AYGAZ Q4 2025 Financial Results Conference Call

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Conductors:

Mr. Gökhan Dizemen, Chief Financial Officer

Mr. Kozan Nabi Çiftçi, Corporate Finance & Investor Relations

Conference Call Conducted by Chorus Call Hellas

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

At this time, I would like to turn the conference over to Mr. Kozan Nabi Çiftçi, Corporate Finance & Investor Relations.

Mr. Kozan Nabi Çiftçi, you may now proceed.

CIFTCI K: Good afternoon everyone. Thank you for joining our earnings webcast for the Fourth Quarter of 2025. With me today are Gokhan Dizemen, Chief Financial Officer; İlsu Neseliler Financial Reporting and Control Manager; and Billur Aslan, Investor Relations Manager 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. 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 Fourth Quarter of 2025 on Slide number 3. The latest LPG report published by Energy Market Regulatory Authority, briefly EMRA, is as of November 2025, and according to January-November volumes disclosed in the report, total Turkish LPG consumption contracted by 5% year-on-year, due mainly to the contraction in both cylindergas and autogas markets in 2025, which were realized as 5% year-on-year. Historical average market contraction in the Turkish cylindergas market resulting from the extension of the natural gas grid has been around 3 to 4% over the last 15 years. This 5% contraction in the cylinder gas market in 2025 reflects the overall economic tightening in the country.

Aygaz's total market share was 26.2% in January-November period, and during this period, we continued to lead the LPG market in Turkey.

Aygaz's 12 Month cylindergas and autogas sales volumes in total remained flat compared to the same period of the last year. Cylinder gas sales were down by 5%, autogas sales were up by 1%, and bulk gas sales were up by 1% year-on-year.

Total domestic retail sales were realised as 1,037 thousand tons, which is also flat compared to the 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 2025. 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 2026 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 1.4 million tons of wholesale and international LPG volume in 2025, which was 3% higher compared to last year.

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 2025, a total of 243 thousand tons of LPG sales were reached through 250 dealers.

In terms of the financial highlights, the EBITDA of our core LPG and natural gas business line amounted to TRY3,162 million, which is 4% higher than last year. In 2024, an inventory loss of TRY40 million, indexed within the scope of inflation accounting, realized due to Sonatrach price impact, while in 2025, there is an inventory loss of TRY295 million.Excluding the impact of inventory gain and loss year-on-year, the year-on-year increase in EBITDA is 12%.

As discussed in our previous webcast, the merger process of Sendeo with Kolay Gelsin was completed as of the end of June 2024. Accordingly, Kolay Gelsin started to be consolidated in Aygaz's financial statements using the equity method of consolidation from July 2024 onwards. In this context, Kolay Gelsin's EBITDA impact was negative TRY750 million in 2025, while there was no EBITDA impact in the current year.

Consolidated EBITDA including parcel delivery business line is 38% above last year. As of the end of December 2024, the consolidated net cash position of TRY1.8 billion increased to TRY5.4 billion at the end of December 2025, with the effect of cash flow generated from operations, dividend income received from EYAŞ and sale of the headquarters building in the last quarter.

Now, let us look at the key highlights for Aygaz's market shares and Turkish LPG market on Slide number 5. As per November 2025 EMRA report, Aygaz achieved 41.6% and 23.3% market shares in cylinder gas and autogas markets respectively in the January-November period.

Together with our market share of 37.4% in the bulk gas segment, Aygaz's total retail market share is realized as 26.2% 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 December end. Our domestic retail sales volume in 2025 is 1.037 thousand tons, remained flat compared to last year. In the case of cylinder gas, our 12 Month sales volumes declined by 5% year-on-year due to the overall contraction in the Turkish cylinder gas market.

Total wholesale and international LPG sales were up by 3% year-on-year in 2025. As a result, Aygaz's total LPG sales in 2025 were realized as 2.4 million tons, up by 1% year-on-year. 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 started 2025 with an increasing trend, but then started to decline March onwards,closed June at USD438 per ton and following a flat trend in the Third Quarter, closed December at USD481 per ton. Hence, due to this decline in SP during the first nine months and increase during the last three months of the year, Aygaz incurred an inventory loss of around TRY241 million, nominal values without inflation accounting.

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 six, increasing the storage capacity to 16 thousand 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 is 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, construction works for establishing a LPG storage facility and cylinder filling plant have completed and commenced its operations. As for the sales performance, United Aygaz reached a total volume of 241 thousand tons with 250 dealers and approximately 14,500 sales points.

