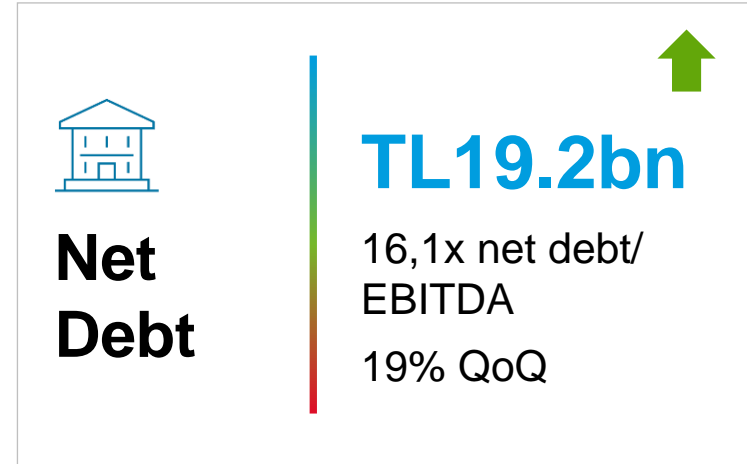
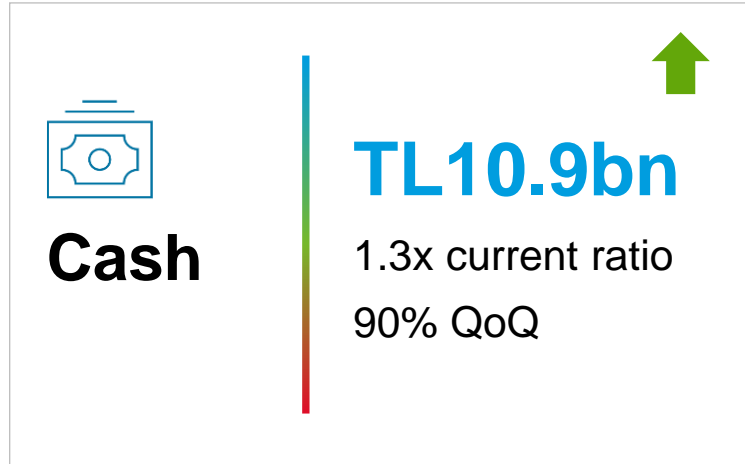
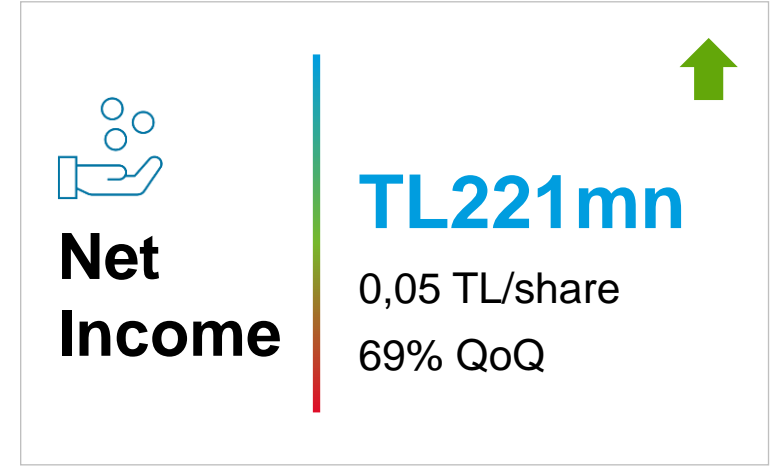
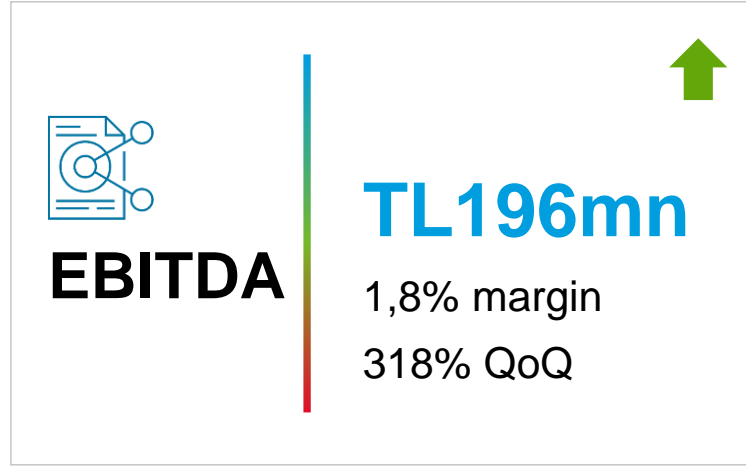
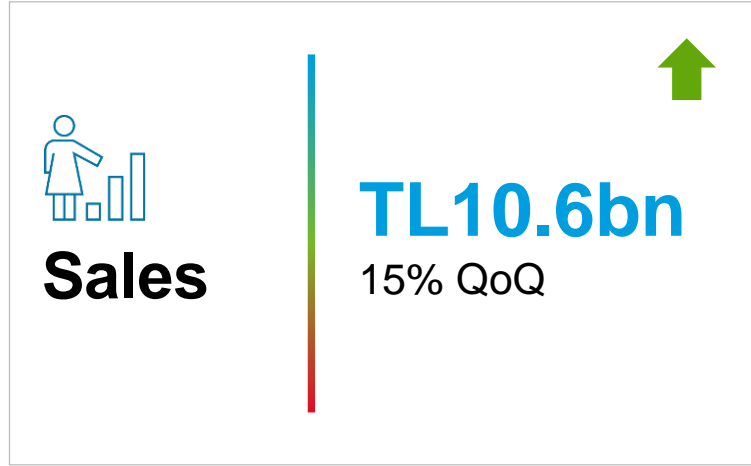


2Q23 Results Investor Presentation



2Q23 financial highlights



Ongoing weak demand and oversupply remain key concerns

2Q23 highlights



Reduction in naphtha prices supported the margins

Petkim average gross unit margins improved from USD33/ton to USD56/ton in 2Q23



Optimization-based strategies have been used for efficient operations and profitability

Petkim's production capacity level is around 71% due to economic reasons



Adoption of a cautious approach towards trade by focusing on our main products

USD4.5mn trading gross profit has been recorded



2022 Sustainability Report of SOCAR Türkiye

https://www.socar.com.tr/uploads/raporlar/SOCAR_Turkey_Sustainability_Report_2022.pdf



New award for SOCAR Türkiye

SOCAR Türkiye was deemed worthy of the «Best Corporate Governance» by World Finance

