



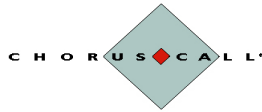
## **AYGAZ Q2 2025 Financial Results Conference Call**

Wednesday, 30<sup>th</sup> July 2025, 12:00 TR Time

**Conductors:**

***Mr. Gökhan Dizemen, Chief Financial Officer***

Conference Call Conducted by Chorus Call Hellas



CHORUS CALL HELLAS

PROVIDER OF TELECONFERENCING SERVICES

TEL: +30 210 94 27 300

FAX: + 30 210 94 27 330

Web: [www.choruscall.com](http://www.choruscall.com)

OPERATOR: Ladies and Gentlemen, thank you for standing by. I am Yiota your Chorus Call operator. Welcome and thank you for joining the AYGAZ conference call and Live Webcast to present and discuss the Second Quarter 2025 Financial Results.

At this time, I would like to turn the conference over to Mr. Kozan Çiftçi, Finance and Investor Relations Manager, Kozan Çiftçi you may now proceed.

NABI ÇİFTÇİ K : Good afternoon, everyone. Thank you for joining our earnings webcast for the Second Quarter of 2025. With me today are Gokhan Dizemen, Chief Financial Officer; Ilsu Neseliler, Financial Reporting and Control Manager; and Dalya Hasanca, Investor Relations Lead of Aygaz.

Before we begin, let me remind you that our presentation and comments in the Q&A session might contain forward-looking statements and assumptions based on our business environment as we see it today and they might be subject to change.

As always, I will start with a summary of the LPG market and operational highlights together with an update on our Bangladesh investment, then continue with the financial overview. And at the end, as usual, we will have time for a Q&A session. Please remember, you can access the audio recording and the transcript on our website after the call.

Let us start with the key operational highlights for the Second Quarter of 2025 on slide number 3. The latest LPG report

published by Energy Market Regulatory Authority, briefly EMRA, is as of May 2025.

And according to the January-May volumes disclosed in the report, total Turkish LPG consumption contracted by 6% year-on-year, due mainly to the contraction in both cylinder gas and auto gas markets in 2025, which were realized as 6% year-on-year.

Historical average market contraction in the Turkish cylinder gas market, resulting from the extension of the natural gas grid, has been around 3% to 4% over the last 15 years. This 6% contraction in the cylinder gas market in 2025 reflects the overall economic tightening in the country.

Aygaz's total market share was 25.7% in January-May period. And during this period, we continued to lead the LPG market in Turkey. Aygaz's six-month cylinder gas and auto gas sales volumes in total declined by 3% compared to the same period of the last year.

Cylinder gas sales were down by 6%, auto gas sales were down by 2%, and bulk gas sales were up by 4% year-on-year. With the loss in sales volumes, total domestic retail sales in the First Half of the year were realized at 496,000 tons, 3% below last year's level. Despite the overall contraction in Turkish LPG consumption, Aygaz was still able to reach 1 million tons of domestic retail sales in 2024.

We see these 1 million tons of LPG volume as a critical threshold for our retail sales in Turkey and target to achieve it in 2025 as well. This retail LPG short enables Aygaz to trade additional wholesale and international sales volumes as well as to increase

efficiency through economies of scale and makes us one of the largest LPG players within the Mediterranean Basin.

By leveraging on our retail LPG short and terminal capacity across the country, Aygaz also traded 672,000 tons of wholesale and international LPG volume in the First Half of 2025, which was 8% higher compared to the First Half of 2024.

United Aygaz LPG, our joint venture in Bangladesh, continues its cylinder gas sales activities, which started in Chittagong in August 2022, by expanding it to different regions of the country. In the First Half of 2025, a total of 91,000 tons of LPG sales were reached through 206 dealers.