Total cylinder gas market share of the company across Bangladesh reached to 9.3% as of the end of December 2025. On a monthly basis, cylindergas market share reached to 12.6% in December. The joint venture company generated a revenue of USD174 million and EBITDA of USD13 million and as a part of the equity method of consolidation, United Aygaz's net profit contribution to Aygaz's consolidated financial result amounted to TRY125 million in 2025.

Moving onto Slide 10, I will now walk you through the key drivers of our core LPG business segment's financial performance when compared to the prior year. As we've discussed on Slide 7 while going over the evolution of Sonatrach prices, Aygaz incurred an inventory loss of TRY40 million indexed within the scope of inflation accounting in 2024, whereas there was inventory loss of TRY295 million in 2025.

On the other hand, cylinder gas sales volumes in 2025 were 5% lower than last year. Inventory loss and gross profit deterioration resulting from the decrease in sales volumes have been offset by the increase in retail distribution margins, better LPG procurement costs and efficiencies in operating expenses.

With the effect of the decrease in net foreign exchange losses related to trade receivables and payables, the operating profit for 2025 is TRY2,109 million, which is 14% higher than previous year.

On Slide number 11, you can see the quarterly evaluation 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 Fourth Quarter were higher than the same period of last year.

Now, turning to the next slide on Page 12, we will go over our consolidated financial performance including Kolay Gelsin and EYAŞ investment. 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, Kolay Gelsin had no financial impact on the consolidated gross profit, EBITDA and operating profit levels for 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 investment accounted under equity method in 2025 is TRY2,399 million. EYAŞ: positive TRY2,520 million; Kolay Gelsin negative TRY285 million; Opet Aygaz Gayrimenkul positive TRY39 million and United Aygaz: positive TRY125 million. On the other hand, the net profit effect of the sale of headquarters building is TRY991 million, which was completed in October.

Moving on to Slide 13, you can see the balance sheet items. As of December end, our net working capital requirement is around TRY1.3 billion. The consolidated net cash position of TRY1.8 billion as of the end of December 2024 increased to TRY5.4 billion at the end of December 2025, with the effect of cash flow generated from operations, dividend income received from EYAŞ and sale of the headquarters building in the last quarter.

Our gross cash was TRY8.5 billion and total financial debt was TRY3.1 billion. TRY2.9 billion of financial debt consists of foreign currency loans from banks. As publicly disclosed, a shipbuilding contract has been signed for the purchase of an LPG vessel with a capacity of 93,000 CBM, with the majority of the purchase price to be paid prior to the delivery scheduled for the Second Quarter of 2028.

On Slide number 14, you can see our forward-looking statements for 2026. Our sales volume and market share guidance are as follows. Cylinder sales volume range at 200,000 and 220,000 tons and auto gas sales range at 750,000 tons and 790,000 tons. And our cylinder gas market share is expected to be in between 41.5% to 42.5%. Our auto gas market share is expected to be in between 23% to 24%. This concludes our presentation today. Thank you for your patience and now we can take your questions.

OPERATOR: Ladies and Gentlemen, there are no further audio questions at this time. We will now move on to written questions from the webcast participants. Our first question from our webcast participant is from Ahmet Cetin with Investor. "Do you think Kolay Gelsin will be profitable this year”? Thank you."

DIZEMEN G: Let me take the question, Polina, this is Gokhan. Ahmed, thank you for the question. As you know, June 2024 onwards, we started to consolidate Kolay Gelsin by using the equity method of consolidation after the merger of Sendeo operations with Kolay Gelsin, and Aygaz's share in Kolay Gelsin decreased to 27.5%

And since the merger, the company has been showing a very good growth in terms of the parcels delivered. In 2025, we have reached around 300,000 parcels per day and Kolay Gelsin became one of the fastest growing players in the parcel delivery space in Turkey.

And we managed to hit break-even EBITDA levels on a monthly basis in November 2025. We don't give any guidance in terms of the profitability of our subsidiaries as well as our LPG operations, as you know we just give guidance in relation to the sales volumes of our core LPG business, but what I can say to you is that we would like to hit break-even EBITDA levels on an annual basis in 2026 for our parcel delivery operations. But as I said, the contribution is limited to Aygaz's consolidated financial statements because of the equity pickup consolidation methodology. 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 our webcast. Look forward to seeing you in our next quarter financial conference call. Bye-bye.