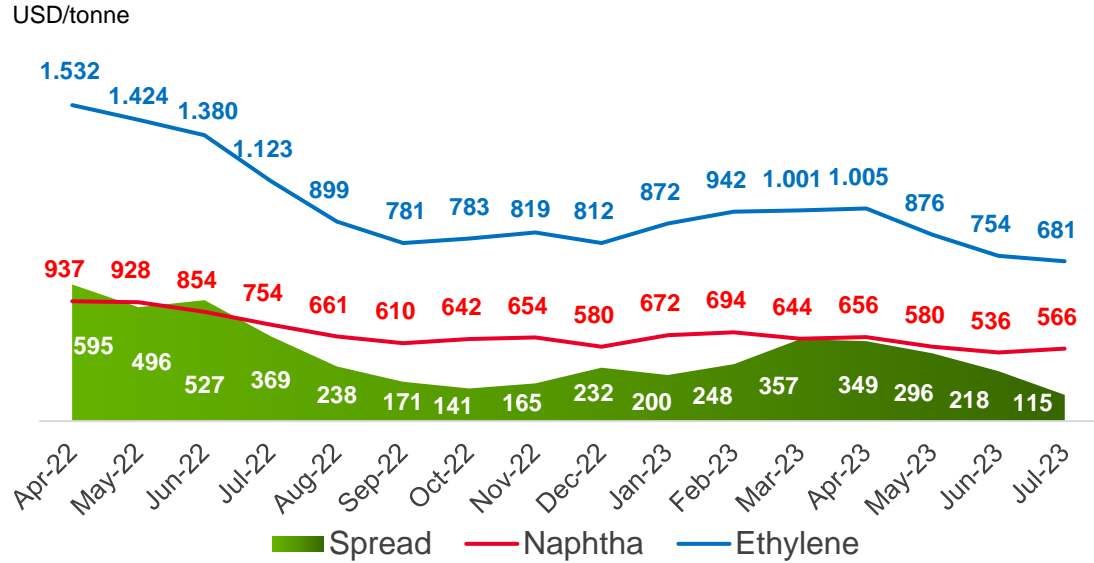
Industry Environment

Global petrochemical market
Petrochemical market in Turkey

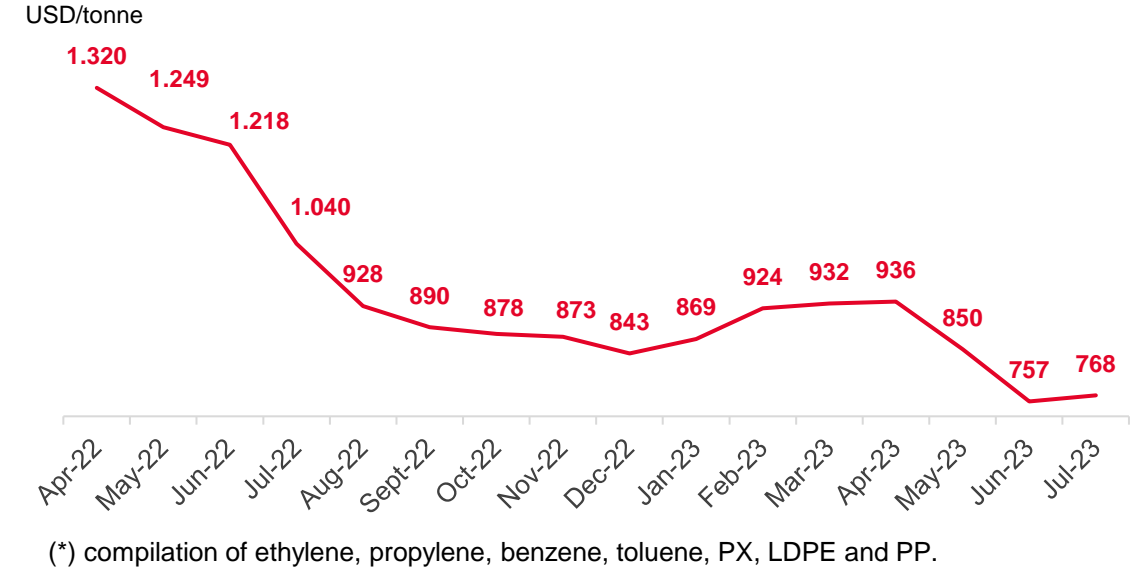


Industry environment

Monthly naphtha - ethylene spread (CIF MED spot prices)



Monthly average Platts index*



Naphtha prices dropped below **\$500** per ton for the first time in two years as crack spreads narrowed



Ethylene-naphtha spread slightly increased by about **3%** from **USD275/ton** in 1Q23 to **USD282/ton** in 2Q23



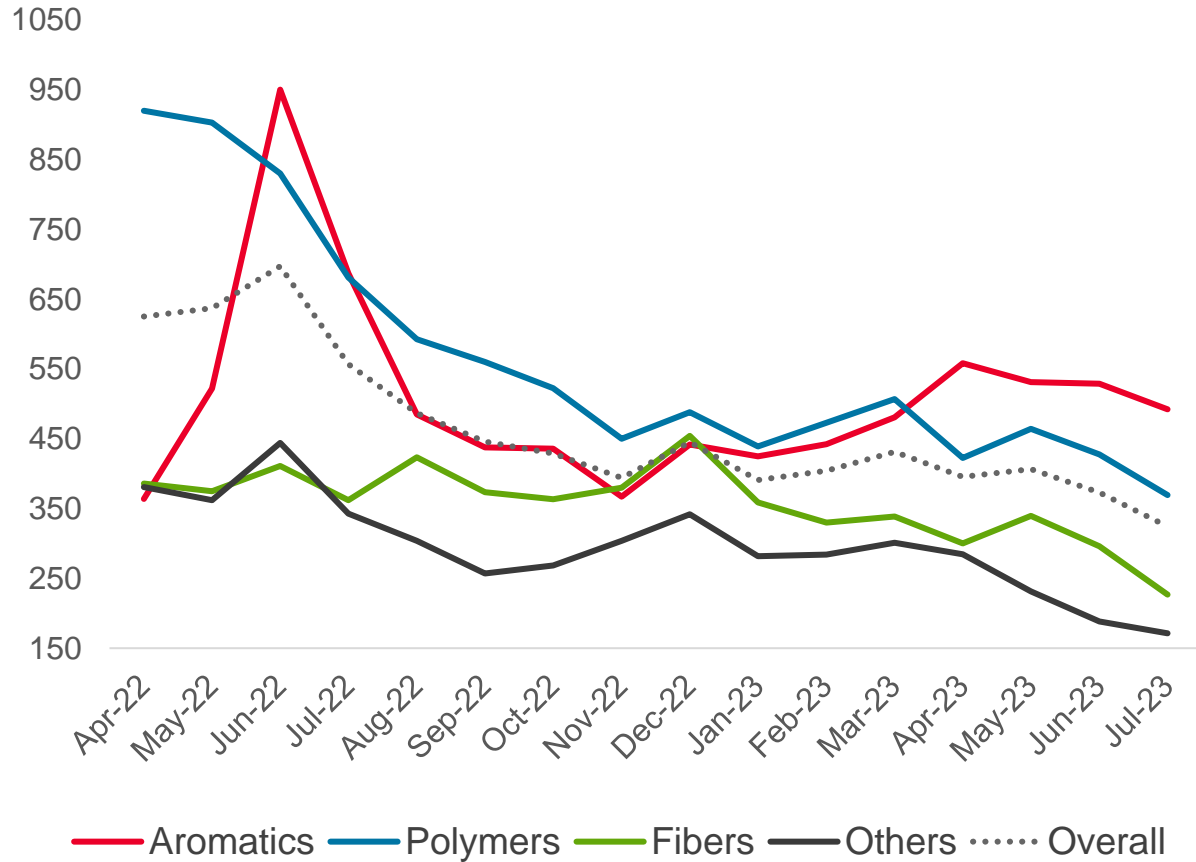
Olefin prices have plunged with double digit declines for propylene spot prices across all regions



The 2Q23 PLATTS index decreased by approximately **7%** in comparison with the previous quarter

Industry environment

Product groups spread (over naphtha CIF MED), USD/MT



Source: S&P Global Commodity Insights

Key trends in the industry



Demand weakness and over-supply persists



Deterioration in competitiveness and large destocking

The weakness in demand stemmed from inflationary pressures and hikes in interest rates hindered the recovery in margins, together with the surplus in supply side



Prices within the European polyethylene market continued to drop, under pressure from weak fundamentals



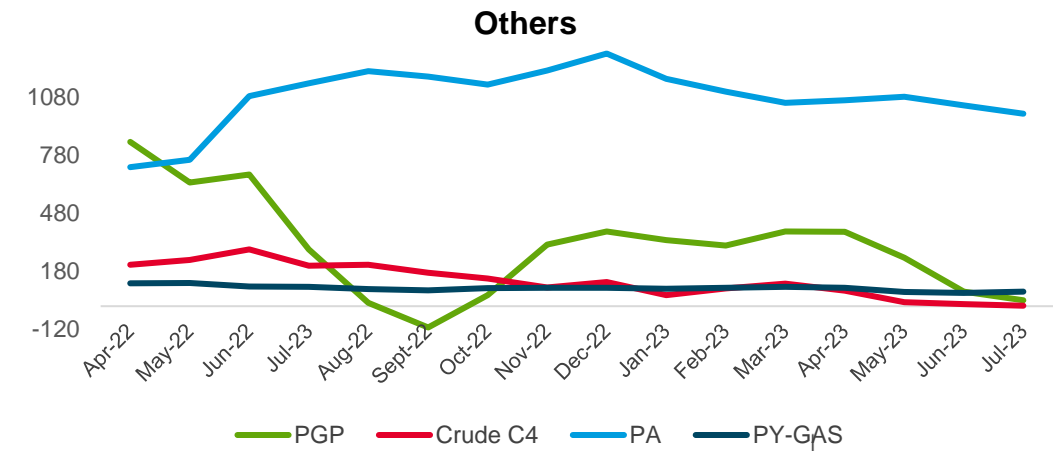
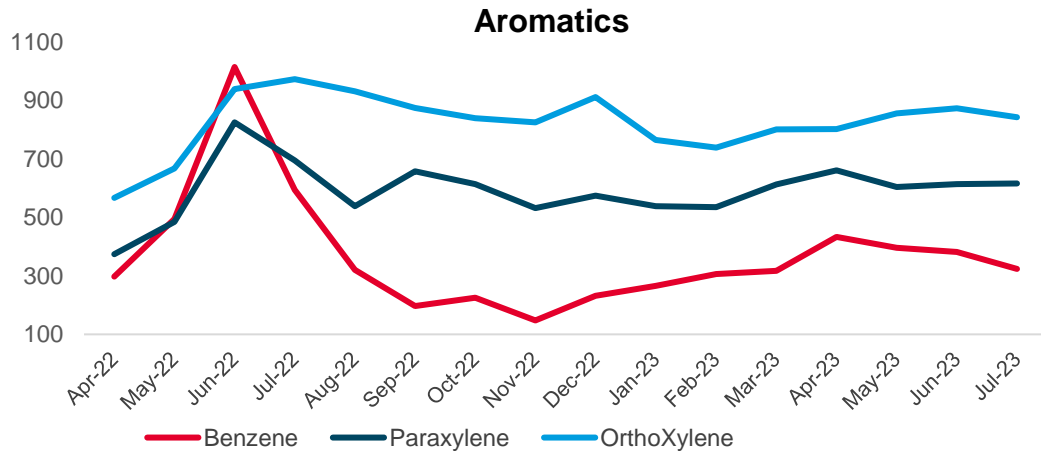
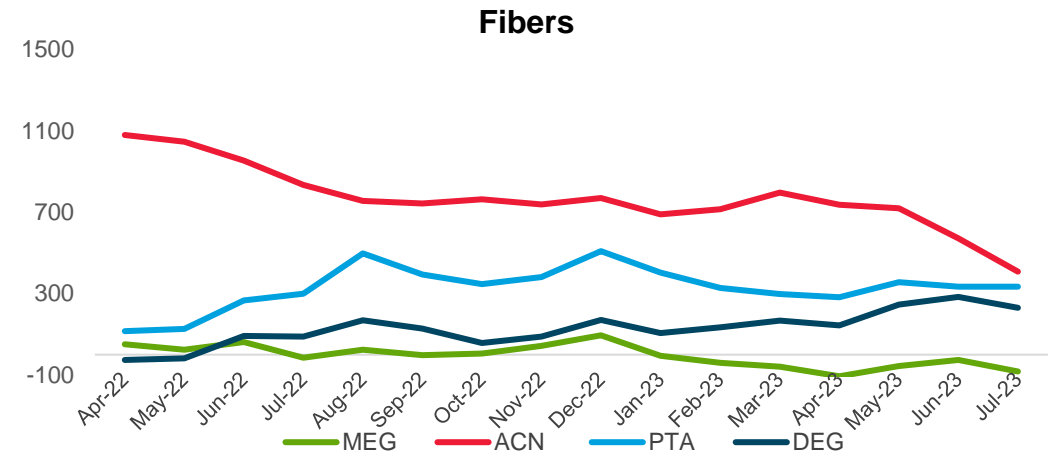
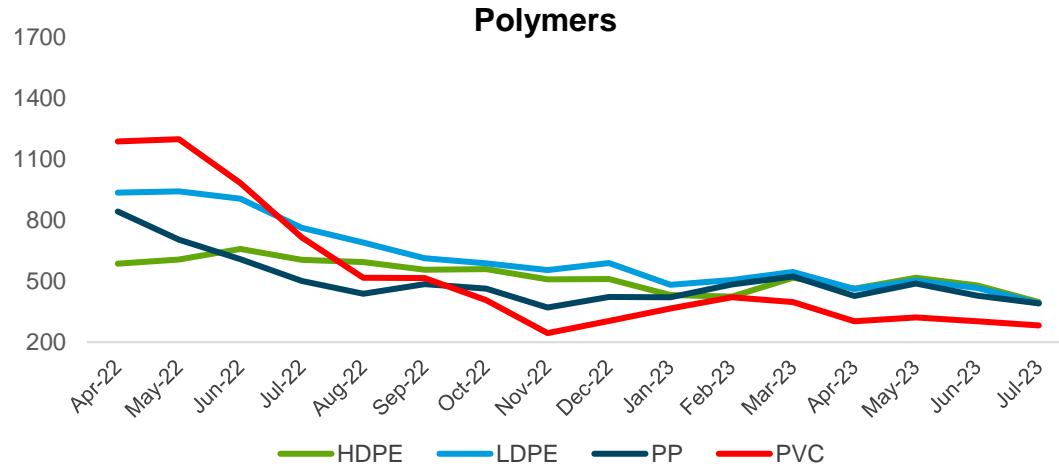
MEG prices remained below cash-cost levels, consumer demand for downstream PET was historically low



