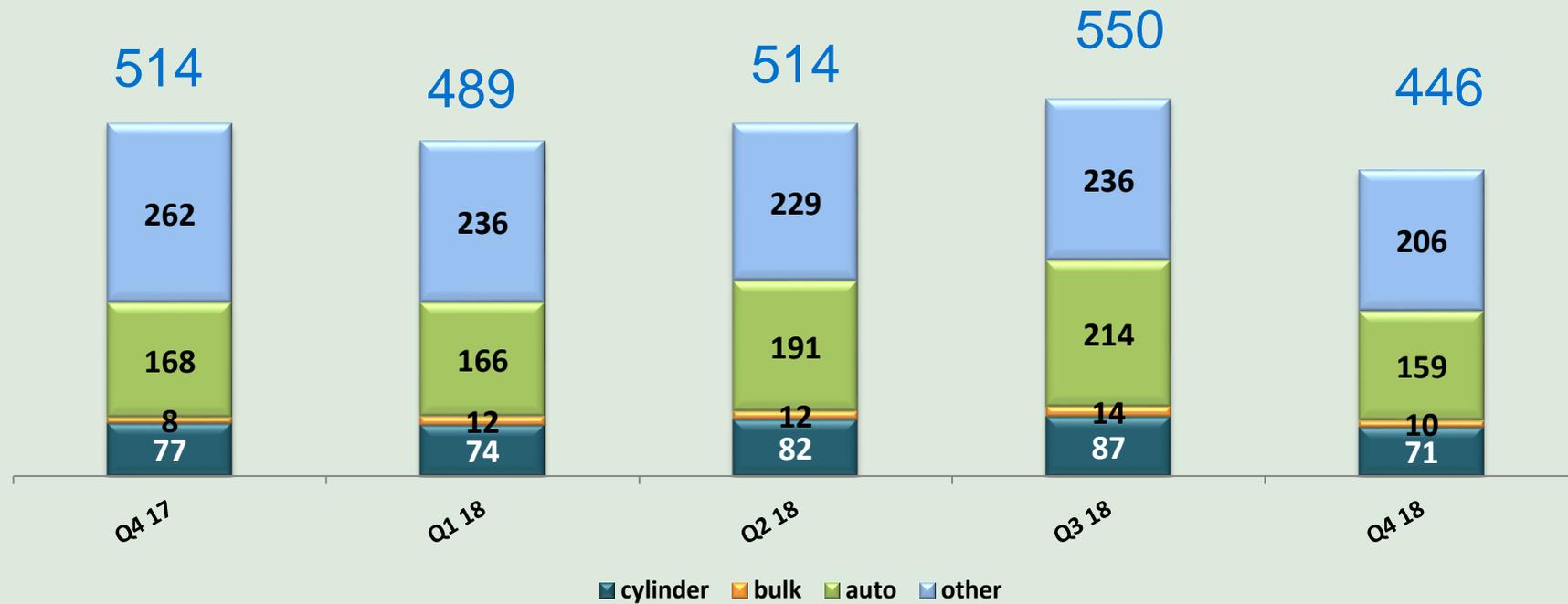
Revenue	9,554 Million TL	+13% YoY	↑
Operating profit	71 Million TL	-73% YoY	↓
EBITDA	160 Million TL	-55% YoY	↓
Net profit	228 Million TL	-60% YoY	↓

- Provisions related to our subsidiary ADG and impairment loss related to Entek had effects on profitability.

