

# 4Q17 Results Investor Presentation



01/03/2018

# Ethylene – Naphtha spread averaged US\$ 600/ton in 4Q17

- Ethylene-naphtha spreads decreased by 12% from the average of US\$ 681/ton in the 3Q17 to US\$ 600/ton in the 4Q17.
- Naphtha prices increased due to oil prices and demand from the petrochemical sector.
- Ethylene prices were high reflecting the economic growth and healthy demand.
- Margins were historically high. The industry is still in the longest period of strong profitability.

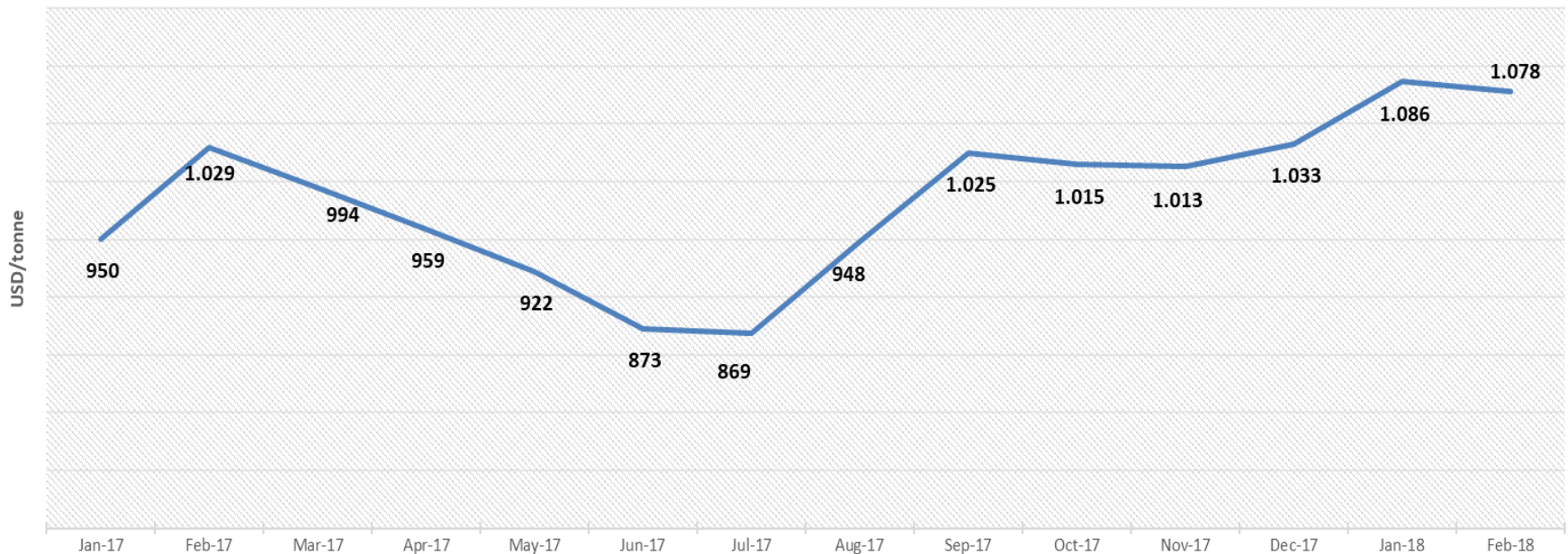
Monthly Naphtha - Ethylene Spread (CIF MED Spot Prices)