Aromatics market have shown diverging trend, with prices benzene and para-xylene rising with the optimism on gasoline market recovery in summer

Industry environment

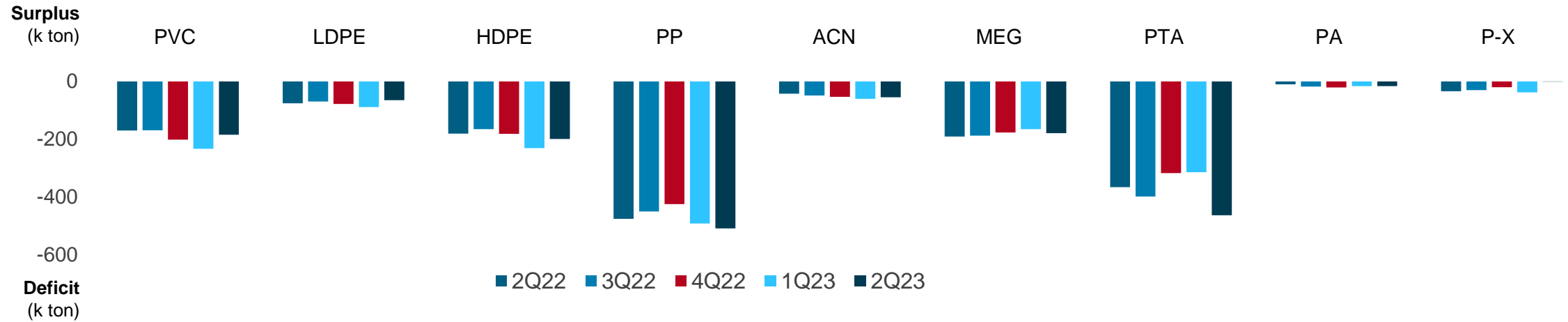
Product groups spread (over naphtha CIF MED), USD/MT



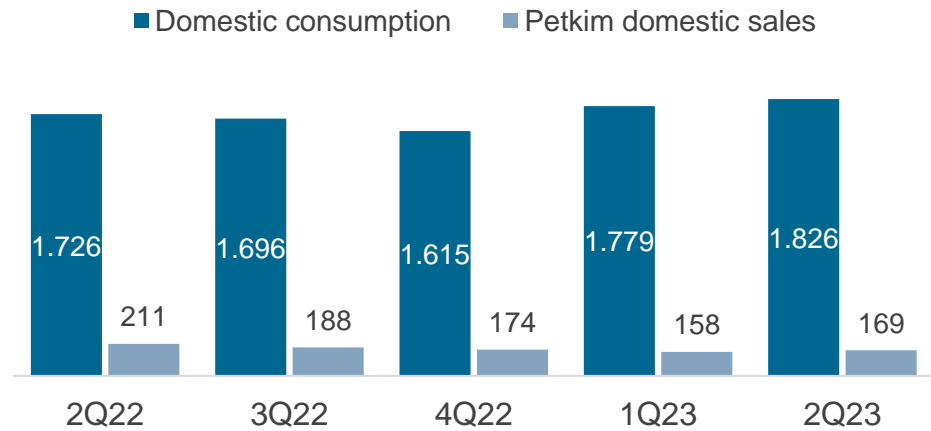
Source: S&P Global Commodity Insights

Türkiye's petrochemical sector overview

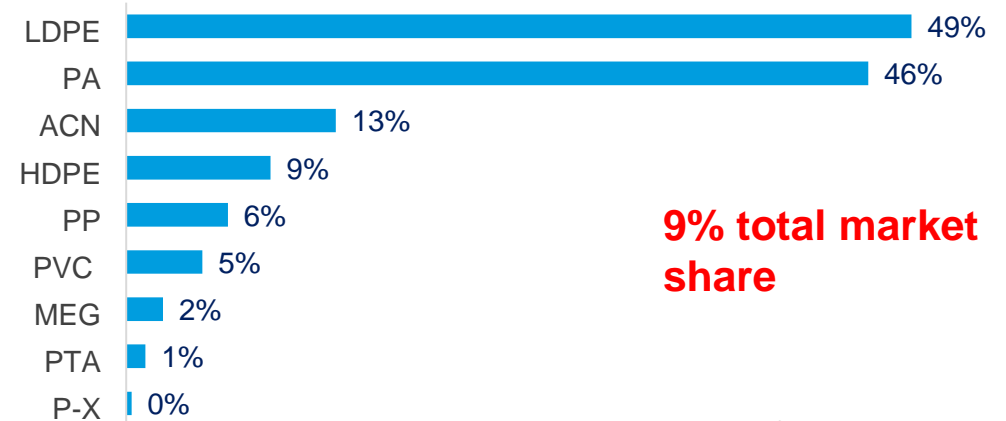
Türkiye domestic demand is primarily met by imports



Petrochemical consumption in Türkiye (k ton)



Products market share (cumulative)

