

**AYGAZ**

# INVESTOR PRESENTATION

May 2020



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# A Aygaz overview

LEADING  
LPG  
DISTRIBUTOR  
of TURKEY

2019

₺ 10.2 billion REVENUE

2,1 m tons SALES OF LPG

26%\* LPG MARKET SHARE

\* EMRA Dec-2019

DIVERSIFIED  
PARTICIPATION  
PORTFOLIO  
IN ENERGY

NATURAL GAS

AYGAZ  
DOĞALGAZ

REFINERY

Tüpraş

ENTEK

POWER GENERATION

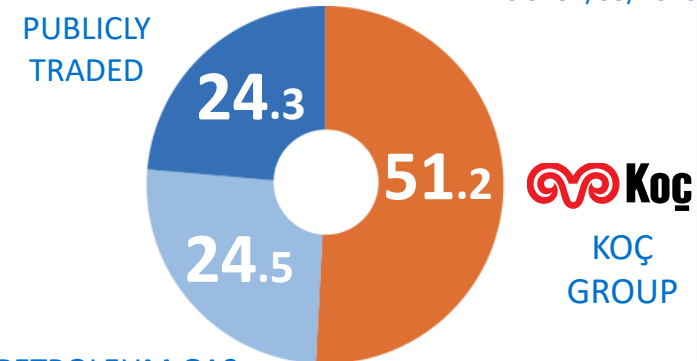
# > Overview

## SUMMARY FINANCIALS

(Cons. In m TL)	2019	2018	2017	2019-2018 Change
Revenue	10,211	9,554	8,469	7%
EBITDA	492	160	352	207%
Net Profit	273	228	577	20%
EBITDA Margin	5%	2%	4%	+3
Net Profit Margin	3%	2%	7%	+1
Volume (000 tons)	2,068	2,000	2,154	3%

## SHAREHOLDERS (%)

As of 31/03/2020



LIQUID PETROLEUM GAS  
DEVELOPMENT CO.

# > Core business - LPG distribution

Generic brand for LPG

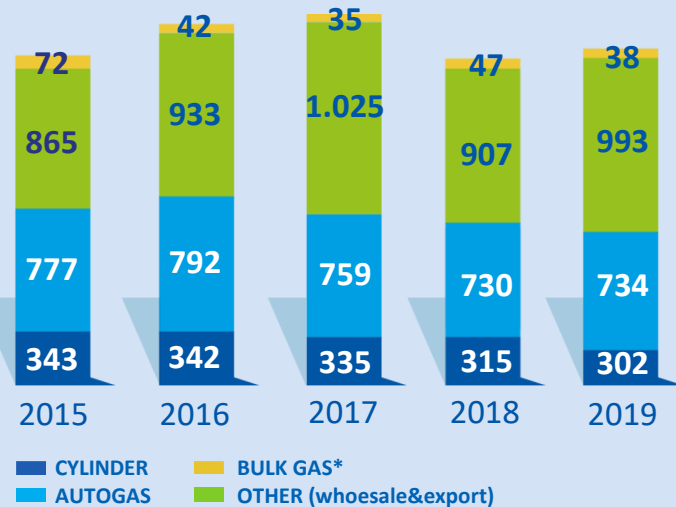
18th largest industrial company of Turkey, as of 2018

Most preferred LPG brand in Turkey since its foundation

Market leader with 3 brands

**AYGAZ** **Mogaz** **Lipetgaz**

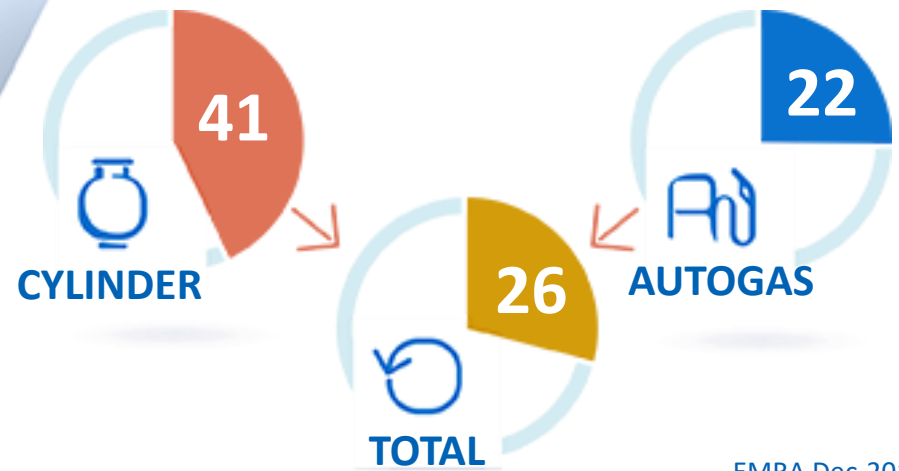
AYGAZ VOLUMES (000 tons)



\*With petrochemical sales

EMRA, Aygaz

MARKET SHARES (%)



EMRA Dec-2019

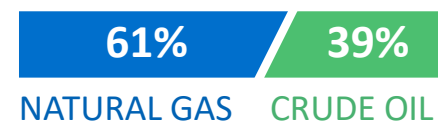


# B World LPG market

## WORLD LPG CONSUMPTION (m tons)



- Fastest growing energy source after renewable energy
- 300 billion USD business size worldwide
- Sources of LPG production;



## LPG AS A COMMODITY



Mixture of Hydrocarbons (Butane and Propane)



Portable and versatile



Low GHG Emission; Eco-friendly



Diversity of Supply sources; Abundant reserves



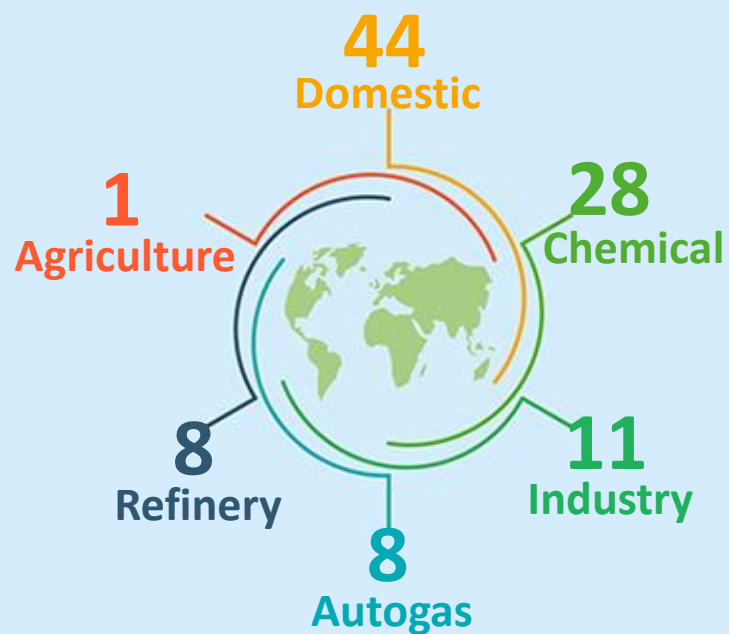
Cleaner, safer And cheaper at home & transportation

WLPGA Global LP Gas Report, 2019



# World LPG consumption

World LPG Consumption  
By Sectors (%)



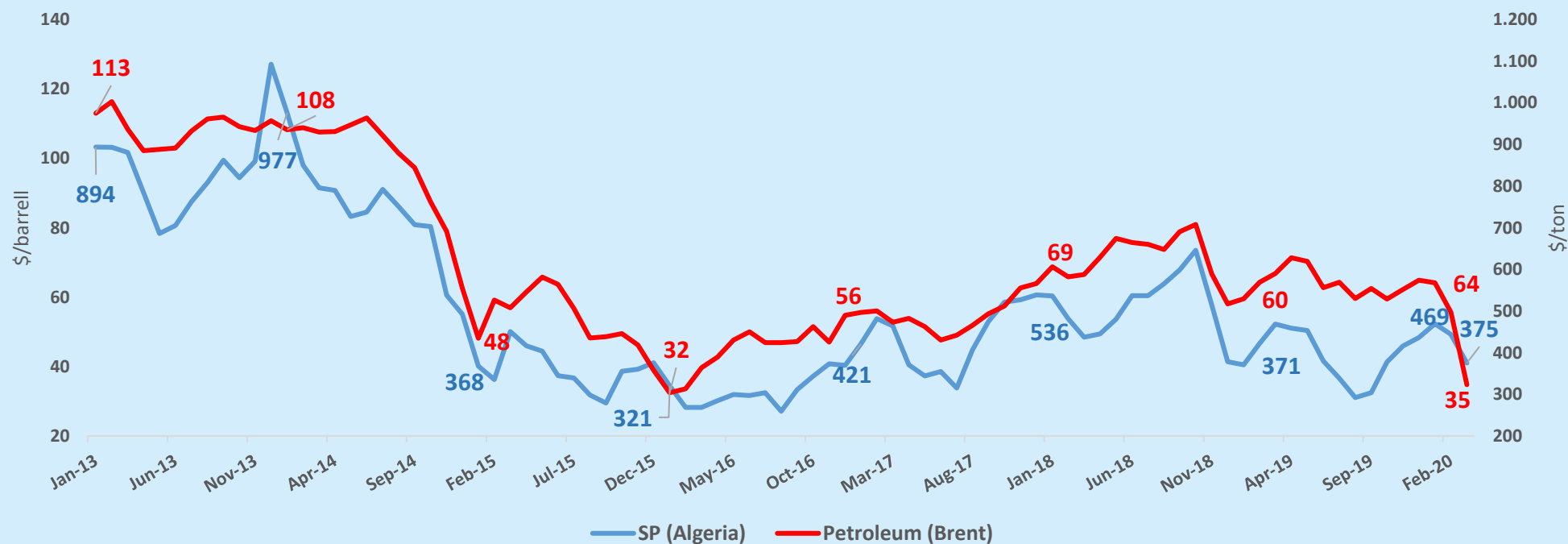
World LPG Consumption  
By Regions (%)