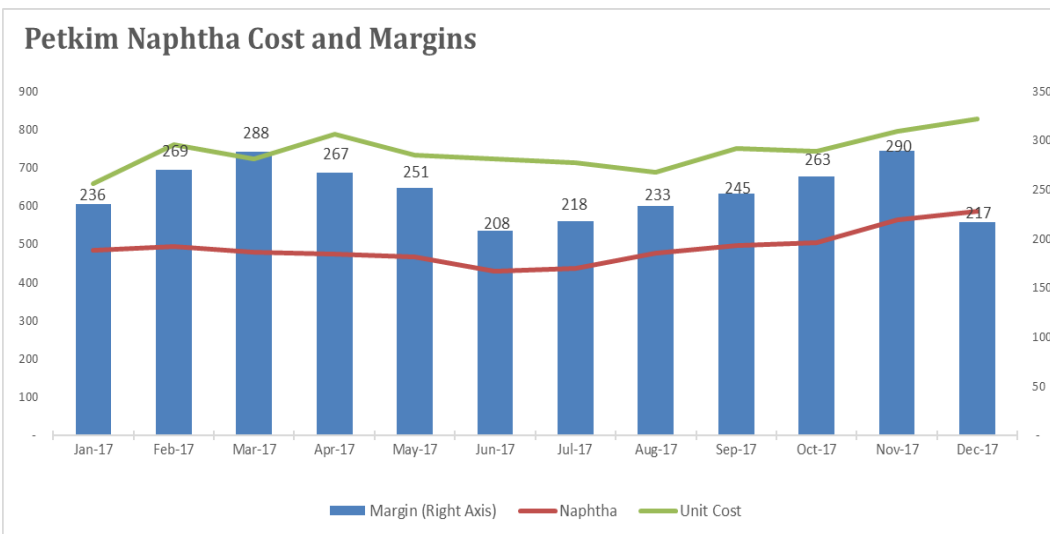
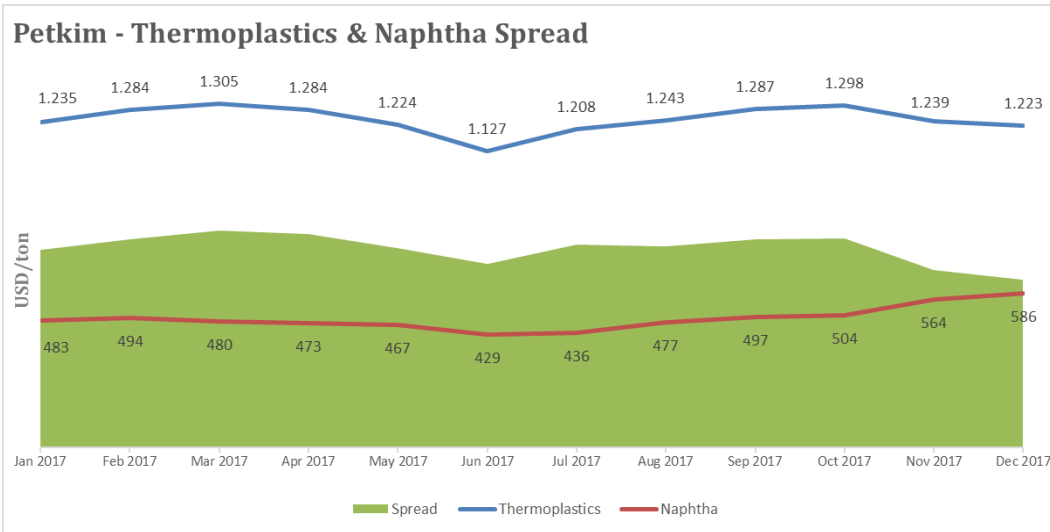
# PLATT's Index averaged US\$ 1.020 per ton in 4Q17

- PLATT's index increased to \$1.020 per ton in 4Q17 from \$947 per ton in 3Q17
- In 4Q17 PLATT's index is %21,1 above 2016 average
- The petrochemical index data show prices rising in the second half of the year as the increase of the oil price

## Monthly Average Platts Index



# Feedstock vs. Product Prices in 4Q17

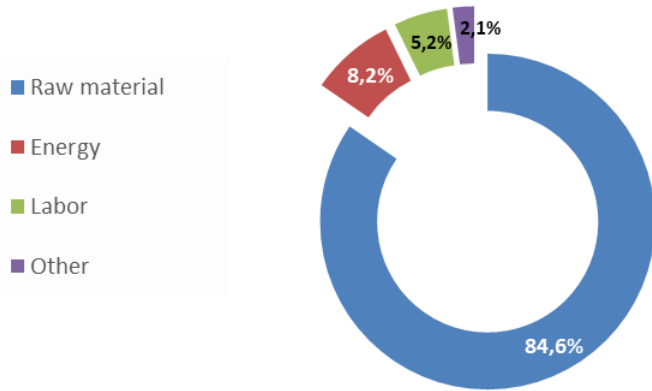


- Another strong full year for Petkim
- Naphtha based cracker margin in 2017 was among the highest
- Feedstock costs were passed down the chain of the production from cracker to polymer plants
- The petrochemical and polymer markets are relatively tight and providing strong margins
- Petkim has beaten a new record in terms of production quantity by 3,4 mtons of gross production with the ethylene capacity usage rate of 100%. A year of record for the sales quantity of over 2mtons.
- With the high production performance per unit energy consumption also reached historically low levels.