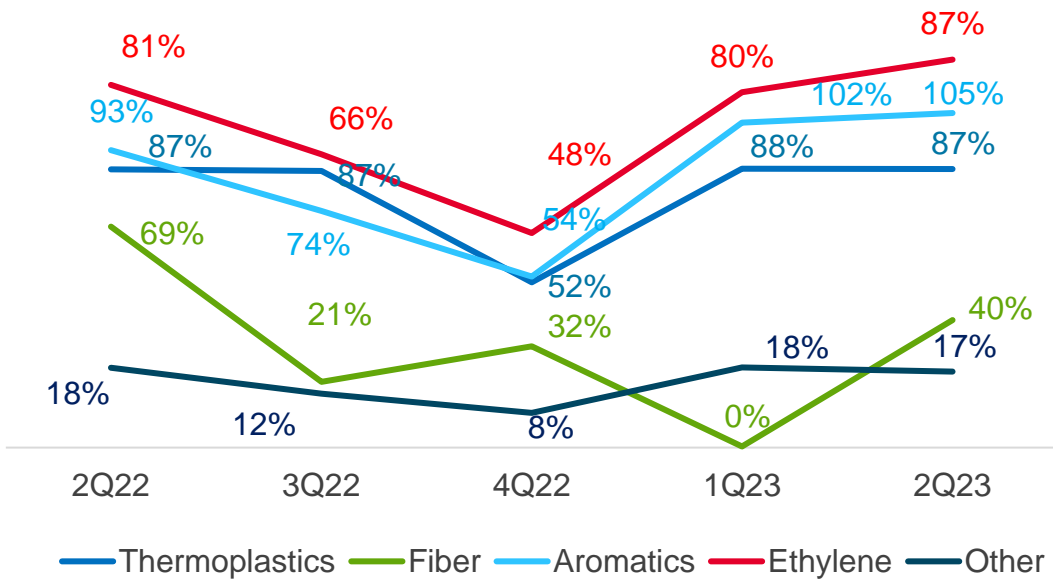


Operating and Financial Results

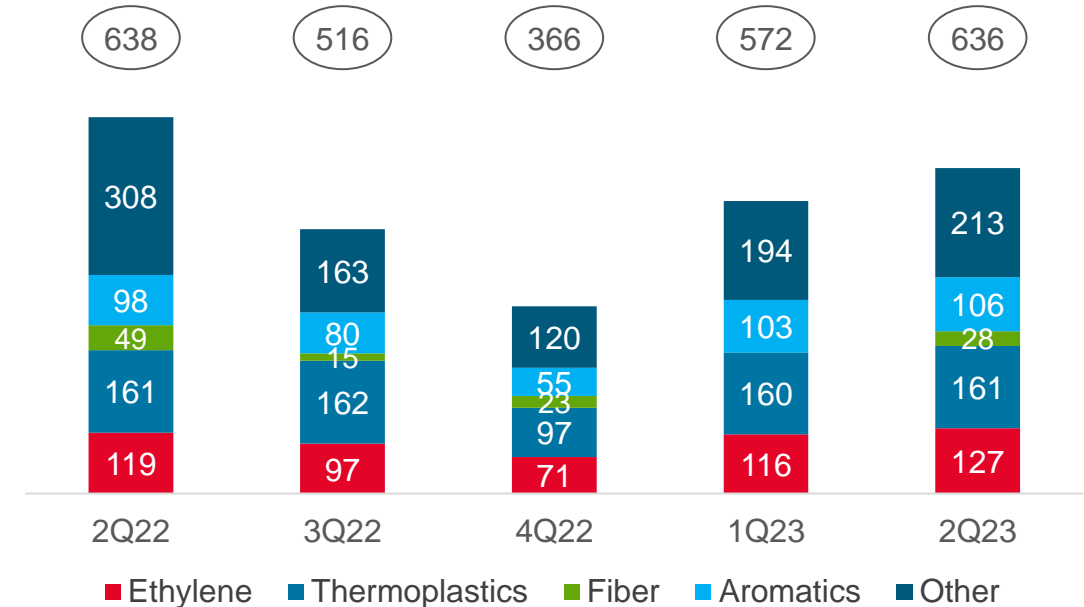


Capacity utilization and gross production

Capacity utilization rates (%)



Gross production (k ton)

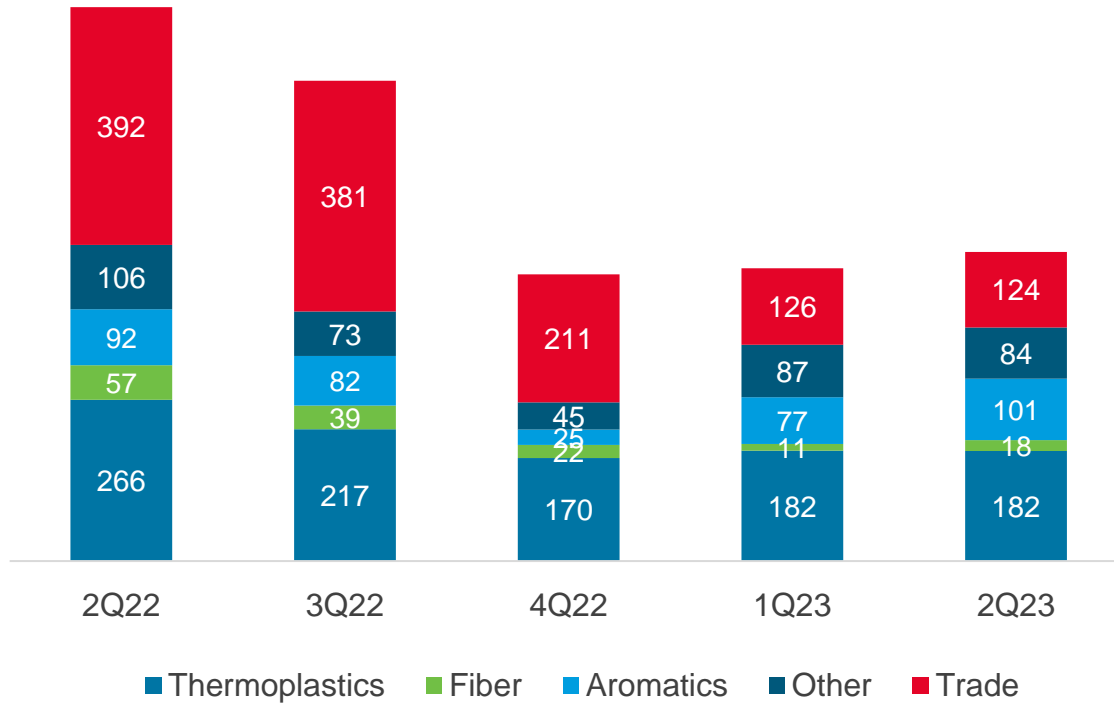


In line with its cost optimization strategy, Petkim has been reducing capacity levels by deactivating uneconomical plants such as MEG, PTA

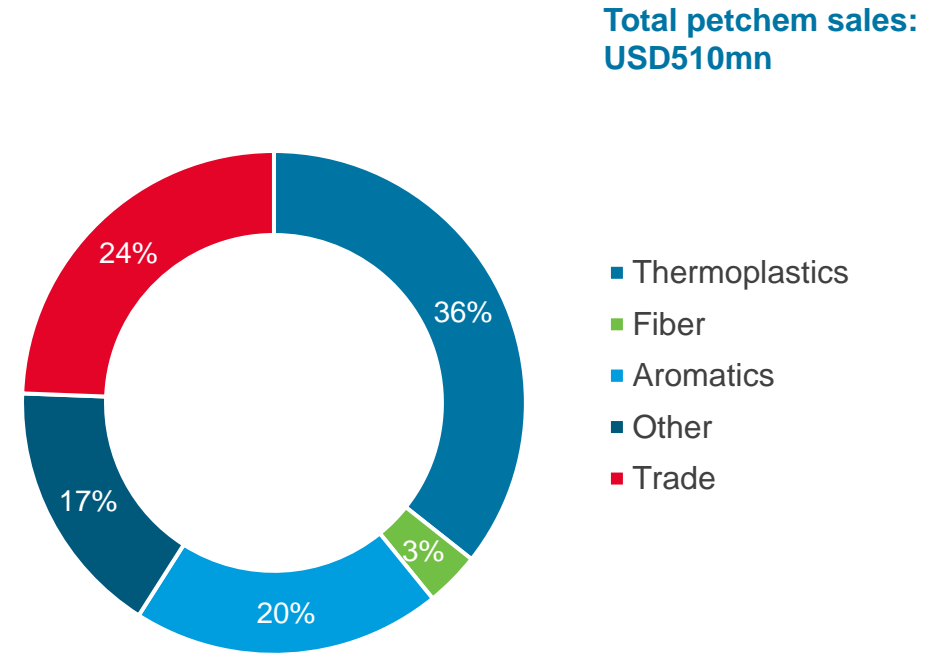
Petkim generated **636kton** gross production and capacity utilization rate was **71%** in 2Q23

Petrochemical product sales

Breakdown of petchem sales (mn USD)



Breakdown by percentage in 2Q23

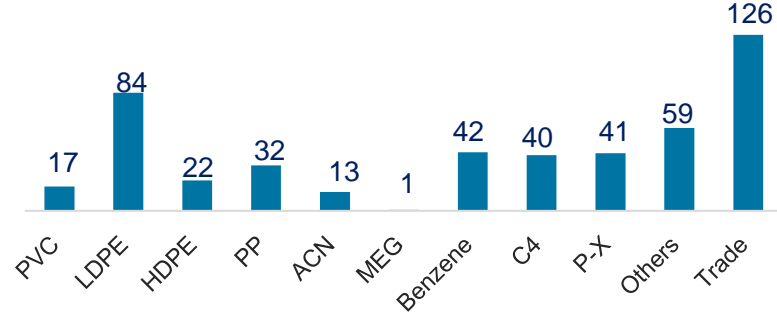




In 2Q23, Petkim achieved TL 10,499mn sales via 477k ton sales volume

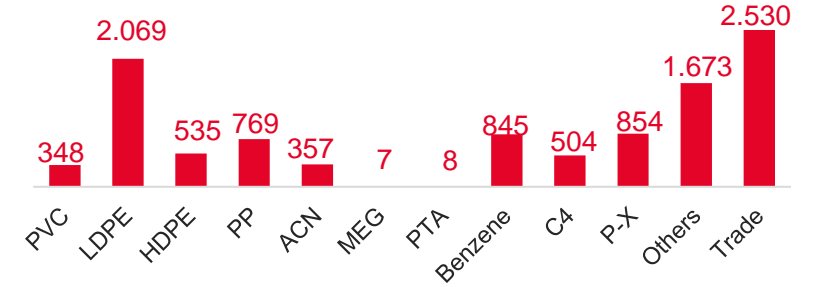
Sales volume (ton k)