WLPGA Global LP Gas Report, 2019



# Prices of LPG and brent



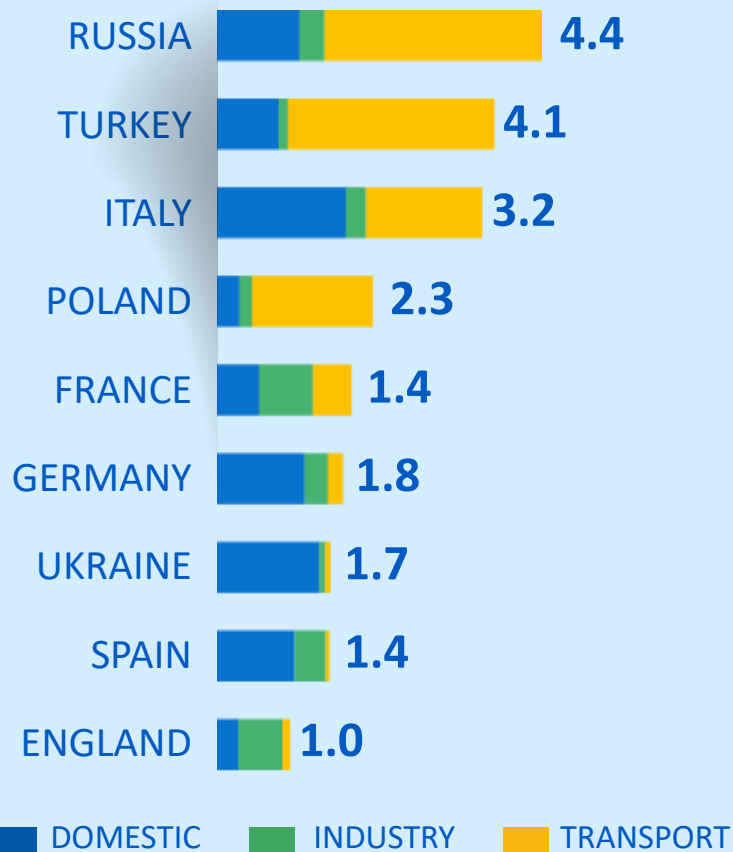
- There is a correlation between LPG and oil price
- Seasonality can also affect LPG price
- March 2020 Sonatrach LPG price is at USD 375 and 20% lower than March 2019 price.

Sonatrach / Market data



# C Turkish LPG market

## LPG consumption in Europe (m ton)



WLPGA Statistical Review of Global LP Gas Report, 2019

4.1 m tons #2 in Europe #10\* in the World

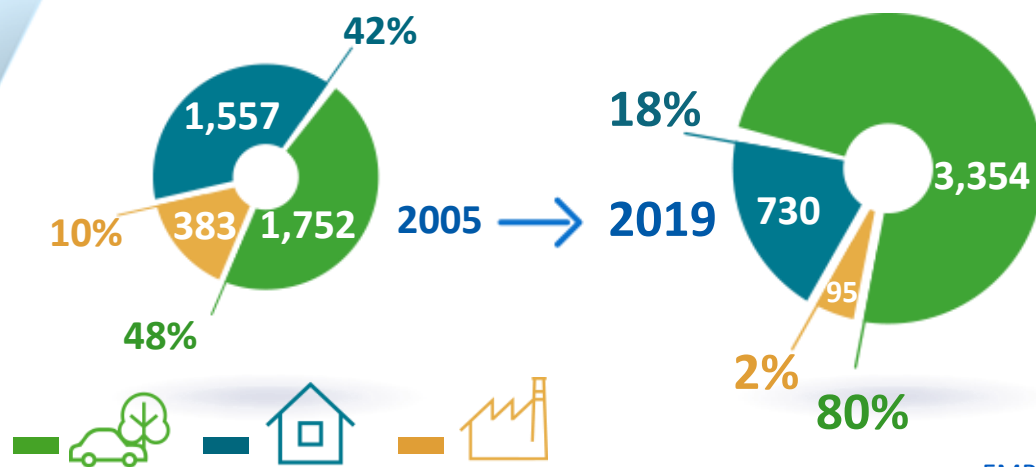
~90 distribution companies

Leading 3 players in the cylinder market and first 8 players in the autogas market hold over 80% of the total market

Liberal market with regulatory body-EMRA

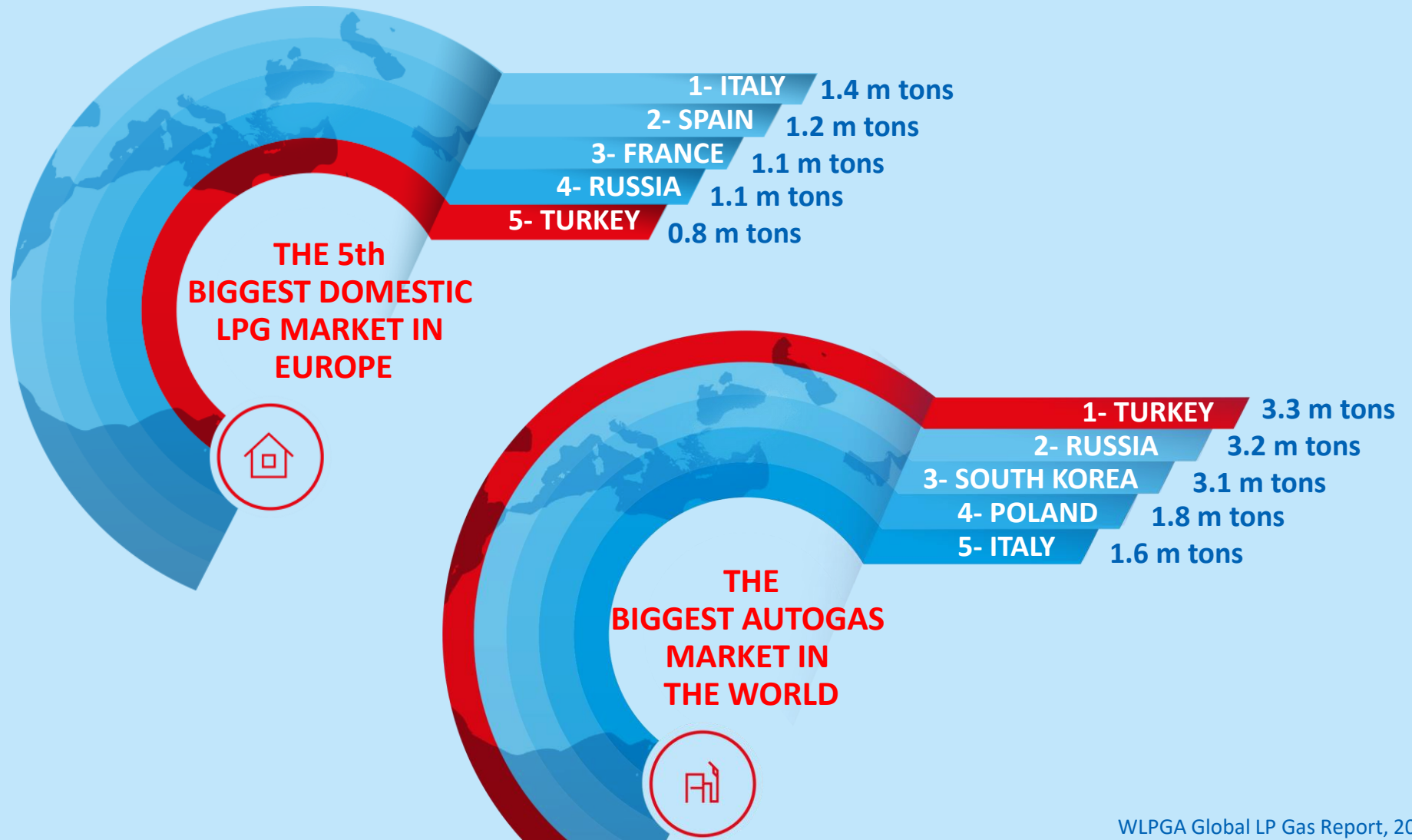
\* when p. chemical and refinery is excluded