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# Aygaz LPG Sales (Quarterly)

(Thousand tons)



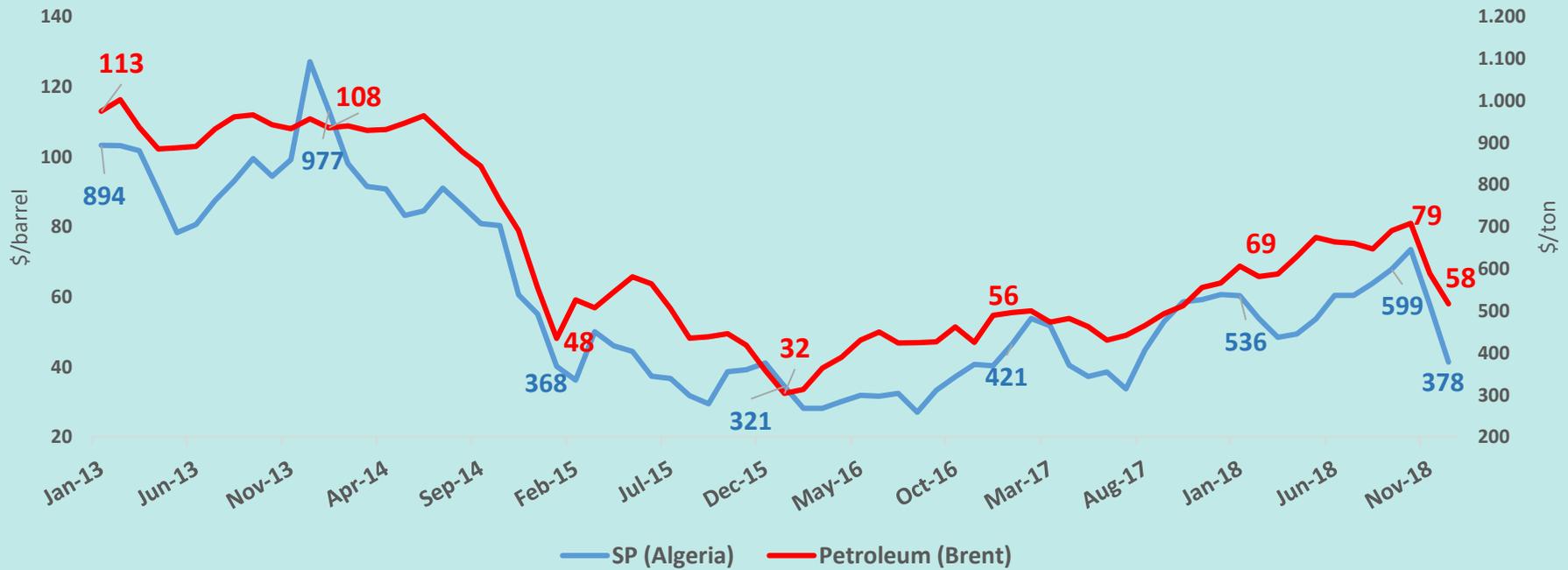
## Q4 2018 sales volumes were realized as

- 159 thousand tons in Autogas (-5% YoY)
- 71 thousand tons in Cylinder Gas (-8% YoY)

EMRA, Aygaz

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## LPG – Brent world prices



- December 2018 Sonatrach LPG price is at USD 378 and 30% lower than December 2017 price.