Total volume: 477k ton



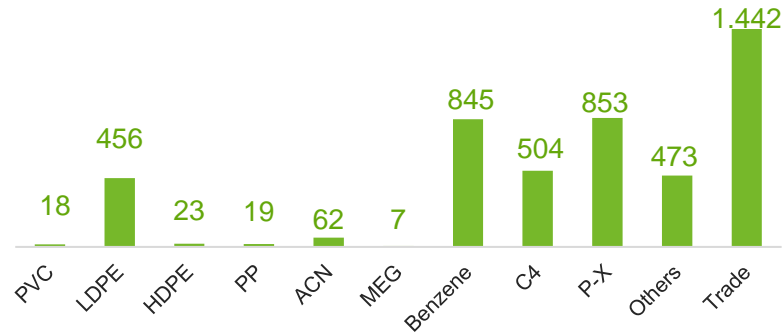
Revenue (TL mn)

Total revenue: TL10,499mn

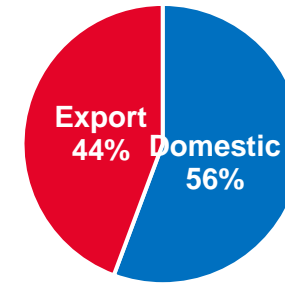


Export Revenue (TL mn)

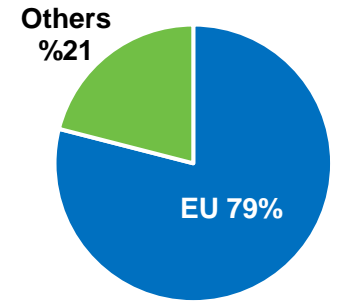
Total export: TL4,702mn



Revenue breakdown (%)



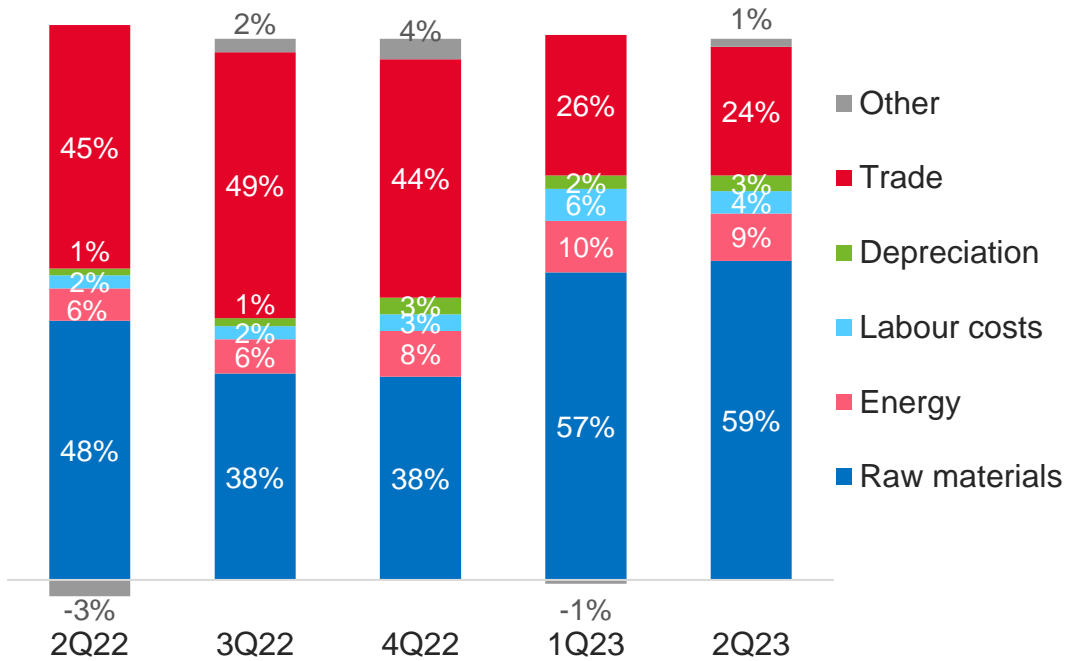
Exports breakdown as per region (%)



Breakdown of total COGS

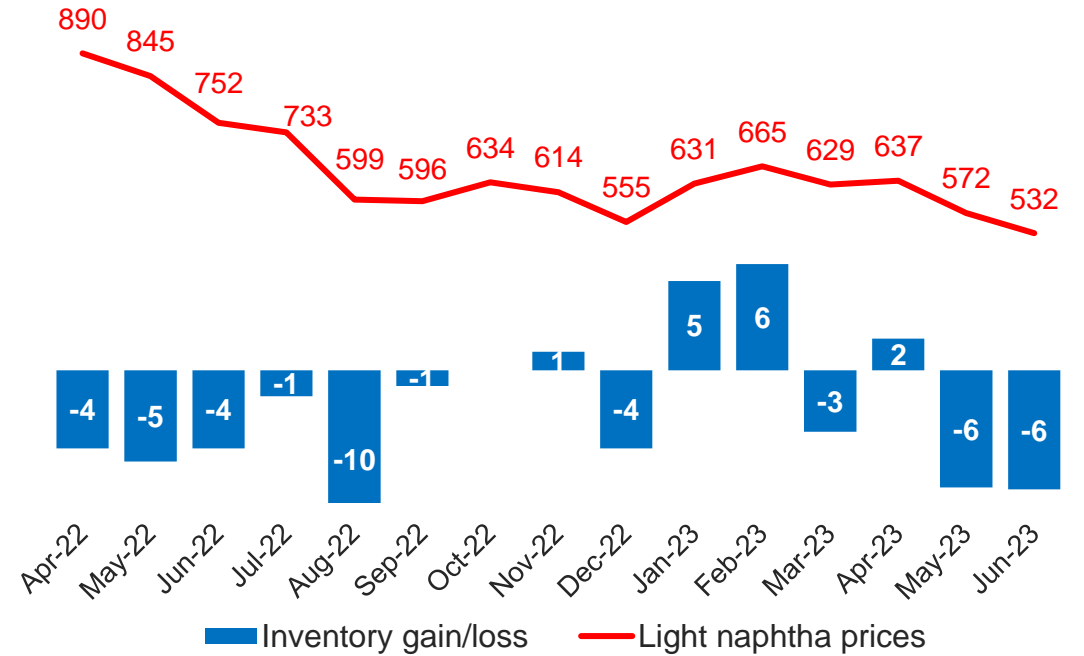
COGS breakdown (%)

2Q23 total COGS: TL10,210mn



Inventory gain/loss (mn USD)

