



AYGAZ Q1 2025 Financial Results Conference Call

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Conductors:

Mr. Gökhan Dizemen, Chief Financial Officer

Conference Call Conducted by Chorus Call Hellas



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

At this time, I would like to turn the conference over to Mr. Gokhan Dizemen, CFO. Mr. Gokhan Dizemen, you may now proceed.

DIZEMEN G: Thank you. Good afternoon, everyone. Thank you for joining our earnings webcast for the First Quarter of 2025. With me today are Kozan Nabi Çiftçi, Corporate Finance and Investor Relations Manager; İlsu Neşeliler, 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'll 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 First Quarter of 2025 on slide number 3.

The latest LPG report published by Energy Market Regulator Authority, briefly EMRA, is as of February 2025 and according to January-February volumes disclosed in this report, total

Turkish LPG consumption contracted by 6% year-on-year, due mainly to the contraction in both cylinder gas and autogas markets in 2025, which were realized as 8% and 6% year-on-year, respectively.

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 8% contraction in the cylinder gas market in 2025 reflects the overall economic tightening in the country.

Aygaz's total market share was 25.5% in January-February period and during this period, we continued to lead the LPG market in Turkey. Aygaz's three-month cylinder gas and autogas sales volumes in total declined by 3% compared to the same period of the last year.

Cylinder gas sales were down by 9% year-on-year, autogas sales were down by 1% and bulk gas sales were down by 7% year-on-year. With the loss in sales volumes in all segments, total domestic retail sales in the First Quarter of the year were realized as 231,000 tons, 3% below last year's levels.

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 this 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 339,000 tons of wholesale

and international LPG volumes in the First Quarter of 2025, which was 18% higher compared to the First Quarter 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 to different regions of the country. In the First Quarter of 2025, a total of 41,000 tons of LPG sales were reached through 205 dealers.

In terms of the financial highlights, the EBITDA of our core LPG and natural gas business line amounted to TRY546 million, which is 15% lower than last year. In the First Quarter of last year, an inventory gain of TRY80 million (indexed within the scope of inflation accounting) realized due to Sonatrach price impact, while in the First Quarter of 2025, there is an inventory loss of TRY62 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 TRY330 million in the First Quarter of 2024, while there was no EBITDA impact in the current year. Consolidated EBITDA, including parcel delivery business line, is 76% above last year.

As of the end of December, the consolidated Net Cash Position of TRY1.8 billion increased to TRY3.8 billion as of the end of March, thanks to the dividend income received from EYAŞ.

Now, let us look at the key highlights for Aygaz's market shares and Turkish LPG market on slide number 5.

As per February 2025 EMRA report, Aygaz achieved 41.7% and 22.4% market shares in cylinder gas and autogas markets, respectively, in the January-February period.

Together with our market share of 34.5% in bulk gas segment, Aygaz's total retail market share is realized at 25.5% 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 the March end. Our domestic retail sales volume in the First Quarter is 231,000 tons, down by 3% compared to last year.

In the case of cylinder gas, our three-month sales volumes declined by 9% year-on-year due to the overall contraction in the Turkish cylinder gas market. Total wholesale and international LPG sales were up by 18% year-on-year in 2025. As a result, Aygaz's total LPG sales in the First Quarter of 2025 were realized at 571,000 tons, up by 9% year-on-year, thanks to the increase in opportunistic export sales volume.

On slide number 7, let us go over the Sonatrach price, which is the benchmark price in the Turkish LPG market. Sonatrach price, in short SP, was at USD 585 per ton as of the end of 2024 and the three-month average price for 2025 is realized as USD 575 per ton. Hence, due to the decline in SP during the First Quarter of the year, Aygaz incurred an inventory loss of around TRY62 million.

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 LPG prices also decreased in April, dropping by USD 31 per ton in parallel with crude oil prices. The LPG prices in May is also expected to show a downward trend, depending on the current movements of crude oil and other fuel prices.

On slide number 8, we will be covering the updates regarding our joint venture, United Aygaz LPG in Bangladesh. Cumulative capital contribution of USD 75 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 USD 37.5 million. The total number of sphere tanks in our base terminal in Chittagong has reached 6, increasing the storage capacity to 16,000 tons and the 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 an LPG storage facility and cylinder filling plant have commenced. We target to make this second facility in Dhaka to be operational in the First Half of 2025.

As for the sales performance, United Aygaz reached a total volume of 41,000 tons with 205 dealers and approximately 13,000 sales points. Total cylinder gas market share of the company across Bangladesh reached to around 8%. The joint venture company generated a revenue of USD 34 million and an EBITDA of USD 2 million in the First Quarter of 2025 and as part of the equity method of consolidation, United Aygaz's net profit contribution to Aygaz's consolidated financial results amounted to TRY 9 million.

Moving on to slide 10, I'll now walk you through the key drivers of our core LPG business segment's financial performance when compared to prior year. As we have discussed on slide 7, while going over the evolution of Sonatrach prices, Aygaz incurred an inventory gain of TRY 80 million (indexed within the scope of inflation accounting) in the First Quarter of 2024, whereas there was an inventory loss of TRY 62 million during the same period of this year.

This inventory impact resulted in deterioration at gross profit and EBITDA levels compared to last year. On the other hand, cylinder and autogas sales volumes in the First Quarter were 9% and 1% lower than last year, respectively. The gross profit loss due to the decrease in sales volumes has been substantially offset by the increase in retail distribution margins.

As a result of the decrease in net foreign exchange losses related to trade receivables and payables, the operating profit for the First Quarter of 2025 is TRY 279 million, which is 6% higher than previous year. Primarily due to the increase in monetary losses, the net profit for the First Quarter of 2025 is TRY 107 million, which is 50% lower than last year.

On slide 11, you can see the quarterly evolution of our gross profit and EBITDA in 2024 and 2025. We have already discussed the Q1'25 versus Q1'24 profitability performance on the previous slide. On this slide, we just want to emphasize the fact that the main reason for the First Quarter EBITDA in 2025 being lower than the Fourth Quarter of 2024 was the decline in retail sales volumes.

Now, turning to the next slide on page 12, we'll go over our consolidated financial performance including EYAŞ and Sendeo Investments. As we informed during our last 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 Quarter 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 Quarter of 2025 is a negative TRY 80 million. And of this TRY 80 million, EYAŞ's contribution is negative TRY 2.5 million. Sendeo's contribution is negative TRY 92 million. United Aygaz had a positive contribution of TRY 9 million and Opet Aygaz Gayrimenkul had a positive contribution of TRY 5 million.

Moving on to slide 13, you can see the balance sheet items. As of March end, our net working capital requirement is at around TRY 1.3 billion. The consolidated net cash position of TRY 1.8 billion as of the end of December increased to TRY 3.8 billion at the end of March thanks to the dividend income received from EYAŞ.

Please also note that we have completed our cash dividend payment amounted to TRY 2.8 billion in April. Our gross cash was TRY 5.9 billion and total financial debt was TRY 2.1 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 tons to 230,000 tons and autogas sales ranges at 755,000 tons to 785,000 tons. And our cylinder gas market share is expected to

be in between 41% to 43%. Our autogas market share is expected to be in between 21.5% to 22.5%.

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

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

DIZEMEN G: Thank you again for joining our webcast for the First Quarter of 2025. I look forward to seeing you in our next webcast. Thank you.