## EVOLVING FROM CYLINDER TO AUTOGAS (000 tons)



EMRA data

# > LPG market ranking



WLPGA Global LP Gas Report, 2019



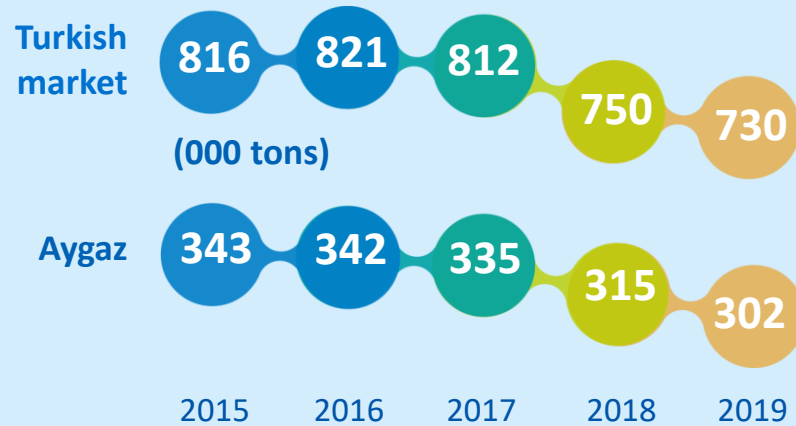




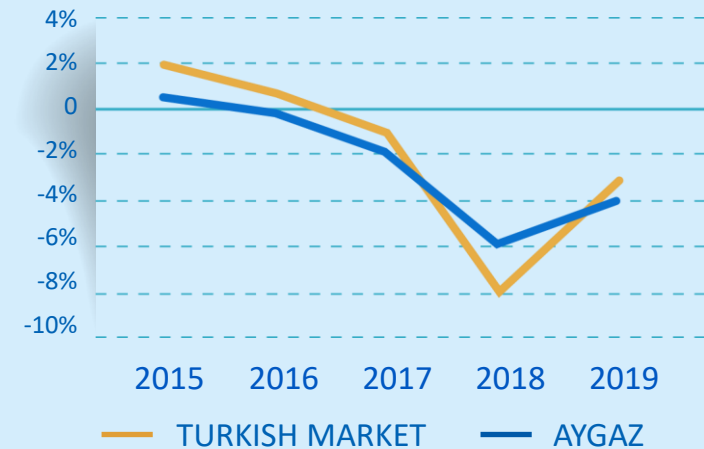


# Cylinder market starting to stabilize

## CYLINDER MARKET



## RATES OF CHANGE (YoY)



With the effects of the on-going natural gas conversions, urban transformation and contraction in commercial sales, Aygaz cylinder gas sales shrank 4% year on year in 2019.

Factors affecting cylinder market;

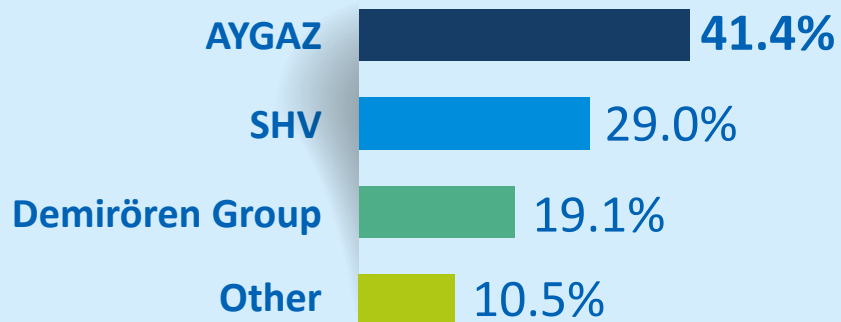
- Pressure on demand due to rising LPG prices
- Continuation of natural gas grid expansion despite deceleration

EMRA data

# > Aygaz; leader in cylinder market since its foundation



## CYLINDER MARKET SHARES



- Generic brand
- Market maker
- Largest dealer network with high sales efficiency
- 60% market share in residential use
- Fully integrated production cycle; Cylinder and gas appliances factory in Gebze plant
- Aygaz Ekspres; digital solutions for optimizing dealers' business&delivery

Aiming to maximize customer satisfaction&loyalty

2019	Number of dealers	Sales Volume (tons)	Avg dealer sales (tons)
Aygaz cylinder dealers	2,383	302,473	127
Other cylinder dealers	1,000	100,000	100

EMRA data



AYGAZ

AYGAZ

AYGAZ  
ECONOMY

AYGAZ

AYGAZ

AYGAZ  
ECONOMY

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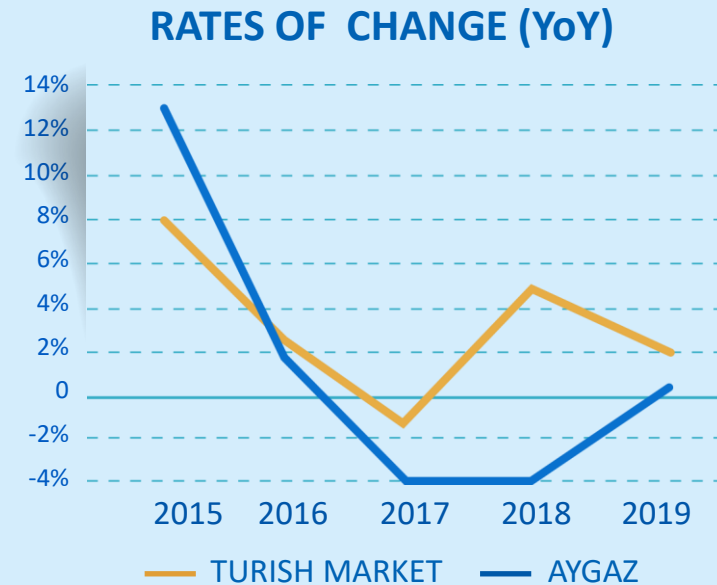
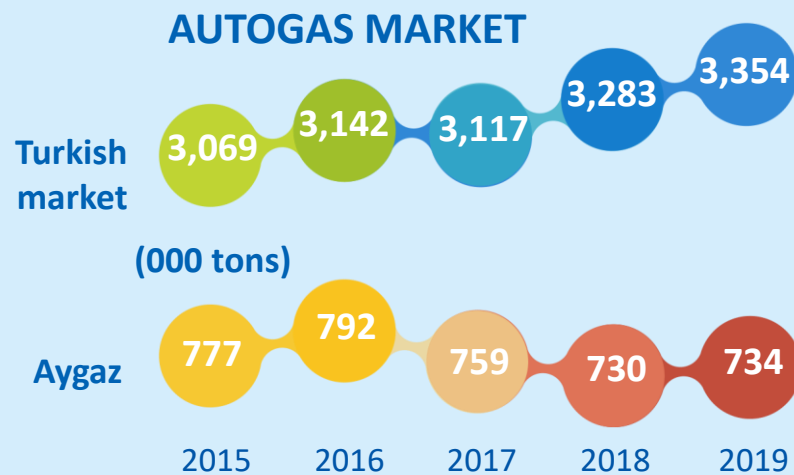
AYGAZ

AYGAZ

AYGAZ



# > World's biggest autogas market



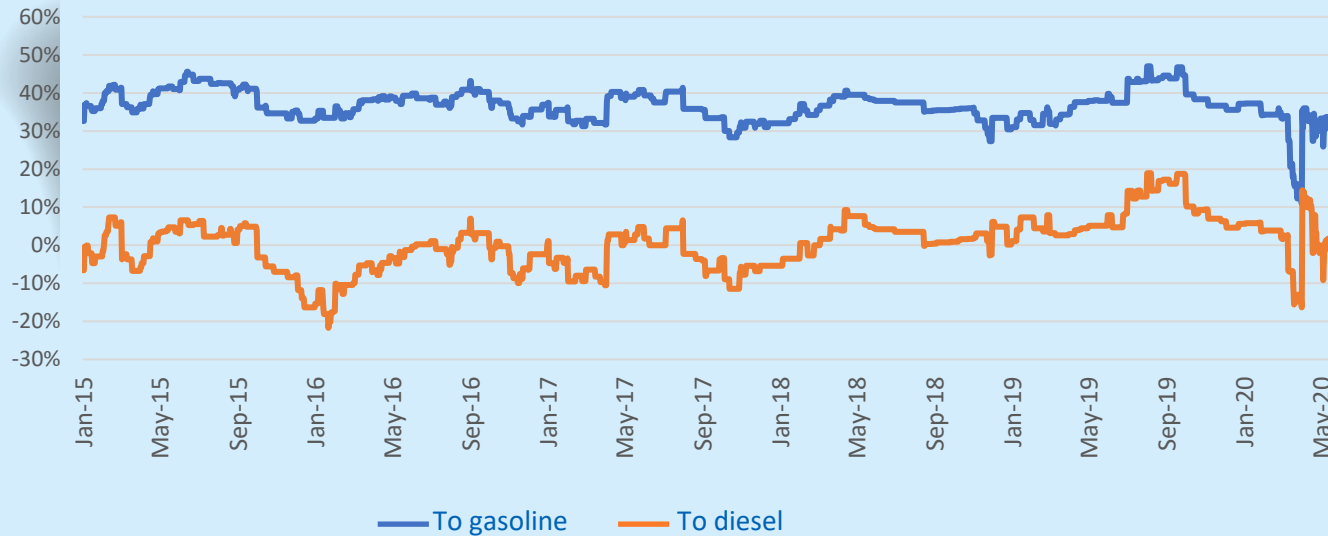
## Factors affecting autogas market;

- 30% more economic on average compared to gasoline
- Fierce price competition among national and local players
- Increasing interest of car manufacturers to LPG and conversions with car guarantees