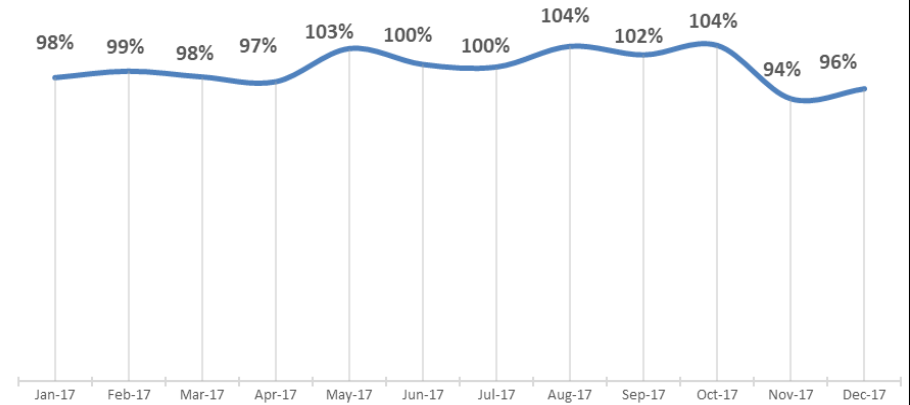


# Costs and Operational Efficiency in 4Q17

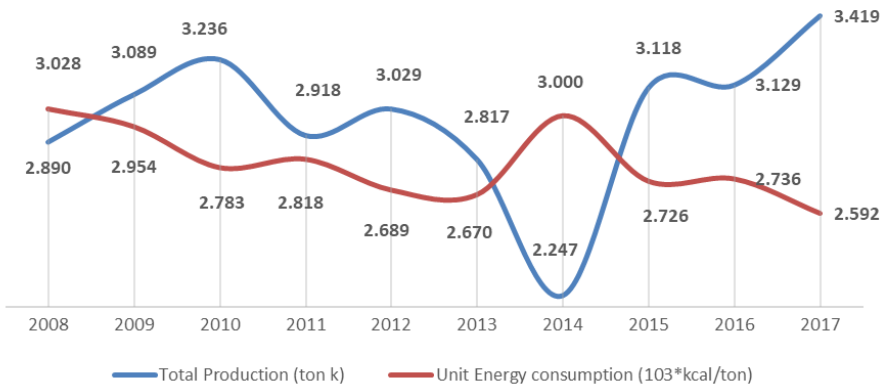
## Plant Cost Base Breakdown 4Q17



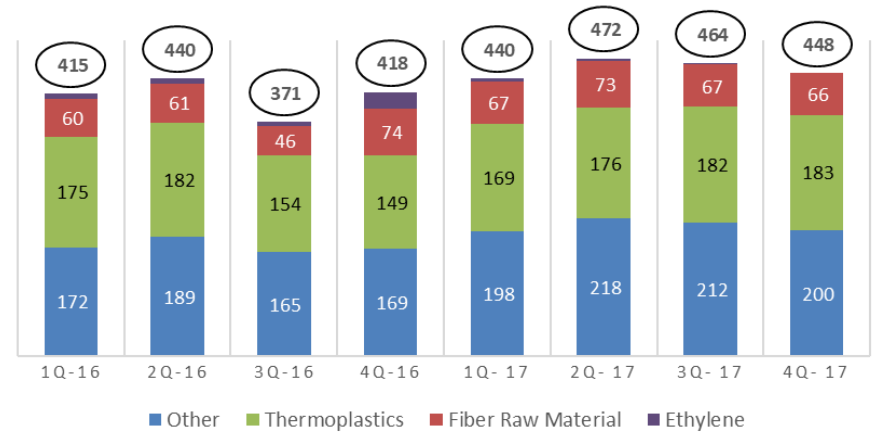
## Ethylene Facility Capacity Utilization Rate



