

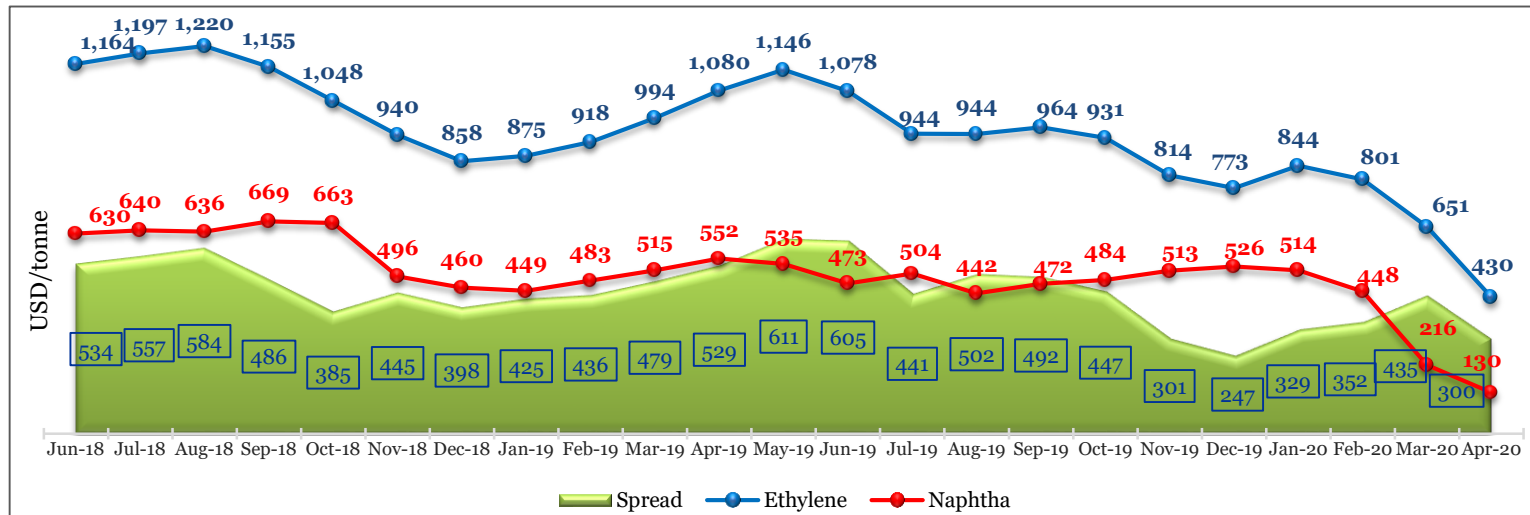
# 1Q20 Results Investor Presentation



# Ethylene – Naphtha spread averaged US\$ 369/ton in 1Q20

- Ethylene-naphtha spread increased by 10% from US\$ 336/ton in 4Q19 to US\$ 369/ton in 1Q20.
- As crude oil prices have collapsed, naphtha prices have fallen sharply and the competitive advantage of ethane-based producers is significantly diminished by the end of the February.
- Thus, naphtha-ethylene spread have improved in 1Q20 and we have seen a clear contrast to the to the low margins that producers have endured since the last October.
- In April however spread narrowed again with the sharp decline in ethylene prices.