EMRA data



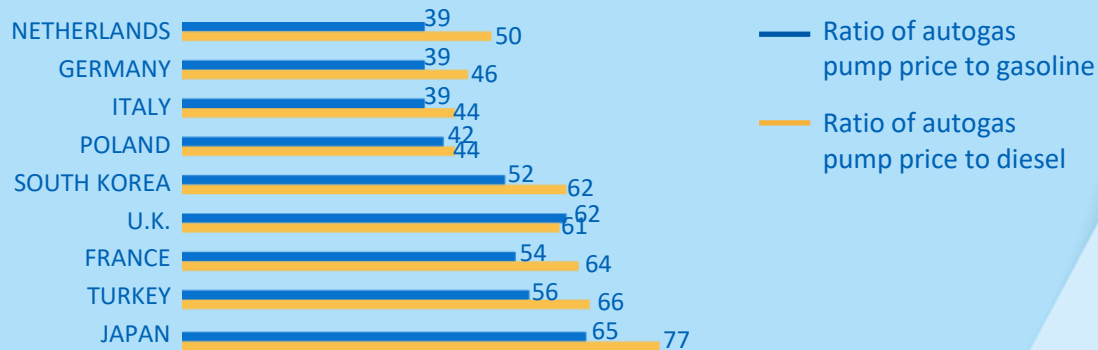
# Price economy of autogas



**30%+**

price advantage to gasoline

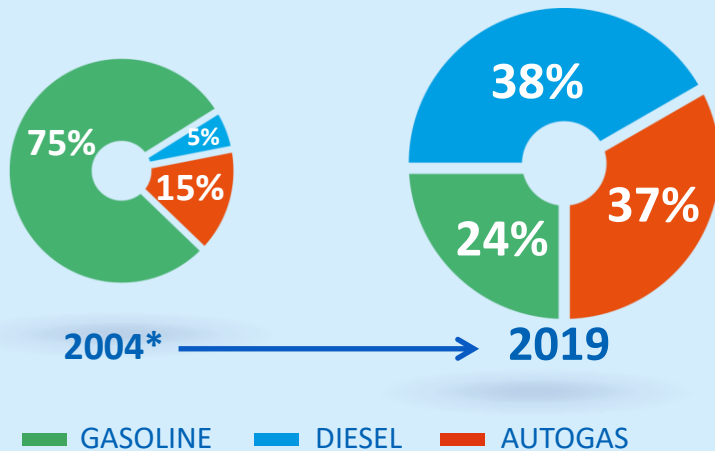
## PUMP PRICE OF AUTOGAS ACROSS THE WORLD (%)



WLPGA Global LP Gas Report

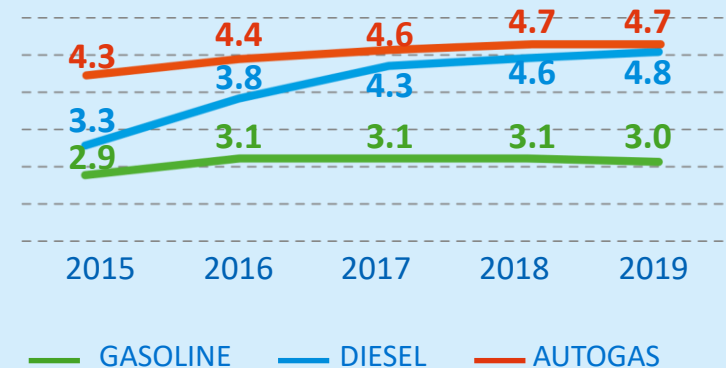
# > Autogas; most widely-used passenger car fuel of Turkey

RATIO OF CARS REGISTERED TO TRAFFIC ACC. TO FUEL TYPE



\* Fuel type unknown: 5%

TURKISH CAR PARK (m cars)



- Most widely-used passenger car fuel since 2011
- With 4.7 million cars, 4 out of 10 passenger cars run on LPG
- Largest LPG vehicle fleet in the world; 16% of the world
- Approx. 11,000 autogas stations all over Turkey

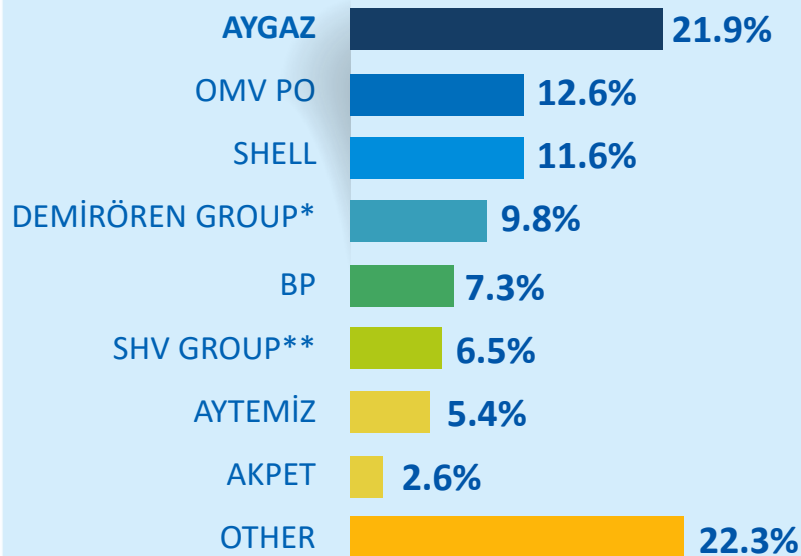
CAR OWNERSHIP PER PERSON



Turkstat, ACEA

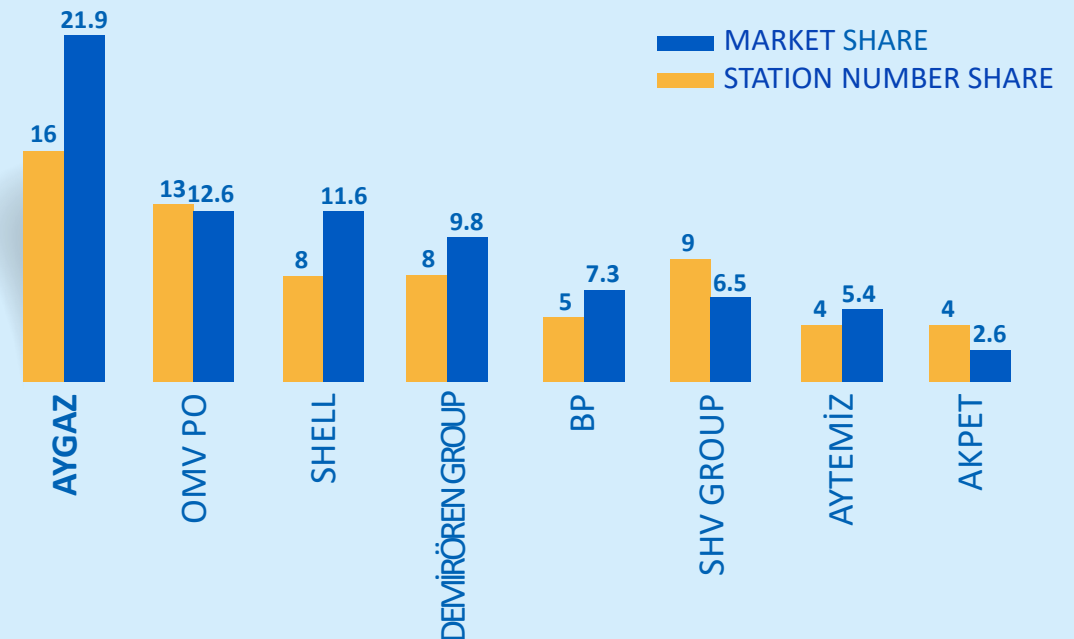
# Leader of the biggest autogas market in the world

## AUTOGAS MARKET SHARES



\*Milangaz & Total \*\* İpragaz & Yıldırım

## MARKET SHARE & STATION NUMBER SHARE (%)



- Largest dealer network with high sales efficiency
- Creating network synergy with sister company Opet
- Core business is LPG unlike other fuel distributors

2019	Number of dealers	Sales Volume (tons)	Avg dealer sales (tons)
Aygaz autogas dealers	1,729	734,496	425
Total autogas dealers	10,760	3,354,383	312