## Total Production & Energy Consumption



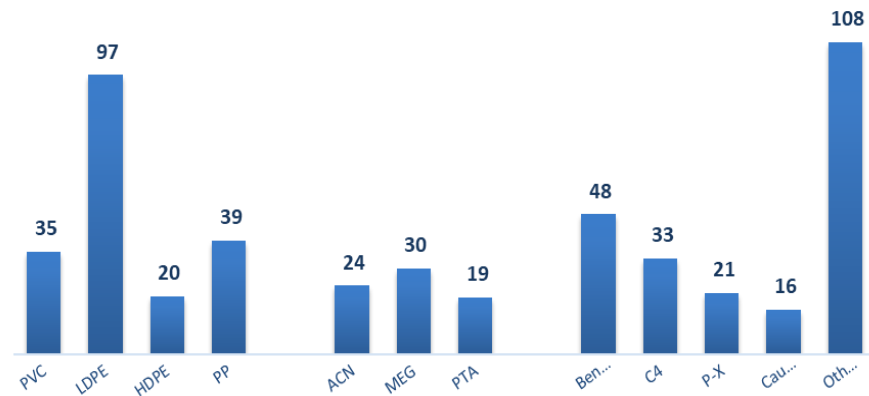
## Sales from Production (Ton K)



# In 4Q17 Petkim achieved TL 1.945mn sales via 491k ton volume

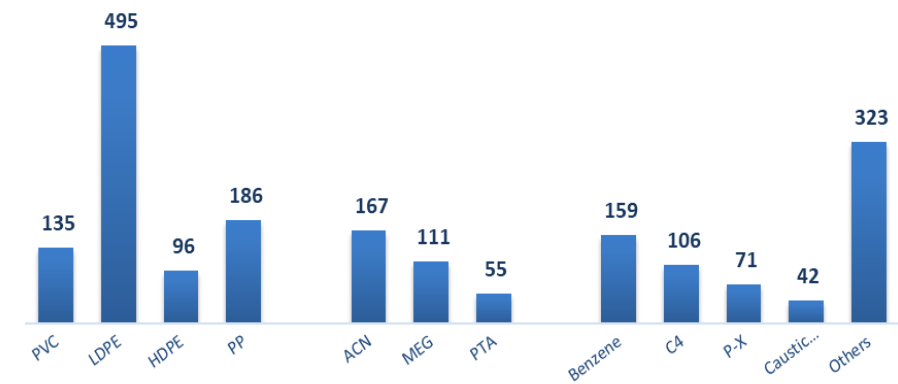
Sales Volume (ton k)- 4Q17

4Q17 Volume: 491k ton



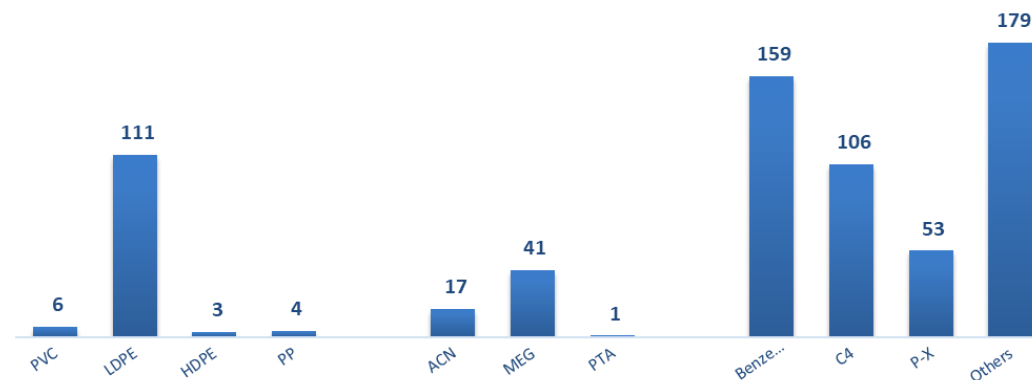
Revenue (TL mn)- 4Q17

4Q17 Revenue: TL1.945mn



Export Revenue (TL mn)- 4Q17

4Q17 Export Revenue: TL681mn



# PETKIM 4Q17 Income Statement

TL mn	4Q16	4Q17
Sales	4.532,6	7.363,8
Cost of sales	(3.574,8)	(5.505,9)
<i>Gross Profit</i>	<b>957,8</b>	<b>1.858,0</b>
<i>Gross profit %</i>	<b>21,1%</b>	<b>25,2%</b>
Marketing and sales expenses	(42,3)	(59,4)
General admin. Expenses	(138,1)	(200,9)
R&D Expenses	(12,8)	(17,2)
<i>Operating profit</i>	<b>764,6</b>	<b>1.580,4</b>
Other income / (expenses)	13,0	115,8
Financial income	451,9	647,6
Financial expense	(447,6)	(682,7)
<i>Profit before tax</i>	<b>781,9</b>	<b>1.661,1</b>
Income tax	(163,0)	(248,5)
Deferred tax	112,8	(23,1)
<i>Net Profit / (loss)</i>	<b>731,7</b>	<b>1.389,4</b>
<i>Net profit %</i>	<b>16,1%</b>	<b>18,9%</b>
Severance	0,3	31,7
Depreciation	125,0	178,7
<i>EBITDA</i>	<b>889,9</b>	<b>1.790,8</b>
<i>EBITDA %</i>	<b>19,6%</b>	<b>24,3%</b>



# PETKIM 4Q17 Balance Sheet

TL mn	12M16	12M17
Cash and cash equivalents	1.267,2	1.460,4
Trade receivables	674,5	918,8
Inventory	604,3	893,6
Other receivables	30,8	837,4
Other current assets	83,2	98,2