In terms of the financial highlights, the EBITDA of our core LPG and natural gas business line amounted to TRY1,188 million, which is 12% higher than last year. In the First Half of last year, an inventory loss of TRY246 million, indexed within the scope of inflation accounting, realized due to Sonatrach price impacts, while in the First Half of 2025, there is an inventory loss of TRY373 million.

As discussed in our previous webcasts, the merger process of Sendeo with Kolay Gelsin was completed as of the end of June 2024. Accordingly, Sendeo started to be consolidated in Aygaz's financial statements using the equity method of consolidation July 2024 onwards.

In this context, Sendeo's EBITDA impact was negative TRY670 million in the First Half of 2024, while there was no EBITDA impact in the current year. Consolidated EBITDA, including parcel delivery business line, is 207% above last year. As of the end of

December, the consolidated net cash position of TRY1.8 billion increased to TRY2.3 billion at the end of June.

Now, let us look at the key highlights for Aygaz's market shares and Turkish LPG market on slide number 5. As per May 2025 EMRA report, Aygaz achieved 40.8% and 22.8% market shares in cylinder gas and auto gas markets, respectively, in the January-May period.

Together with our market share of 38% in bulk gas segment, Aygaz's total retail market share is realized as 25.7% and Aygaz continued to be the uninterrupted leader of the Turkish LPG market.

On slide number 6, let us have a look at the sales performance of our company as of June end. Our domestic retail sales volume in the First Half is 496,000 tons, down by 3% compared to last year. In the case of cylinder gas, our six-month sales volume declined by 6% year-on-year due to the overall contraction in Turkish cylinder gas markets.

Total wholesale and international LPG sales were up by 8% year-on-year in 2025. As a result, Aygaz's total LPG sales in the First Half of 2025 were realized at 1.1 million tons, up by 3% year-on-year.

On slide number 7, let us go over the Sonatrach price, which is the benchmark price in Turkish LPG market. Sonatrach price, in short SP, started 2025 with an increasing trend but then started to decline March onwards and closed June at USD438 per ton.

Hence, due to this decline in SP during the First Half of the year, Aygaz incurred an inventory loss of around TRY364 million (nominal values without inflation accounting).

Brent crude oil prices declined to their lowest level in four years due to OPEC+ countries' decision to accelerate production increases, raising concerns about oversupply and the global economic slowdown and policy uncertainty caused by the implementation of comprehensive US tariffs worldwide. Sonatrach's LPG prices also decreased in April, May and June, dropping by USD31 per ton, USD57 per ton and USD52 per ton, respectively in parallel with crude oil prices.

On slide number 8, we will be covering the updates regarding our joint venture, United Aygaz LPG in Bangladesh. Cumulative capital contribution of USD75 million is made into the joint venture in line with the initial investment plan. Aygaz's share within this cumulative contribution corresponds to an amount of USD37.5 million.

The total number of sphere tanks in our base terminal in Chittagong has reached to 6, increasing the storage capacity to 16,000 tons and second cylinder filling line has been commissioned in this facility. With this ongoing capacity increase and ramp-up in its sales volumes, United Aygaz will be able to import larger LPG vessels to the country and benefit from higher supply advantage.

Regarding our second facility in Dhaka, the capital of Bangladesh, the necessary legal permits have been obtained and construction works for establishing a LPG storage facility and cylinder filling plant have commenced. We target to make this second facility in

Dhaka to be operational in the Third Quarter of 2025. As for the sales performance, United Aygaz reached a total volume of 91,000 tons with 206 dealers and approximately 13,000 sales points.

Total cylinder gas market share of the company across Bangladesh reached to 8.4% as of the end of June 2025. The joint venture company generated a revenue of USD73 million and an EBITDA of USD4.1 million USD and as part of the equity method of consolidation, United Aygaz's net profit contribution to Aygaz's consolidated financial results amounted to TRY19 million.