EMRA data

# Autogas car park growth

Autogas conversions



1,000+ conversion points

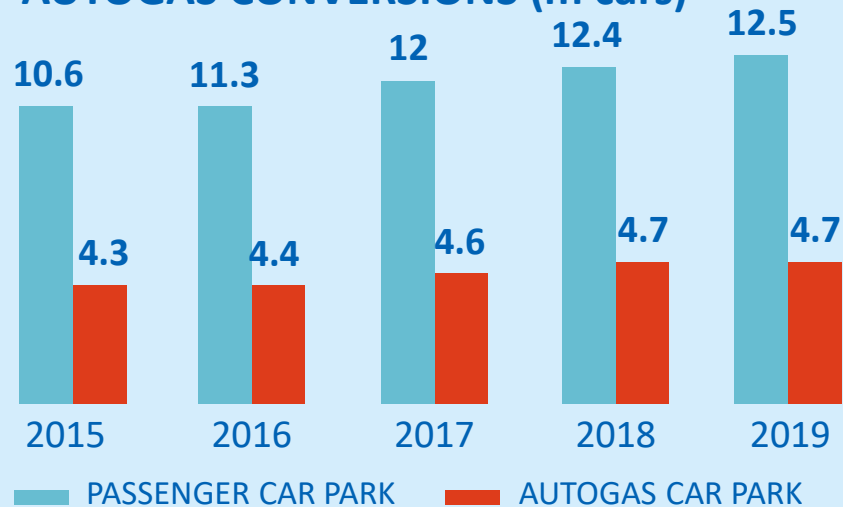
\$500 average cost of conversion

Payback in 15,000 km

**OEM; original equipment manufacturer**

- Some major car manufacturers are providing guaranteed conversion currently

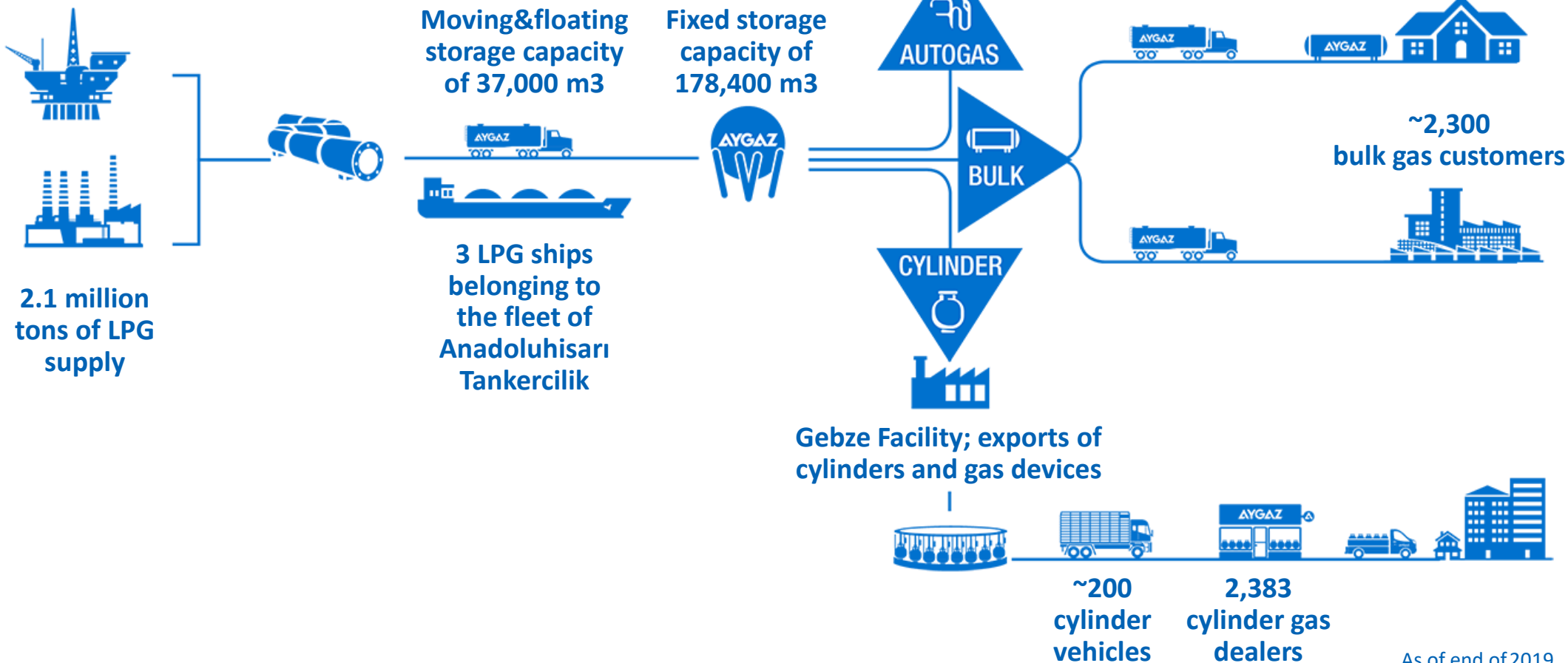
**AUTOGAS CONVERSIONS (m cars)**



Turkstat



# The LPG value chain



As of end of 2019





# Competitive supply chain



## BIG PLAYER

- #1 purchaser in Mediterranean
- #1 importer in Turkey
- #1 LPG exporter in Turkey
- #1 storage owner in Turkey  
(~24% of TR)



## ADVANCED MODEL

- Direct imports to 5 different locations
- Most diversified supply portfolio in Turkey  
Diversified supplier & origins  
Diversified supply pattern (ex-refinery, FOB, CIF)
- Only company in Med capable of discharging a VLGC in single port



## FLEET MANAGEMENT

- Top-notch LPG fleet owner
- Total capacity: 28,800 cbm, Average age: 14 yrs
- Single LPG vessel charterer (in/out) in Turkey
- Reduces logistics costs
- Provides flexibility in sourcing and inventory management



## OVERLAND TRANSPORTATION

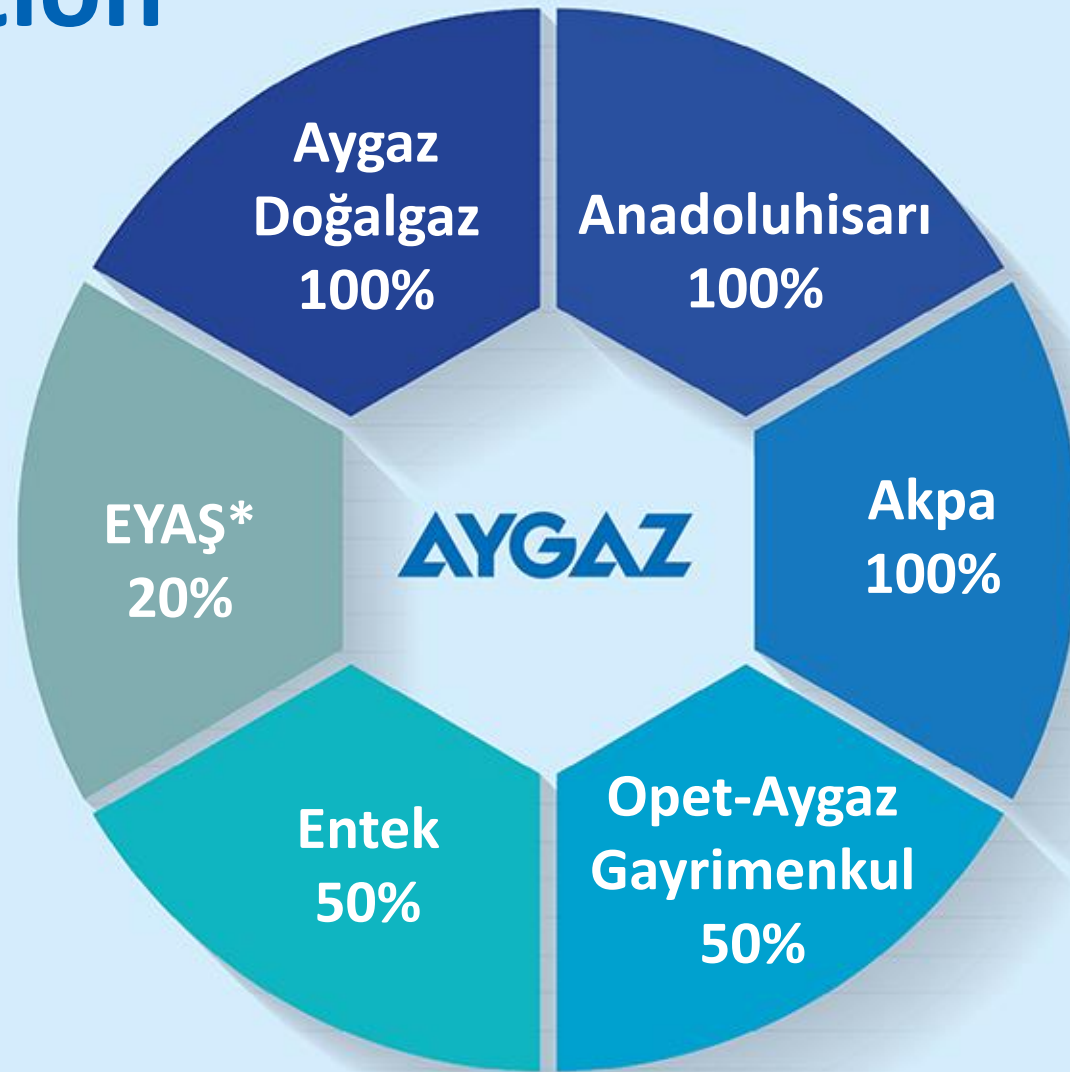
- Biggest LPG truck fleet in Turkey  
>500 vehicles
- Transporting 1.4 million ton/year
- 45 million km/year







# E Participation portfolio



\*EYAŞ owns 51% of the shares of TÜPRAŞ

Financial Investments: Koç Finansal Hizmetler A.Ş. (3.93%), Ram Dış Ticaret A.Ş. (2.5%), Tanı Pazarlama ve İletişim Hizmetleri A.Ş. (10%), Tat Gıda Sanayi A.Ş. (0.08%)