<i>Current assets</i>	<b>2.659,9</b>	<b>4.208,4</b>
Non current assets	3.608,6	3.580,5
<i>Total Assets</i>	<b>6.268,5</b>	<b>7.788,9</b>
Short term borrowings	1.219,7	1.602,6
Trade payables	412,4	540,3
Other payables	164,6	204,1
<i>Current liabilities</i>	<b>1.796,6</b>	<b>2.346,9</b>
Long term borrowings	1.181,5	1.356,2
Other non-current liabilities	220,9	231,6
<i>Shareholders' equity</i>	<b>3.069,4</b>	<b>3.854,1</b>
<i>Total liabilities</i>	<b>6.268,5</b>	<b>7.788,9</b>
<i>Net debt position</i>	-432	-700
<i>Working Capital</i>	195	1.312
<i>Days sales outstanding</i>	54	46
<i>Days payable outstanding</i>	114	89
<i>Days sales of inventory</i>	62	59





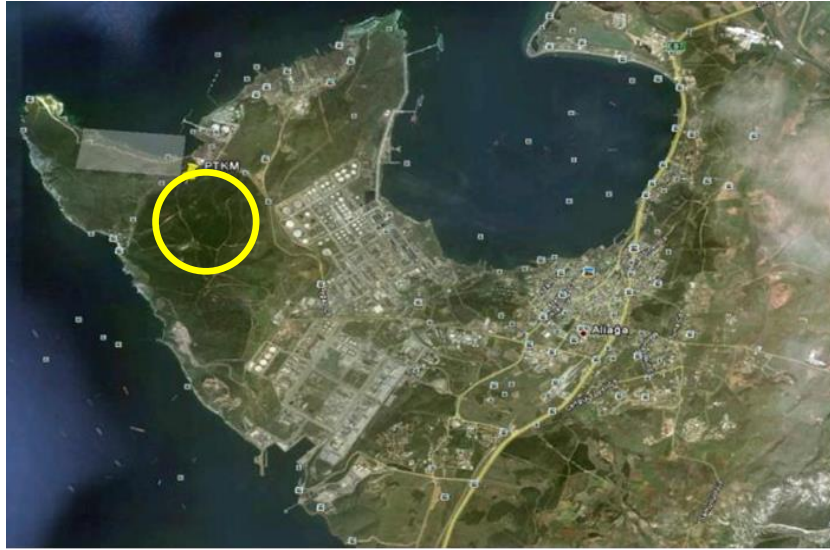
# PETLIM – Operations Commenced in December 2016



- PETLIM Port Project has 1.5 million TEU container handling capacity, 42 hectare main port area, 8 hectare off-dock service area terminal port.
- APMT and Petkim's 70% subsidiary PETLIM has a revenue sharing agreement for the 28 years (+4 years option) of the operational period.
- Our partner in port operations, APMT (group company of Maersk Group) paid US\$ 25mn in July 2013, as the first installment of US\$ 65mn upfront fees for the Operation Rights.
- Goldman Sachs has purchased 30% stake in Petlim for a total consideration of US\$ 250mn.
- PETLIM Port's Phase 1 with 800.000 TEU capacity has been completed and port commenced its operations in December 2016.