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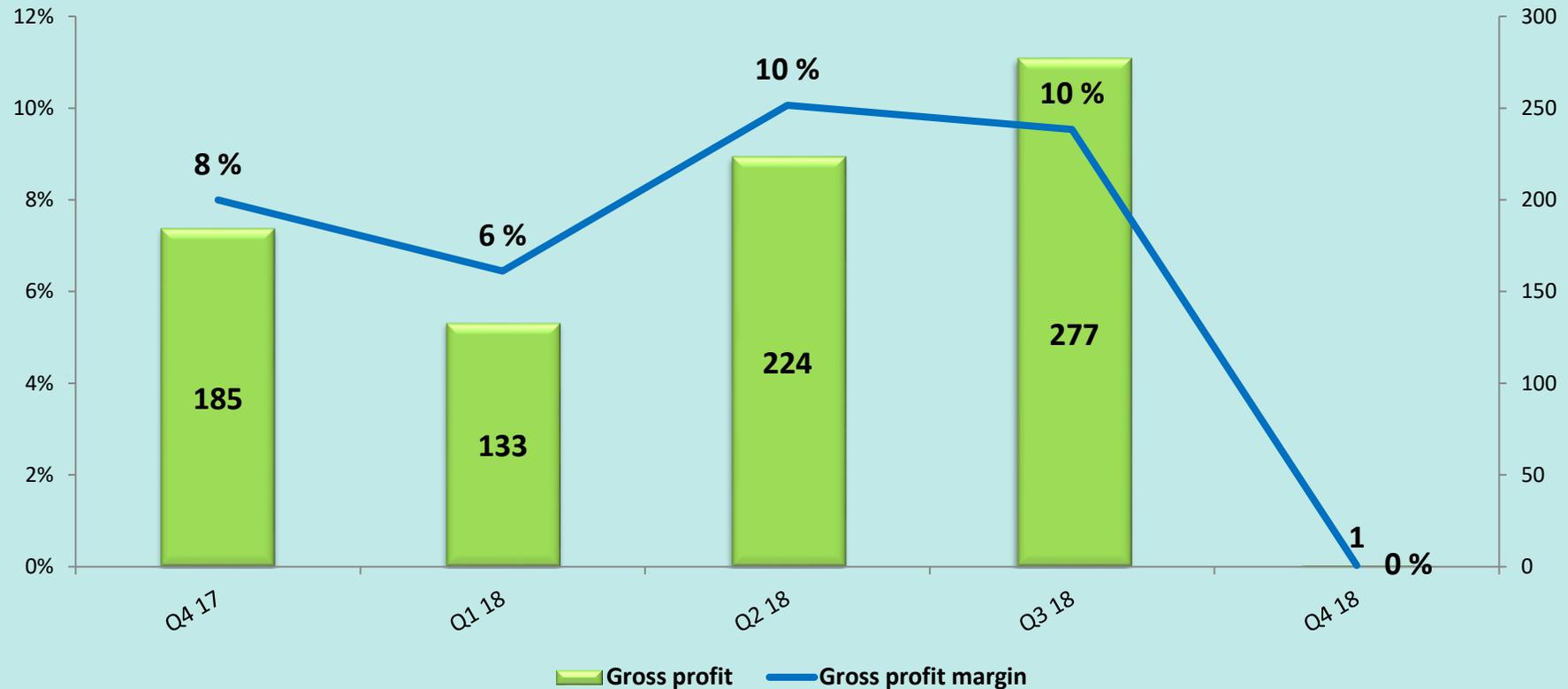
## Net Sales (m TL)



- Consolidated sales revenue is 2,363 million TL and 2% higher than Q4 2017.

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## Gross Profit (m TL)



- Gross profit was affected by the reflection of 97.8 m TL portion (corresponding to 2018) of the total ADG provision amount of 178.6 m TL to cost of sales,.
- Inventory loss of 80.5 m TL was realized in Q4 2018 while it was 35 m TL inventory gain for Q4 2017.

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# Operating Profit (m TL)



- Operating profit was affected by the reflection of 80.8 m TL portion which is related to 2017 of the total ADG provision amount of 178.6 m TL, to other operating expense.

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## Net Profit (m TL)



- Net loss is 87 million TL.
- Provision for our subsidiary and investment impairment loss for our associate resulted in quarterly loss figure.

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## EBITDA (m TL)



- In Q4 of 2018, EBITDA is -106 million TL, while EBITDA margin is -4%.

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# Net Cash (m TL)



- Net debt is 753 million TL, as of December 31, 2018.
- Short-term financial borrowings, current portion of long-term financial borrowings and interest payments are met by cash and cash equivalents. Current ratio is equal to 1.09.