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# Natural gas



## LNG SALES



Transportation and regasification



13% market share, 300 industrial customers

2019 sales: 79 mcm

## PIPELINE NATURAL GAS SALES



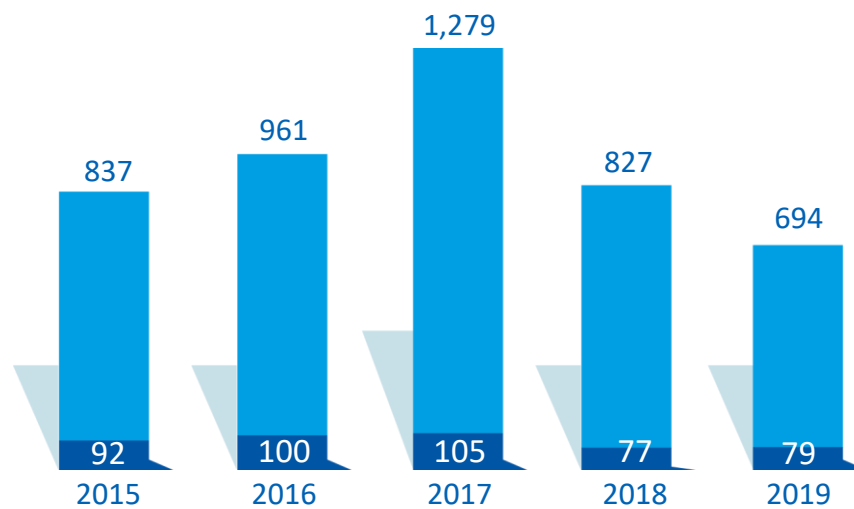
Started in 2010

2019 sales: 694 mcm

## PROJECTS

LNG & Pipeline gas import

## SALES VOLUME (mcm)



■ LNG SALES ■ PIPELINE NG SALES

G

# Other participations

## POWER GENERATION



**TOTAL INSTALLED CAPACITY: 362 MW**

Kocaeli Natural Gas

Combined Cycle (NGCC): 97 MW

8 Hydro Assets: (HEPP): 265 MW

## STRATEGY

Selective growth depending on opportunities and liberalization in the market

## SALES AND MARKETING

Direct sale of cylinder gas and carboy water throughout Turkey

Fuel trade at its fuel stations

*akpa*

## OPET AYGAZ GAYRİMENKUL

Founded in 2013 as a 50-50 partnership with Opet to purchase real estate and manage or lease these properties as fuel or autogas stations



Currently owns 21 stations

# Aygaz key takeaways

Consistent  
Market  
Leader



Brand  
Power

Strong Sales &  
Logistics Network

Long-term  
Strategy  
Builder



Diversifier  
& Portfolio  
Investor

Financial  
Strength

## STRATEGIC PRIORITIES

Sustain its market leadership in LPG by;

- Investing in the future with the responsibility of being the industry's highly reputable, reliable and consumer-oriented brand,
- Prioritizing high safety standards and product quality,
- Developing innovative products and services with solutions that place innovation and digitalization at the core.

Ensure sustainable growth to move its current position forward by:

- Following and seizing opportunities for mergers, acquisitions and investments at home and abroad,
- Improving efficiency in all processes from sourcing to selling LPG,
- Aiming to create value for all stakeholders.



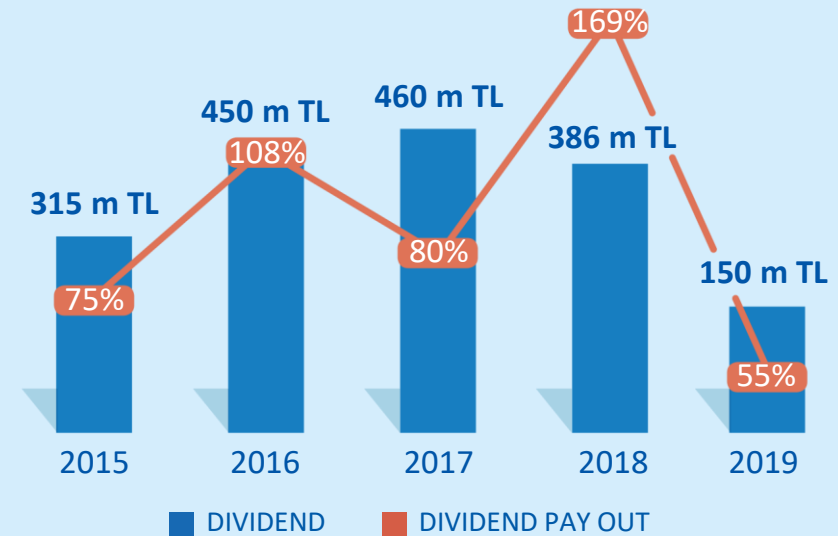
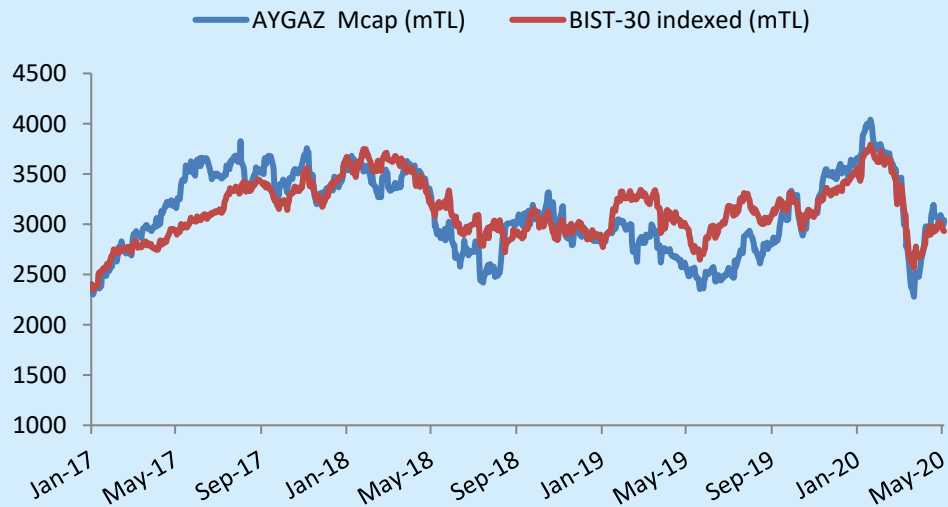


# Shareholder value

BIST Code	<b>AYGAZ</b>
Bloomberg Code	<b>AYGAZ.TI</b>
Reuters Code	<b>AYGAZ.IS</b>
IPO Date	<b>13.01.1988</b>
Free Float Rate	<b>24.3%</b>

## STRENGTHS

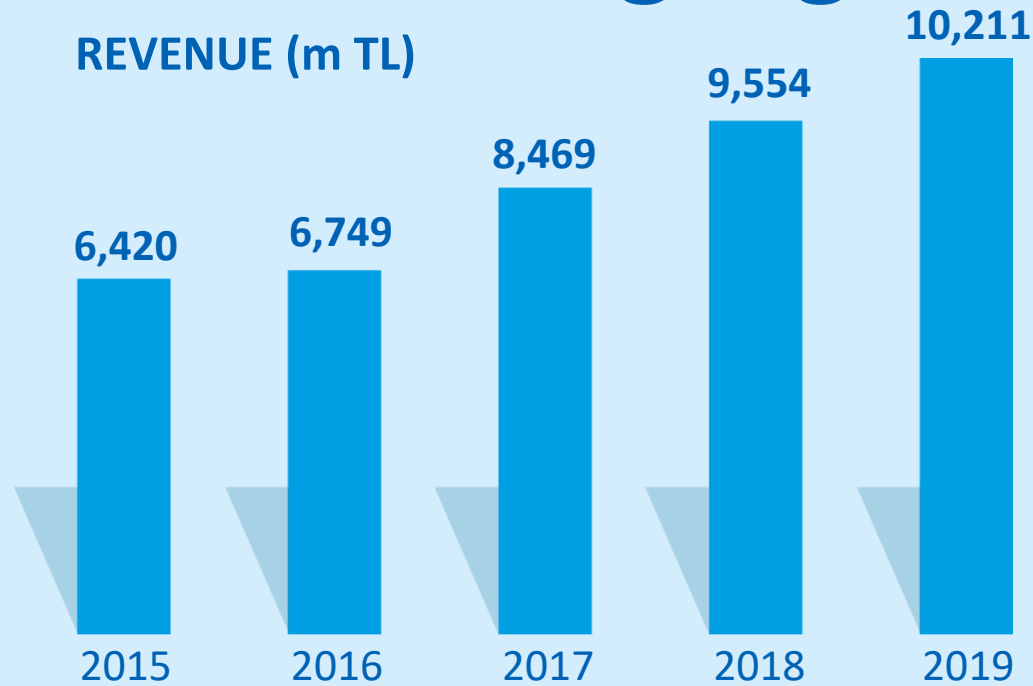
- Sustainable operating profitability from core business; LPG
- Resistant to economic fluctuations and crises
- Regular dividend payments
- Corporate governance practices at international standards;
  - SAHA Corporate Governance and Credit Rating Services updated Aygaz's corporate governance rating score as 9.42 on June 21, 2019.