# Petkim - Wind Power Plant



- Petkim is setting up a wind power plant with a total capacity of 51MW at the Petkim Peninsula.
- The WPP is planned to generate 200GWh electricity per annum.
- Construction phase of the investment has been completed. WPP has started its operation with existing 25MW capacity WPP license from Energy Market Regulatory Authority (EMRA). An application to amend the existing WPP capacity license to 51 MW is made. Upon the amendment of the EMRA license, WPP will operate as 51 MW.



Picture above is presented for only representative purposes



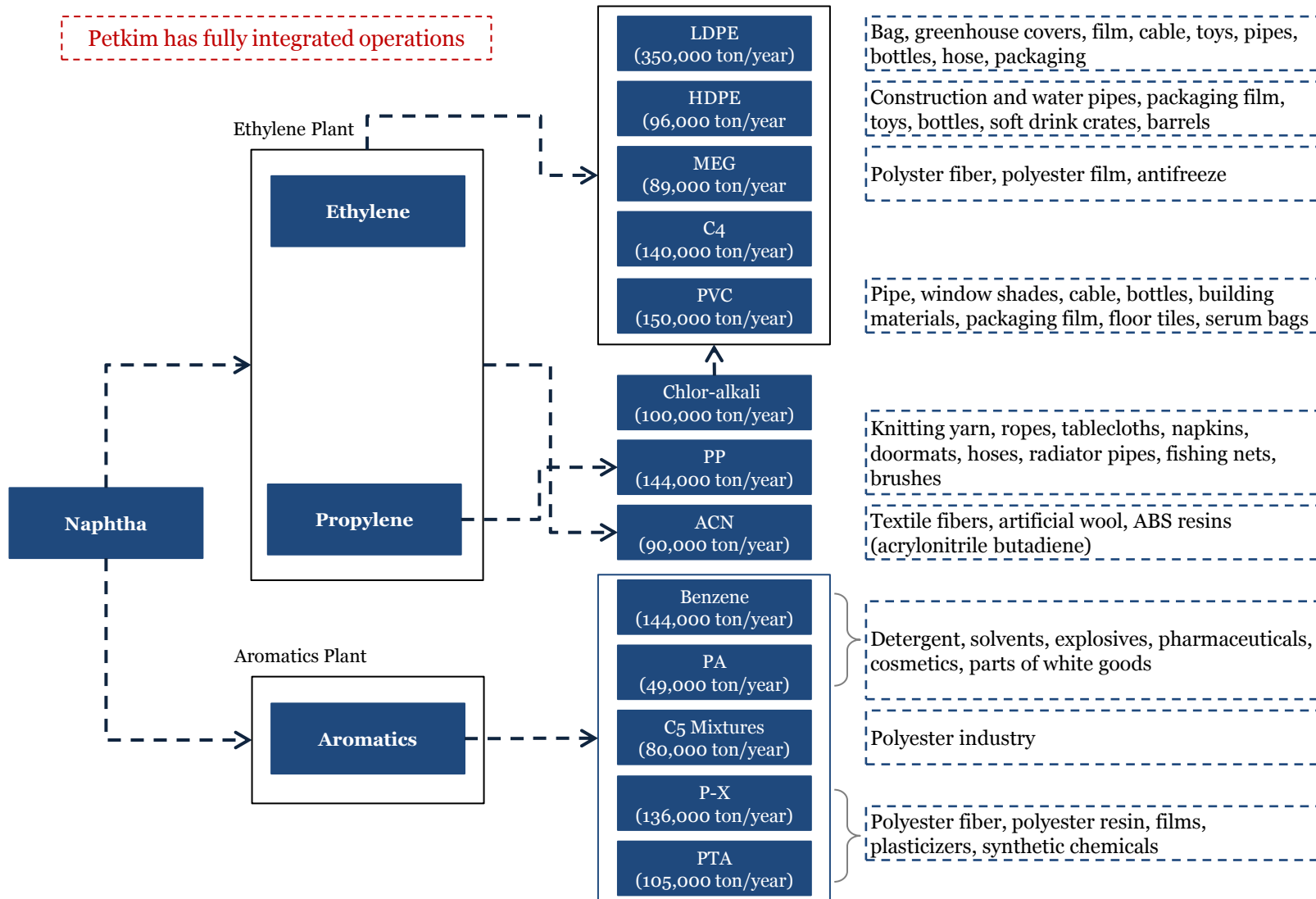


# STAR Refinery



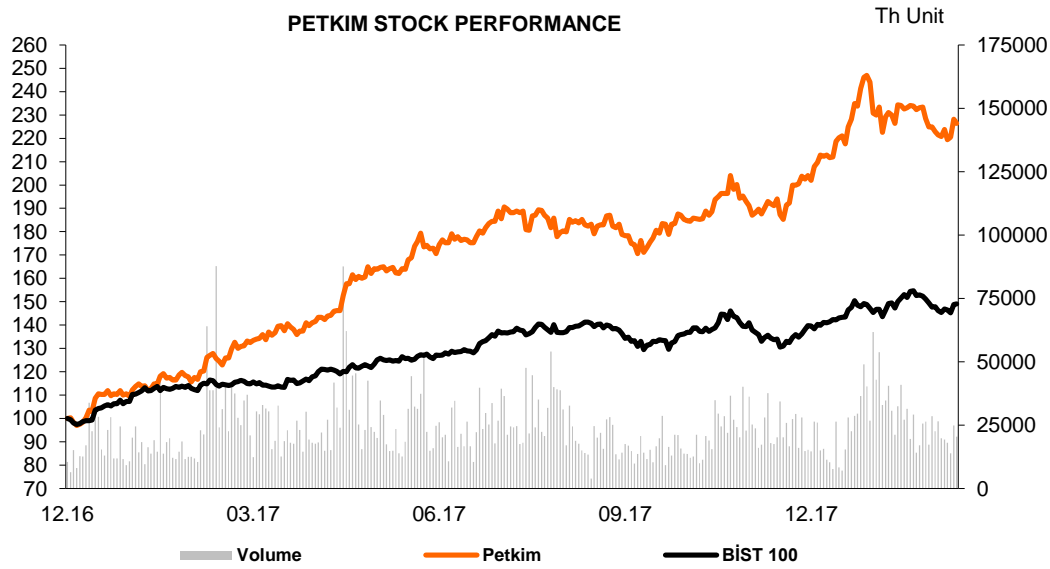
- STAR Refinery will have 10 million tons /year crude oil refining capacity.
- Petkim signed a 20-year off-take agreement with STAR Rafineri A.Ş to offtake 270,000 tonnes mixed-xylene and 1,600,000 tonnes naphtha annually.
  - Naphtha price will be set as the Platts' FOB MED spot market price plus US\$ 6 margin per tonne and mixed-xylene price will be based on ICIS's Rotterdam Paraxylene Spot Price multiplied by 0.74.
  - It is expected that PETKIM's feedstock cost will be reduced US\$ 30 per ton as a result of this agreement. The offtake pricing terms in the agreement are in line with the market prices.
  - Other than the logistics cost savings, as a result of the synergies created by the refinery and the petrochemicals integration, there will be significant cost benefits for Petkim including quality standardization and stabilization, and the reduction in inventory costs.
- The aggregate investment amount will reach US\$ 5.7bn.
- On May 30th 2014, US\$ 3,290 million project finance portion of the STAR Refinery investment has been signed with a number of 23 local and international financial institutions including Export Credit Agencies (ECAs), commercial banks and development banks.
- US\$ 2,690 million of the project finance has a maturity of 18 years with 4 years grace period, while the remaining US\$ 600 million has a maturity of 15 years with 4 years grace period.

# Appendix 1. Petrochemical Complex Flow Chart



# Appendix 2. PETKIM STOCK PERFORMANCE

## Petkim Stock Performance



Closing Price as of 29 Dec 2017 (TRY/Share)	TL 7.77
Market Cap (TRY mn)	TL 11,655
Free Float (%)	49.0%



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