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# Working Capital (m TL)

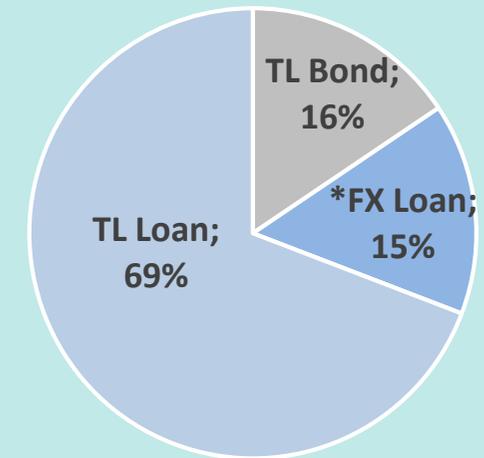


- In Q4; working capital need did not change while trade receivables and trade payables stayed in line with year figures.
- The structure and size of working capital is being actively managed.

# 12 Debt Profile

(m TL)	12M 2018	12M 2017
ST Borrowings	79	85
Current portion of LT Borrowings	492	305
LT Borrowings	830	583
Total Debt	1,401	973
Cash and cash equivalents (-)	648	593
= Net Debt	753	380

Debt Profile as of 31/12/2018



- 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	Q4 18	Q3 18		Q4 18	Q4 17	
Revenues	2,363	2,906		2,363	2,307	
Gross Profit	1	277		1	185	
Operating Profit	-129	84		-129	46	
Profit Before Tax	-97	124		-97	97	
Net Profit	-87	112		-87	85	
EBITDA	-106	106		-106	68	
<b>MARGINS</b>						
Gross Profit M.	0%	10%		0%	8%	
Operating Profit M.	-5%	3%		-5%	2%	
Profit Before Tax M.	-4%	4%		-4%	4%	
Net Profit M.	-4%	4%		-4%	4%	
EBITDA M.	-4%	4%		-4%	3%	

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## Balance Sheet- Summary

Million TL	12M 18	12M 17
Cash & Cash Eq.	648	593
Trade Receivables	440	577
Inventories	348	324
Prop.Plant&Equipment	687	678
Participations	2,305	2,273
<b>Total Assets</b>	<b>5,013</b>	<b>4,966</b>
Financial Debt	1,401	973
Trade Payables	560	670
Total Equity	2,502	2,923
<b>Total Liabilities &amp; Equity</b>	<b>5,013</b>	<b>4,966</b>
Net Cash (Debt)	-753	-380
Working Capital	228	230

# 15 Forward looking statements for 2019

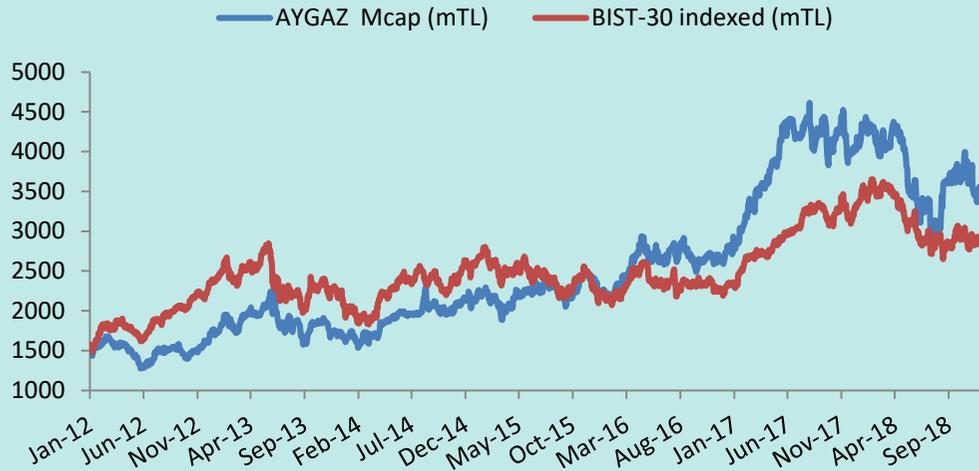
## Sales volume

- 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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