H

# Financial highlights

REVENUE (m TL)

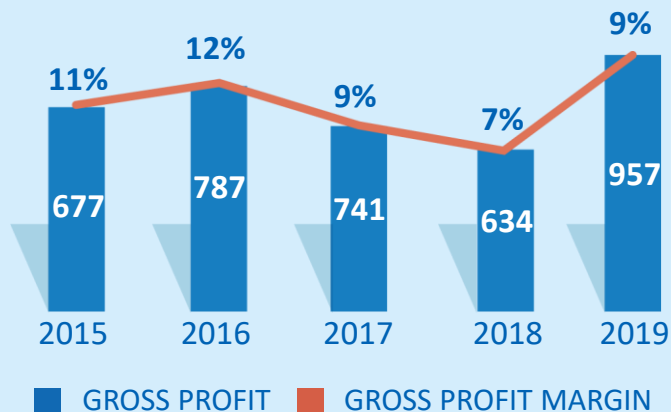


Revenue figure fluctuations are mainly due to;

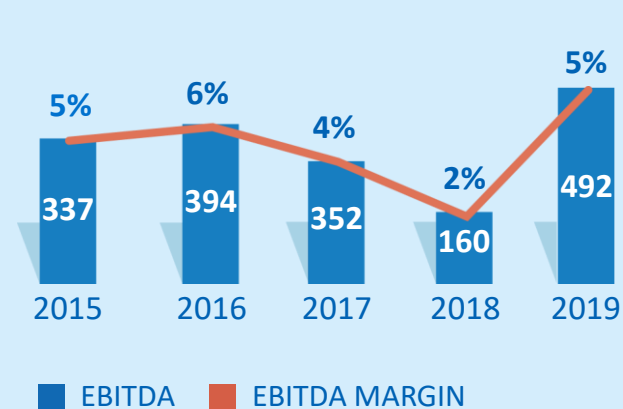
- FX rate changes
- Commodity price changes

# Financial highlights

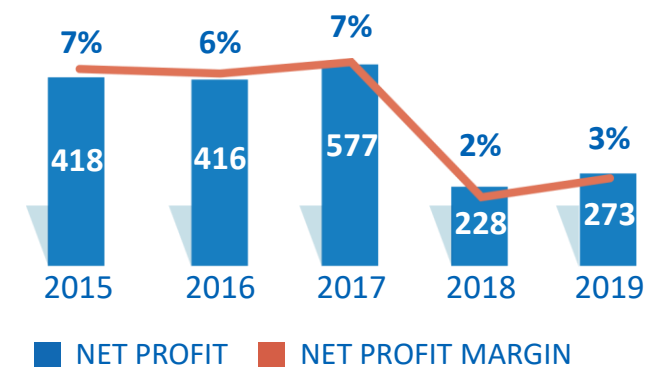
## GROSS PROFIT AND GPM



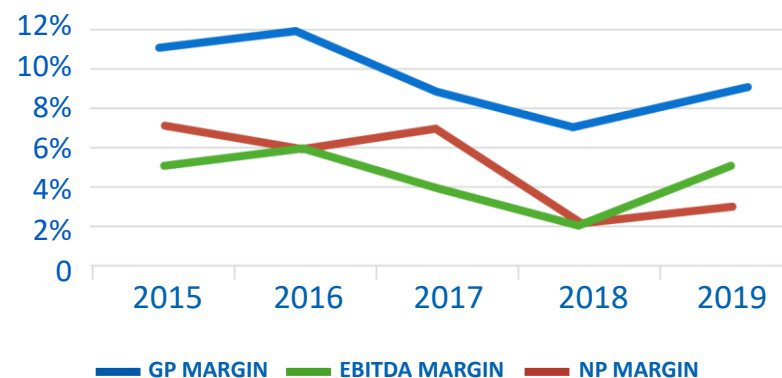
## EBITDA AND EBITDA MARGIN



## NET PROFIT AND NPM



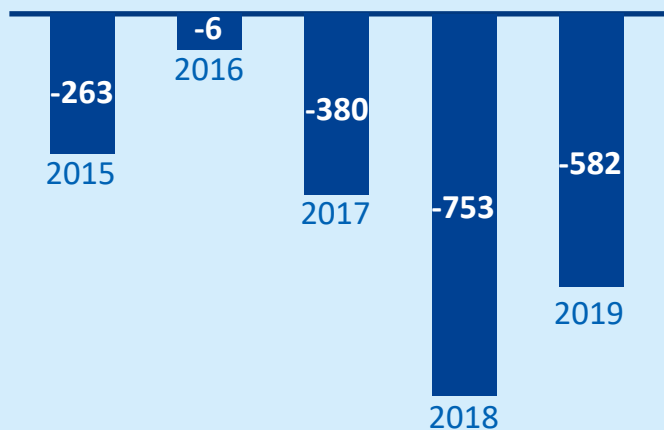
## PROFIT MARGINS



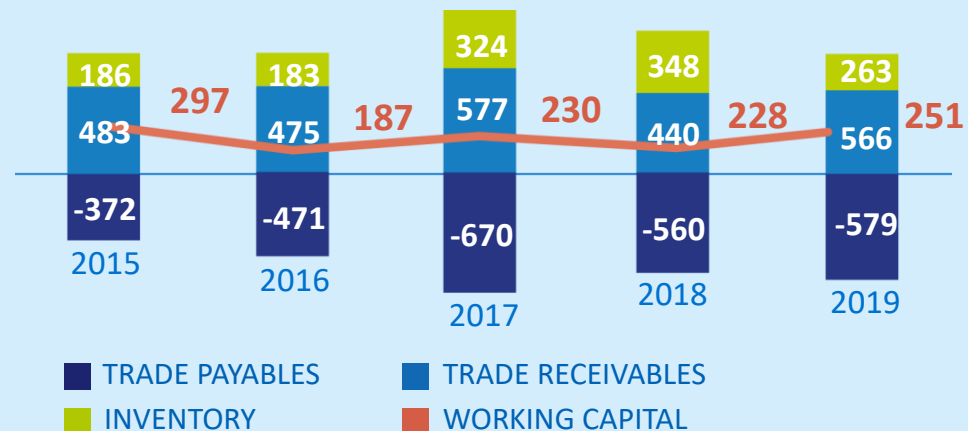
Bar figures: m TRY

# Financial highlights

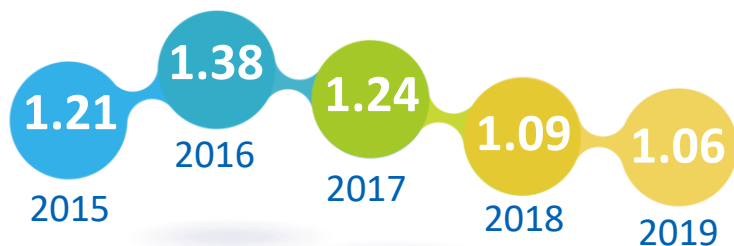
## NET CASH (m TL)



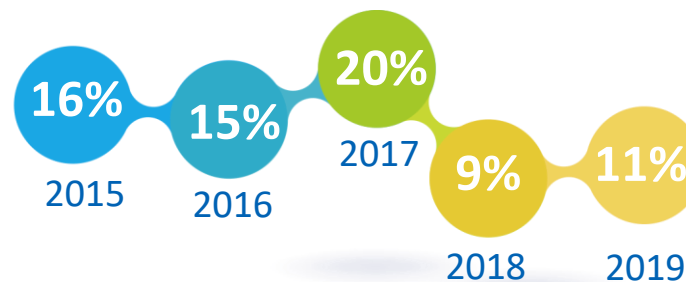
## WORKING CAPITAL (m TL)



## CURRENT RATIO



## RETURN ON EQUITY



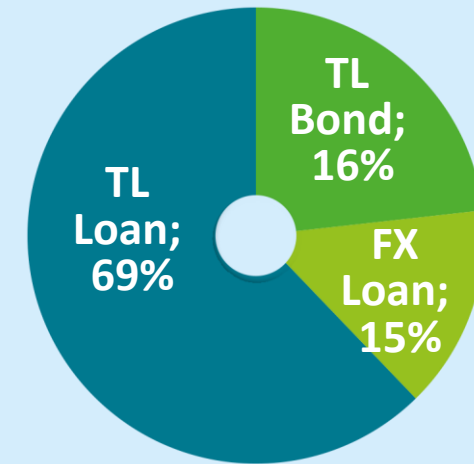
# Financial highlights

(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

ST: Short-term LT: Long-term

- Maturity structures of the debts are wide-range and long term.
- FX position is actively monitored and managed including derivatives.

DEBT PROFILE AS OF  
31/12/2019



**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 21, 2019.

# Appendix



# 1 Income statement summary

(m TRY)	2015	2016	2017	2018	2019
Revenue	6,420	6,749	8,469	9,554	10,211
COGS	(5,743)	(5,962)	(7,728)	(8,920)	(9,254)
Gross Profit	677	787	741	634	957
Operating Profit	250	308	265	71	365
Profit Before Tax	458	469	621	250	306
Net Profit	418	416	577	228	273
EBITDA	337	394	352	160	492
GP margin	11%	12%	9%	7%	9%
OP margin	4%	5%	3%	1%	4%
NP margin	7%	6%	7%	2%	3%
EBITDA margin	5%	6%	4%	2%	5%

## 2

# Balance sheet summary

(m TRY)	2015	2016	2017	2018	2019
Cash & Cash Eq.	289	568	593	648	665
Trade Receivables	483	475	577	440	566
Inventories	186	183	324	348	263
Inv. Acc. Under Equity Method	1,867	1,922	2,273	2,305	2,059
Prop. Plant & Eq.	651	658	678	687	713
Financial Debt	(551)	(630)	(973)	(1,401)	(1,247)
Trade Payable	(372)	(471)	(670)	(560)	(579)
Equity	2,611	2,742	2,923	2,502	2,478
Total Assets	3,916	4,231	4,966	5,013	4,955
Net Cash (Debt)	(263)	(63)	(380)	(753)	(582)
Working Capital	297	187	230	228	251

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# 2020 Q1 income statement summary