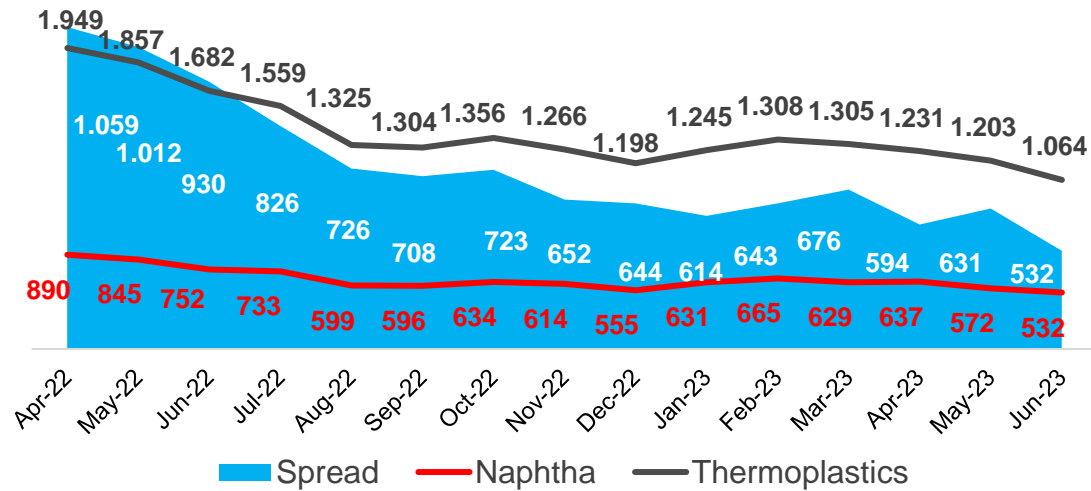
2Q23 inventory loss: USD11mn



Feedstock vs. product prices of Petkim

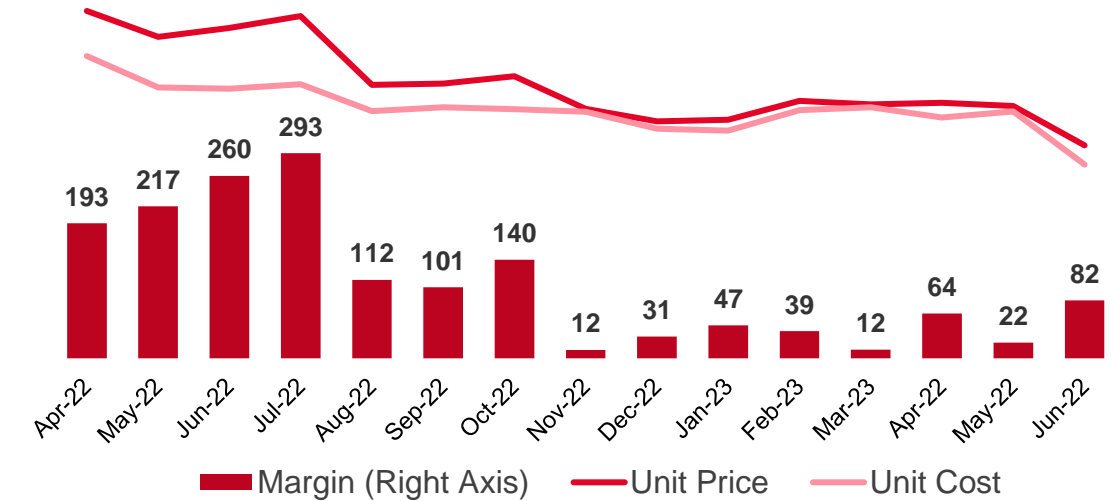
Thermoplastics and naphtha spread

USD/tonne



Petchem unit margins*

USD/tonne



(*) Excluding trade



Thermoplastics margins declined on the back of competitive pricing pressure from importers as upstream costs relaxed



A downturn in profitability at the MEG and PTA crackers offered no relief for integrated producers as margins retreated towards cash cost breakeven



Thanks to Petkim's diversified product range, aromatics affected profitability positively, especially in June

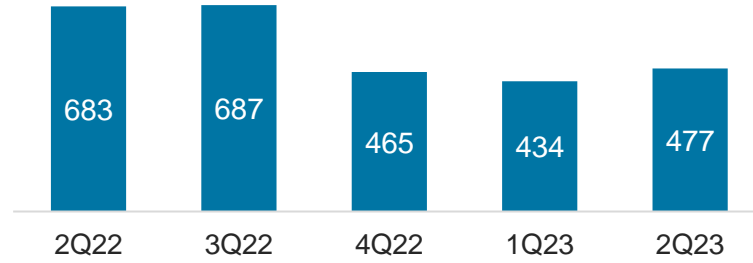
PETKIM 2Q23 income statement

TL mn	FY			Q2		
	Q2'22	Q2'23	YoY Δ (%)	Q1'23	Q2'23	QoQ Δ (%)
Sales	14,369	10,612	(26%)	9,198	10,612	15%
Cost of sales	(12,910)	(10,233)	(21%)	(9,217)	(10,233)	11%
Gross profit	1,458	379	(74%)	(19)	379	(2042%)
Gross profit %	10%	4%		0%	4%	
Marketing and sales expenses	(130)	(203)	56%	(171)	(203)	19%
General administrative expenses	(219)	(513)	134%	(375)	(513)	37%
Operating profit	1,109	(338)	(130%)	(566)	(338)	(40%)
Other income/ (expenses)	1,131	2,591	129%	1,210	2,591	114%
Financial income	1,984	5,933	199%	539	5,933	1001%
Financial expenses	(2,603)	(7,827)	201%	(1,124)	(7,827)	596%
Profit before tax	1,621	359	(78%)	59	359	509%
Income tax	105	2	(98%)	(16)	2	(113%)
Deferred tax	794	(140)	(118%)	87	(140)	(260%)
Net profit / (loss)	2,520	221	(91%)	131	221	69%
Net profit %	18%	2%		1%	2%	
Other	97	177	83%	290	177	(39%)
Depreciation	191	357	87%	323	357	11%
EBITDA	1,396	196	(86%)	47	196	318%
EBITDA %	10%	2%		1%	2%	

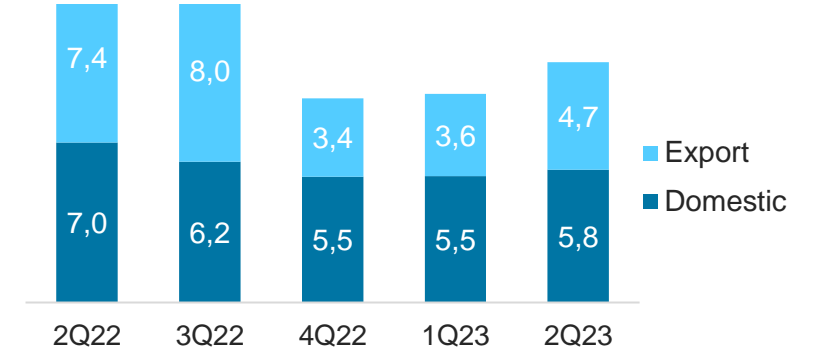


Financial highlights

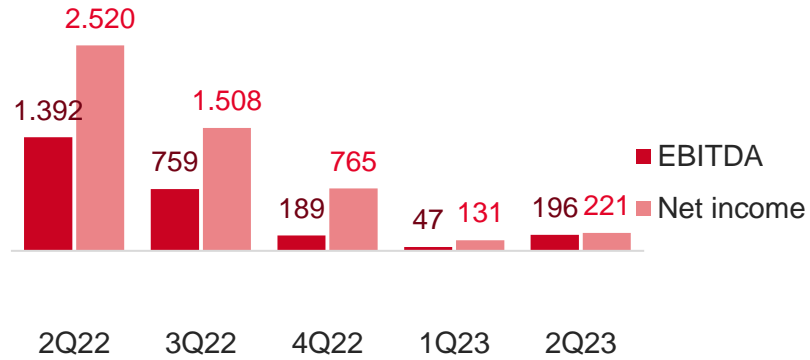
Sales tonnes (k ton)



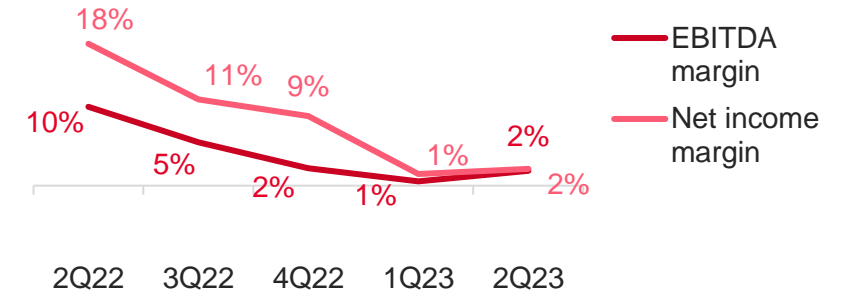
Revenue (bn TL)



EBITDA and net income (k TL)

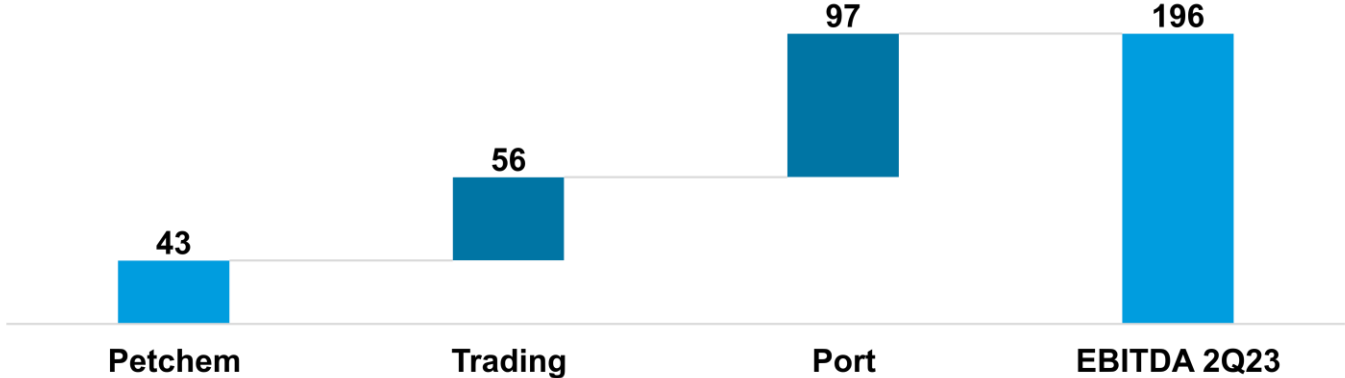


Margins (%)