Moving on to slide 10, I will now walk you through the key drivers of our core LPG business segments financial performance when compared to the prior year. As we have discussed on slide number 7 while going over the evolution of Sonatrach prices, Aygaz incurred an inventory loss of TRY246 million (indexed within the scope of inflation accounting) in the first half pf 2024 due to Sonatrach price impact, while in the first half of 2025, there is an inventory loss of 373 million TL.

On the other hand, cylinder and autogas sales volumes in the First Half of the year were 6% and 2% lower than last year, respectively. Inventory loss and gross profit loss due to the decrease in sales volumes have been offset by the increase in retail distribution margins, better LPG procurement costs, and efficiencies in operating expenses.

As a result of the decrease in net foreign exchange losses related to trade receivables and payables, the operating profit for the

First Half of 2025 is TRY725 million, which is 51% higher than the previous year.

On slide 11, you can see the quarterly evolution of our gross profit and EBITDA in 2024 and 2025. On this slide, we just want to emphasize that the gross profit and EBITDA margins in the Second Quarter were higher than both the same period of last year and the previous quarter of 2025.

Now, turning to the next slide on page 12, we will go over our consolidated financial performance, including Sendeo and EYAŞ Investments. As we informed during our previous webcast, we completed the merger of Sendeo with Kolay Gelsin as of the end of June 2024 and Aygaz's ownership percentage in the merged entity has decreased to 27.5%.

In this context, Sendeo had no financial impact on the consolidated gross profit, EBITDA, and operating profit levels for the First Half of 2025. Rather, the merged entity's financial impact was solely on the net profit level in this quarter due to the equity method of consolidation.

Total net income impact of investments accounted under equity method in the First Half of 2025 is a (+)TRY559 million. (EYAŞ (+)TRY732 million, Sendeo (-)TRY228 million, Opet Aygaz Gayrimenkul (+)TRY35 million, and United Aygaz (+)TRY19 million.

Moving on to slide 13, you can see the balance sheet items. As of June end, our net working capital requirement is at around TRY1.3 billion. The consolidated net cash position of TRY1.8 billion as of the end of December increased to TRY3.8 billion at the end



of March and decreased to TRY2.3 billion at the end of June due to the dividend payment made in April.

Our gross cash was TRY4.6 billion and total financial debt was TRY2.3 billion. All financial debt consists of foreign currency loans from banks. On slide 14, you can see our forward-looking statements for 2025. Our sales volume and market share guidance are as follows.

Cylinder sales volume ranges at 220,000 to 230,000 tons and auto gas sales ranges at 755,000 tons and 785,000 tons. Our cylinder gas market share is expected to be in between 41% to 43%. Our auto gas market share expectation has been revised upward to between 22% to 23% in line with the actual increase in market share.

This concludes our presentation today. Thank you for your patience and now we can take your questions.

OPERATOR:

Our first question comes from the line of Zeynep Erman Tunakan with Ata Invest. And I quote, thank you for the presentation. Could you please give us more color regarding the 2025 outlook and how do you see the profitability of second half 2025 and inventory gains/losses?

Could you please give us a more color regarding the 2025 outlook and how do you see the profitability of second half 2025 and inventory gains slash losses?

DIZEMEN G:

Thank you for the question, Zeynep Hanım. First of all, it may be worth highlighting the fact that our business model is based on imports. We procure around 15% to 20% of the LPG that we consume in the local market from the refineries in Turkey. Given

that, lower U.S. dollar-Turkish lira parity and stable global LPG prices are always beneficial for Aygaz.

First, this gives us the ability to increase our distribution margins and manage our costs more effectively and also lowers our net working capital requirements. If we have such a structure in the second half of the year, as we also observed in the First Half of the year, we could also expect solid results on Aygaz's profitability.

On top of it, as you all know, as a strategy, we want to extract more value from the supply chain operations of Aygaz. And as a part of this strategy, we procured a new LPG vessel last year, a medium gas carrier, MGC size vessel. What we try to do is to procure LPG from the international markets as much FOB based as possible to be able to increase our value generation from the supply chain.