## FINANCIAL

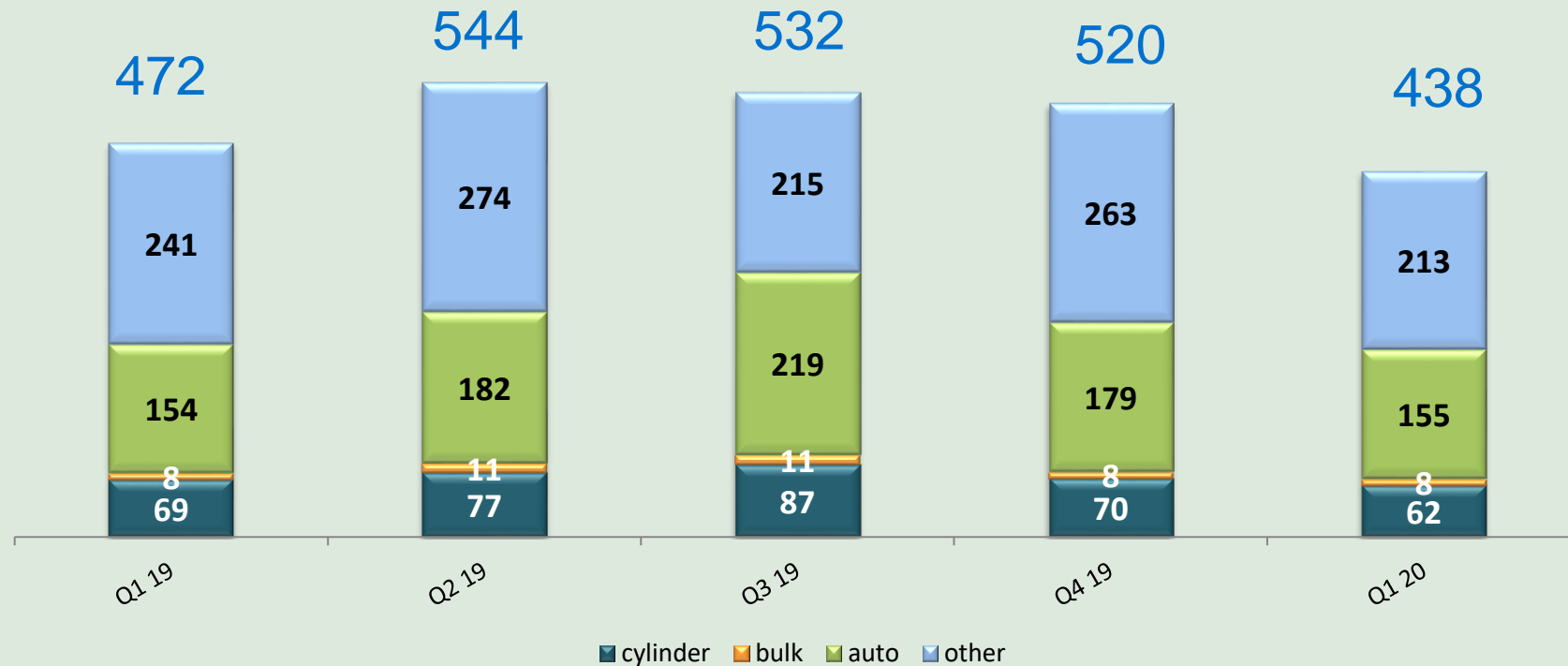
QUARTERLY I (YoY)

Revenue	2,206 Million TL	-6% YoY ↓
Operating profit	-57 Million TL	-184% YoY ↓
EBITDA	-26 Million TL	-126% YoY ↓
Net Profit	-226 Million TL	-2345% YoY ↓

4

## 2020 Q1 Aygaz LPG sales

(000 tons)



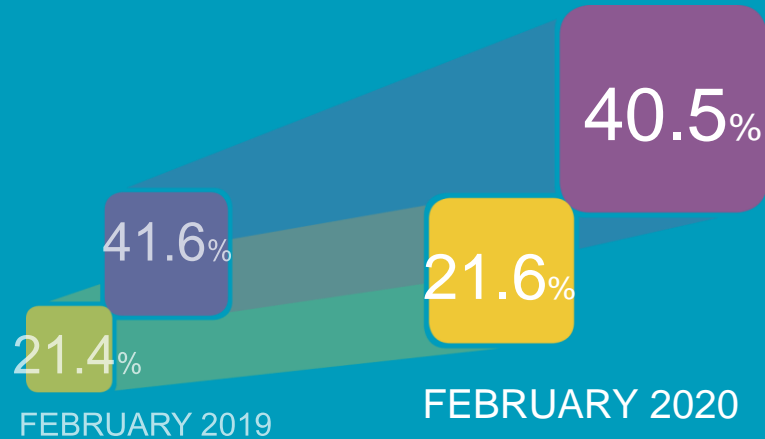
### Q1 2020 sales volumes were realized as

- 155 thousand tons in Autogas (+0.4% YoY)
- 62 thousand tons in Cylinder Gas (-10% YoY)
- 438 thousand tons in Total (-7% YoY)

EMRA, Aygaz



# Market Shares



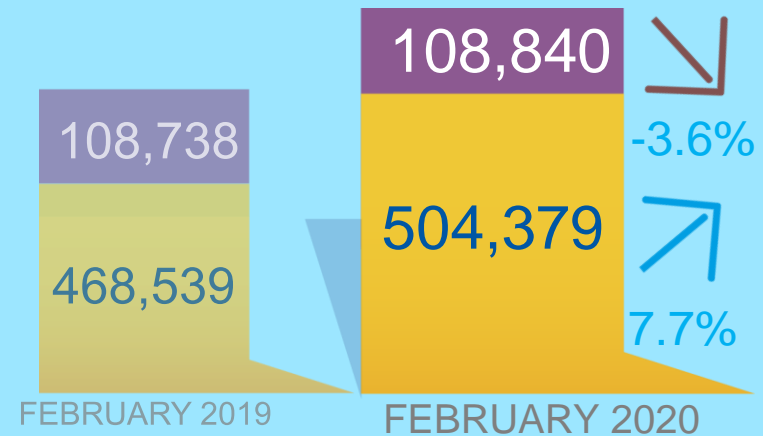
As of February 2020 EMRA report, Aygaz cylinder and autogas market shares are 40.5% and 21.6% respectively.

(41.6% and 21.4% in February 2019)

According to February 2020 EMRA report, Turkish cylinder sales volume is 104,840 thousand tons and autogas volume is 504,379 thousand tons.

2019/2 months:

Cylinder gas	108,738	tons
Autogas	468,539	tons



SALES VOLUME (Tons)

EMRA, Aygaz

## 6

## Subsidiaries and Affiliates

Subsidiaries	Principal activity	Participation
Anadoluhisarı Tankercilik A.Ş.	Shipping	100%
Kandilli Tankercilik A.Ş.	Shipping	100%
Kuleli Tankercilik A.Ş.	Shipping	100%
Kuzguncuk Tankercilik A.Ş.	Shipping	100%
Akpa Day. Tük. Lpg ve Akar. Ürün. Paz. A.Ş.	Marketing	100%
Aygaz Doğal Gaz Toptan Satış A.Ş.	Natural gas	100%
Aygaz Doğal Gaz İletim A.Ş.	Natural gas	100%
ADG Enerji Yatırımları A.Ş.	Natural gas	100%
Bal Kaynak Su İth. İhr. Sanayi ve Ticaret A.Ş.	Water distr.	100%



## Subsidiaries and Affiliates

Affiliates	Principal activity	Participation
Enerji Yatırımları A.Ş.	Energy	20%
Entek Elektrik Üretimi A.Ş.	Electricity	50%
Opet Aygaz Gayrimenkul A.Ş.	Real Estate	50%

Financial Assets	Principal activity	Participation
Koç Finansal Hizmetler A.Ş.	Finance	3.93%
Ram Dış Ticaret A.Ş.	Trade	2.50%
Tanı Pazarlama ve İlet. Hiz. A.Ş.	Marketing	10.00%
Tat Gıda Sanayi A.Ş.	Food	0.08%

# 7 Forward looking statements for 2020

## Sales volume

- Cylinder: 285-300 thousand tons
- *(Previous: 290-305 thousand ton)*
- Autogas: 590-630 thousand tons
- *(Previous: 740-780 thousand tons)*

## Market share

- Cylinder: 41.5%-43.5%
- Autogas: 21.4%-22.6%

\* Our sales volume expectations have been updated due to changing market conditions as a result of the Covid-19 epidemic.

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# Glossary

<b>LPG</b>	Liquid Petroleum Gas
<b>EMRA</b>	Energy Market Regulatory Authority
<b>WLPGA</b>	World LPG Association
<b>SP</b>	Sonatrach Price
<b>PETDER</b>	Petroleum Industry Association
<b>FOB</b>	Free On Board
<b>CIF</b>	Cost, Insurance & Freight
<b>Med</b>	Mediterranean
<b>VLGC</b>	Very Large Gas Carrier
<b>EYAŞ</b>	Enerji Yatırımları A.Ş.
<b>LNG</b>	Liquid Natural Gas
<b>Mcm</b>	Million Cubic Meters
<b>Bcm</b>	Billion Cubic Meters
<b>NGCC</b>	Natural Gas Combine-Cycle
<b>MW</b>	Megawatt (one million watts)
<b>BIST</b>	Borsa Istanbul (Istanbul Stock Exchange)
<b>IPO</b>	Initial Public Offering
<b>GHG</b>	Greenhouse Gas Protocol



# K 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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