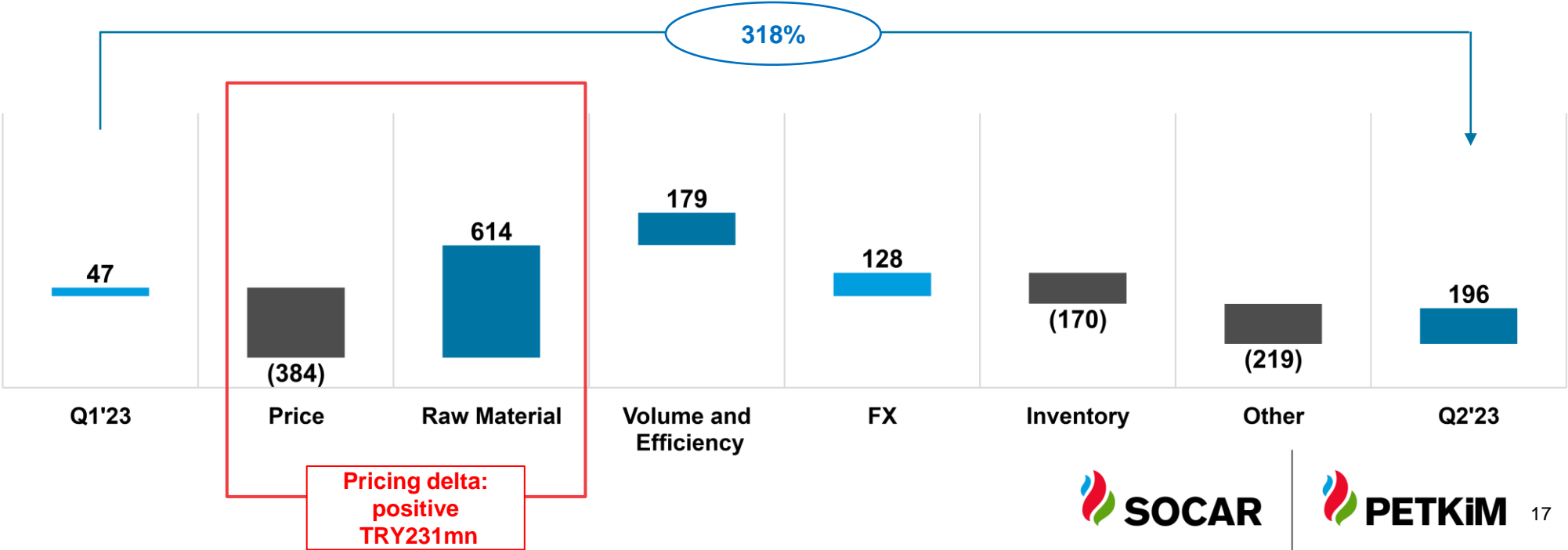


EBITDA improved due to positive pricing delta, volume and FX

2Q23 segments' results (mn TRY)



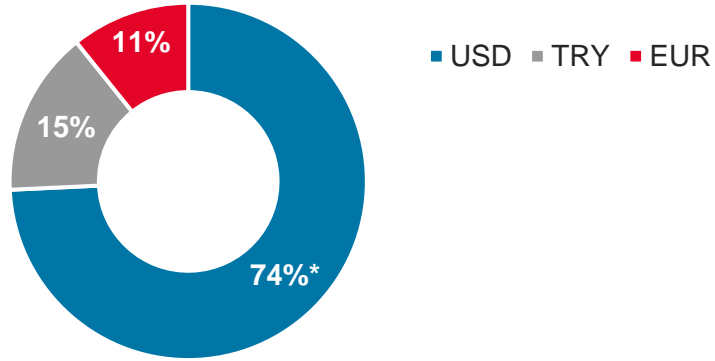
Quarterly change in EBITDA (mn TRY)



Liquidity highlights

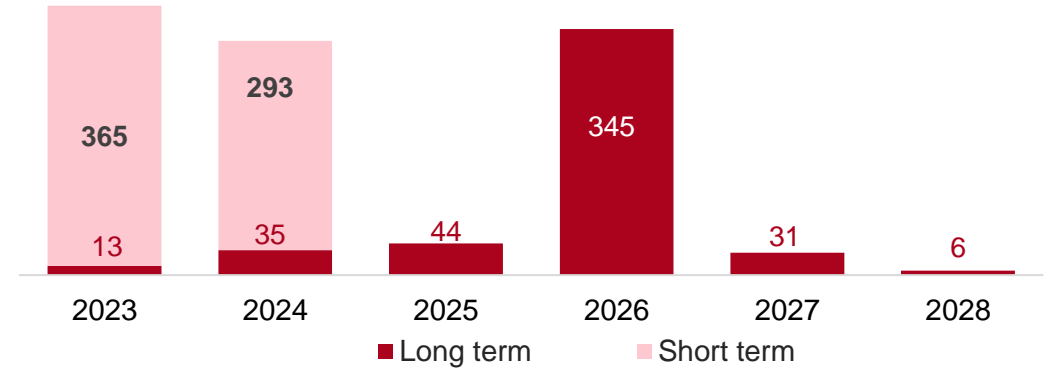
Deposits* (%)

USD422mn

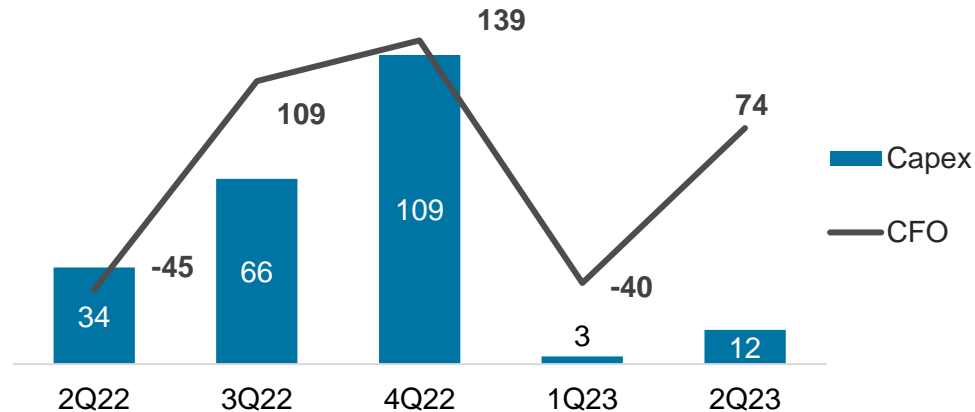


(*) FX-protected deposits account for 5% of USD deposits

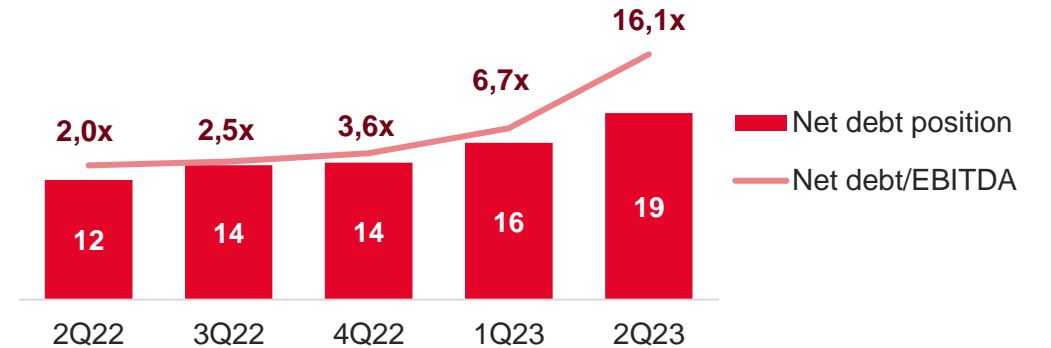
Maturity profile (mn USD)



Cash flow from operations and CAPEX (mn USD)



Net debt position (bn TL)



Sustainability and ESG



SOCAR Türkiye 2022
Sustainability Report



Our sustainability strategy will be built on two pillars

Climate/CO2 Targets



Decarbonization

1

Short-term²

2021-2025

Implement energy efficiency, electrification, resource management and flare management initiatives to decrease CO2 emission by 1% per annum in R&P BU

Improve capabilities and know-how for potential alternative energies (e.g., bio-naphtha, SAF, etc.)

2

Mid-term

2025-2030

Develop internal carbon pricing approach for future investments to effectively integrate decarbonization aspiration and mitigate risks caused by potential regulations

Consider decarbonization initiatives under strategic investments

Invest in plastic recycling to be one of the leading companies in Turkey recycling industry capacity

3

Long-term³

2030 onwards

Achieve long term decarbonization targets for decreased emissions:

- **40%** reduction by 2035 for Scope 1 & 2¹
- **Net zero** by 2050 for Scope 1 & 2¹

Collaborate with alternative energy start-ups through CVC with know-how gained in short and mid-term

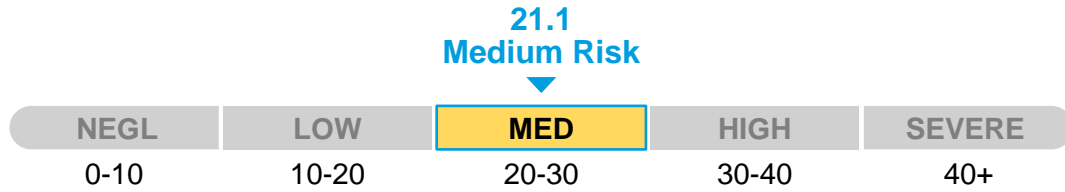


Circular economy

Develop relations and potentially partnerships with recycling players to address projected business opportunity and capture sustainability impact

1. Scope 1: Direct emissions (e.g., production processes), Scope 2: Indirect emissions (e.g. electricity and heat),
2. No major capex needed in the short term
3. Base year is 2017