This will also be one of the strategies that we will continue to prioritize in the second half of the year, and this strategy has contributed to our profitability positively in the First Half of the year.

Regarding the cylinder gas and autogas markets, as we have highlighted during the presentation, in the first 5 months of the year, the market declined by around 6% for both cylinder gas and autogas.

In the case of autogas, we expect a recovery in the second half of the year with the summer season and the driving season kicking in. This would also be something that would support the

financial statements of Aygaz in the Third Quarter of 2025, as we also observed in our historical trends.

Third Quarters are usually the most successful quarters because of the driving season and the increase in the cylinder gas demand, especially coming from the summer vacation villages and rural areas.

In terms of the inventory gains and losses. As you know, it very much depends on the Sonatrach price. Global supply and demand dynamics mainly determine the Sonatrach price together with the price of Brent and other commodities. But on top of it, as we observe nowadays, geopolitical risks are of paramount importance to the prices of the commodities.

So it's really hard to comment on the evolution of the price going forward. But as I mentioned, lower LPG prices are always beneficial in terms of the demand of cylinder gas and autogas markets in Turkey. Thank you.

OPERATOR:

We will move on to the next written question from Mr. Mustafa Kemal Eski with Marbas Securities. And I quote, thank you very much for the presentation and valuable results. Should we expect Sonatrach prices to plateau or should we expect some upward movement? When we keep EBITDA pro forma, which has improved strongly due to Sendeo space effect, we see that it has remained flat. Do you think this assessment is correct?

You have strong base results for Q3 2024. Based on your expectation, should we expect a similarly surprising structure to last year or a similarly good structure this quarter?

DIZEMEN G: Thank you for the question, Mustafa Bey. First of all, I think I'll skip the Sonatrach price related question because we have already covered it in the previous one. Regarding the Sendeo effect, yes, you're right that Sendeo was consolidated in the last year's financial statements by using the full consolidation methodology, i.e., by including all profit and loss lines of Sendeo's financial statements on Aygaz's financial statement.

However, with the change in the equity ownership structure, we started to use equity method of consolidation July 2024 onwards to include Sendeo in our financial statements. But even by excluding Sendeo, you can see in our presentation that our LPG and natural gas segment's EBITDA, which is our core business, improved by around 12% year-on-year in the first six months of 2025. And Q2 EBITDA, again, for our core LPG and natural gas business improved by around 60% year-on-year.

So even though excluding Sendeo's impact, we can see a strong EBITDA contribution in Q2 and in the first six months of the year compared to last year due to the fact that we were able to improve our distribution margins. Plus, we had better procurement costs in Q1 and Q2 of this year and we were able to create additional efficiencies from our operating expenses. Thank you.

OPERATOR: The next question comes from Mr. Koray Pamir, and I quote, with Unlu -- I'm sorry, and I quote, thank you for the presentation. Can you provide any color on markups in the domestic market in early Third Quarter?

DIZEMEN G: Thank you, Koray Bey, for the question. As we discussed, we were able to increase our margins in the first and Second Quarters of

this year. This was also the result of lower U.S. dollar-Turkish lira parity and stable global LPG prices. And even declining trend of LPG, especially during the Second Quarter of this year, was beneficial for us to improve our margins because in a declining pricing environment, you're able to increase the margins more efficiently.

Again, I mean, the markups for Q3 and the rest of the year will very much depend on the LPG prices, demand dynamics, and the competition in the market, obviously. So, it will be really hard to give a color on that, but as mentioned, Q3 historically has been strong for Aygaz, and we target to have the same strong financial performance in this year, especially with the summer driving season as well as the increasing cylinder gas demand. Thank you.

OPERATOR: Ladies and gentlemen, there are no further questions at this time. I will now turn the conference over to management for any closing comments. Thank you.

DIZEMEN G: Thank you for joining us today. We are looking forward to seeing you on our next webcast. Thank you.

NABI ÇİFTÇİ K: Thank you. Bye-bye.