Petkim completed the assessment with a score of 21.1 ESG Risk Rating



Strength areas

- Emissions, Effluents and Waste**
 - Environmental Policy
 - Environmental Management System
 - EMS Certification
 - Emergency Response Programme
- Business Ethics**
 - Political Involvement Policy
 - Lobbying and Political Expenses
 - Animal Testing Programme and Policy
- Occupational Health and Safety**
 - Health and Safety Management System
 - Health & Safety Certifications
 - LTIR Trend
 - Employee Fatality Rate
 - Contractor Safety Programme

ESG Risk Management

Petkim's overall ESG-related disclosure is in accordance with **GRI reporting standards**, adhering to best practice

ESG-related issues are **overseen** by the **Ethics and Corporate Social Responsibility Committee**, chaired by the CEO, suggesting that these are integrated in core business strategy



You can access our article on **World Finance Magazine** on **pages 138-139** through QR code below



Supporting Slides



PETKIM 2Q23 balance sheet

TL mn	3M'23	6M'23	Financial highlights	3M'23	6M'23
Cash and cash equivalents	5,743	10,900	Net debt position	(16,099)	(19,151)
Trade receivable	4,182	5,672	Working capital	(4,135)	(5,103)
Inventory	4,361	4,552	Days sales outstanding	40	46
Other receivables	28	80	Days payable outstanding	100	115
Other current assets	11,728	15,425	Days sales of inventory	45	46
Current assets	26,041	36,629			
Non current assets	21,832	25,720			
Total assets	47,873	62,348			
Short term borrowings	13,650	18,679			
Trade payables	3,572	6,311			
Other payables	1,243	4,058			
Current liabilities	18,466	29,048			
Long term borrowings	8,729	12,020			
Other non-current liabilities	1,516	2,013			
Shareholders' equity	19,162	19,267			
Total liabilities	47,873	62,348			

Diversified business profile through ancillary infrastructure and energy investments



Description

- Turkey's first privately constructed Refinery
- Target processing capacity of 10m tons p.a.
- Owned 60% by SOCAR Türkiye, and 40% by Azerbaijan Ministry of Economy and Industry
- Total investment amounts to USD6.3bn.

Benefits to Petkim

- Lower naphtha procurement costs
- Replacement of some of the heavy naphtha feedstock with reformat / mixed-xylene.
- Increased stability and quality of feedstock, supply security, and reduced inventory costs
- Upside from sharing services such as maintenance, safety, security, waste disposal and tug boat services
- STAR expected to become a stable dividend payer over the medium-term



- Largest container sea port in Western Türkiye with a 1.5m TEU container handling capacity
- Total construction costs amount to c.USD400m
- Petlim has signed a 28-year (+4) concession agreement with Port Operator
- Owned 70% by Petkim and 30% by STEAS

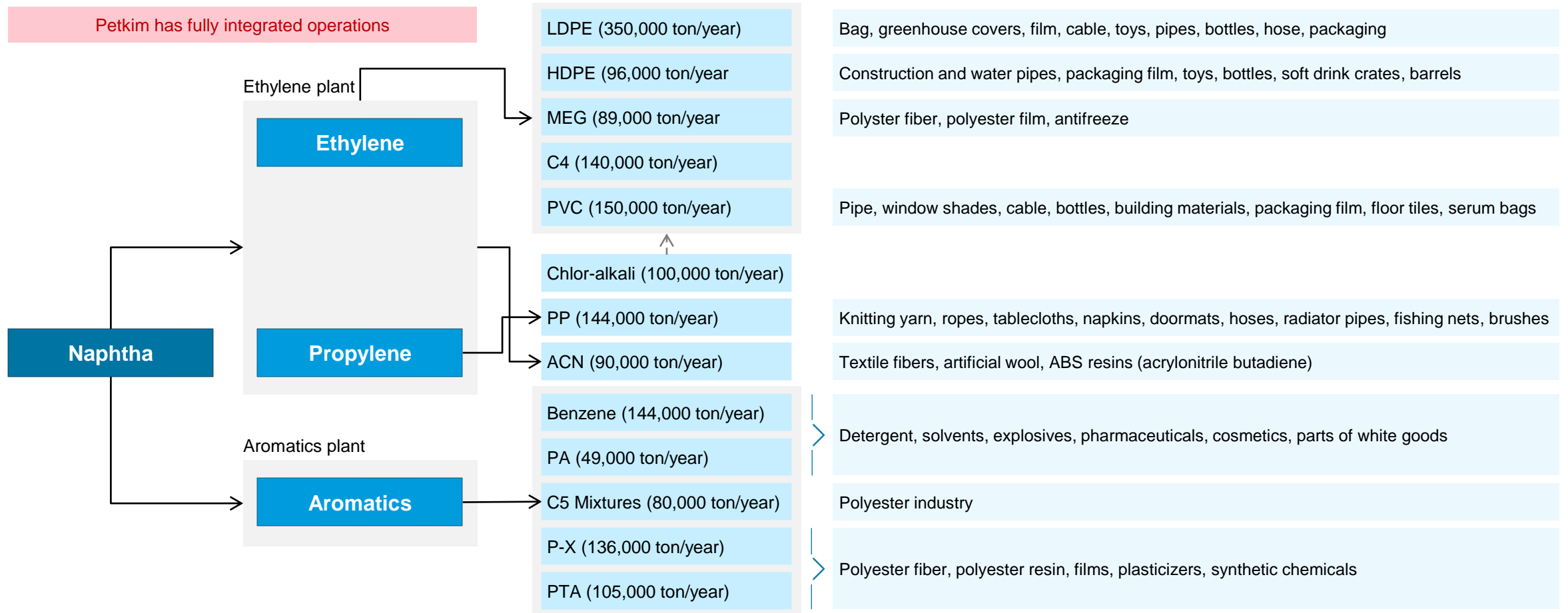
- Stable stream of income that is not correlated to Petkim's core business
- Savings on shipments for expansion projects



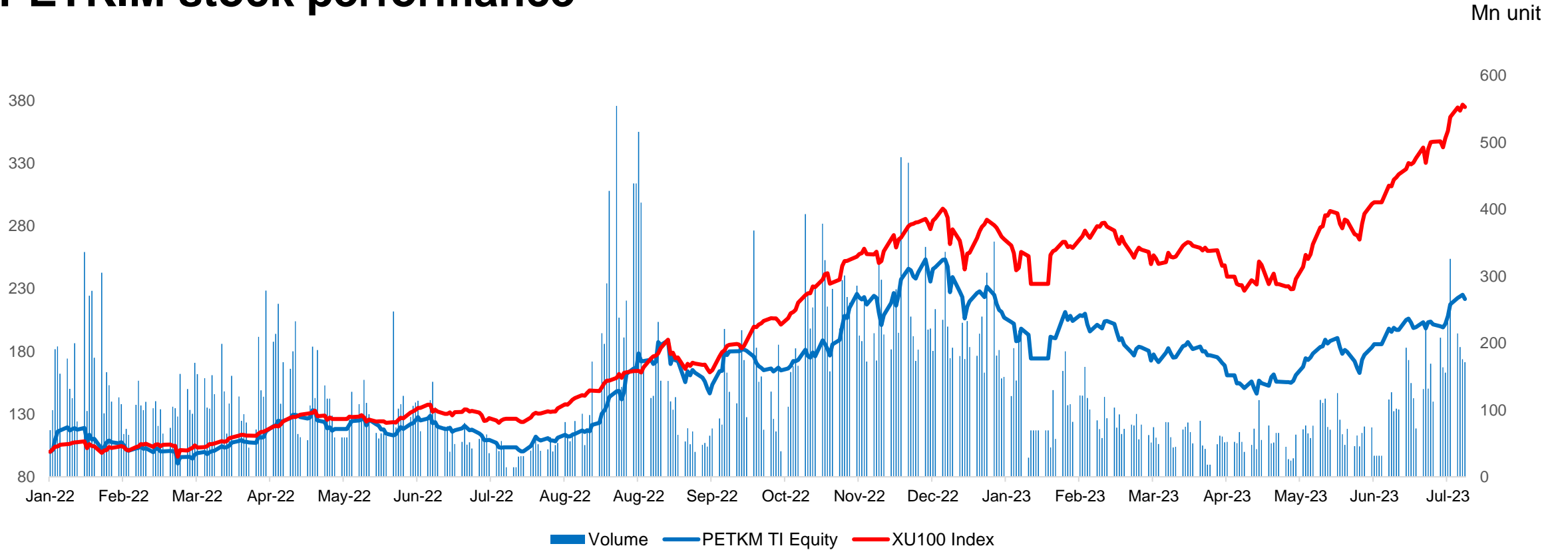
- Wind farm located in the Aliğa Peninsula licensed to generate 43,8MW of electricity
 - Petkim has applied for a new license allowing generation at full capacity of 51 MW
- The construction of 17 new turbines, each able to generate 3 MW of electricity, was completed in Sep-2017
- Total investment in the windfarm amounts to EUR55m

- Contributes to revenue diversification
- Plan is to sell the electricity generated to Türkiye's national grid, with a guaranteed tariff
- The windfarm provides a 22% increase in Petkim's electricity generating capacity
- Expected to reduce carbon emissions by 120kt per year

Petrochemical complex flow chart



PETKIM stock performance



Closing price (TL/share)
17,92TL

Market capitalization
(TL mn)
TL 45,416

Free float
(%)
49.0%

*As the date of 03 Aug 2023

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