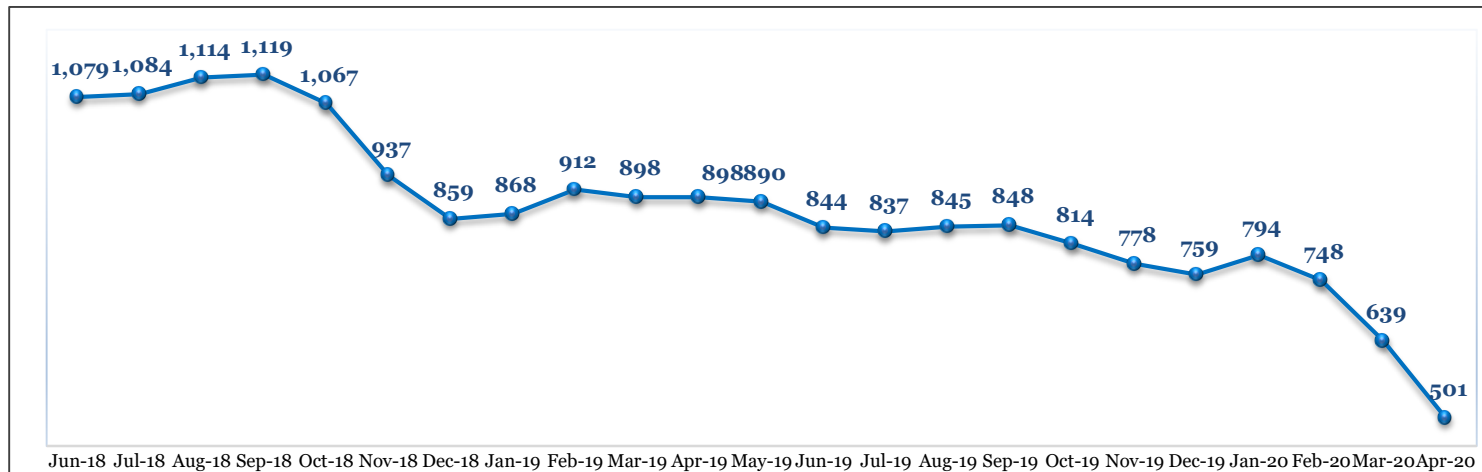
Monthly Naphtha - Ethylene Spread (CIF MED Spot Prices)



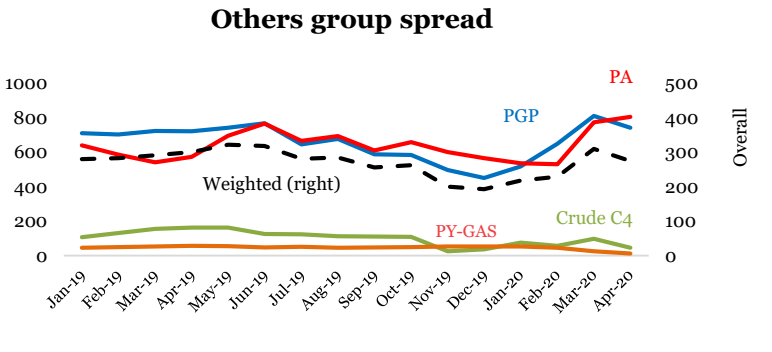
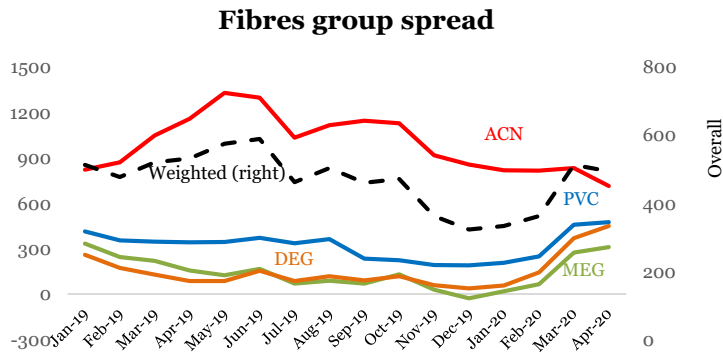
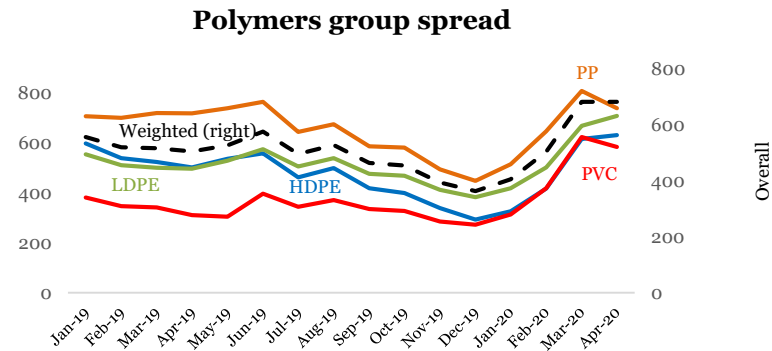
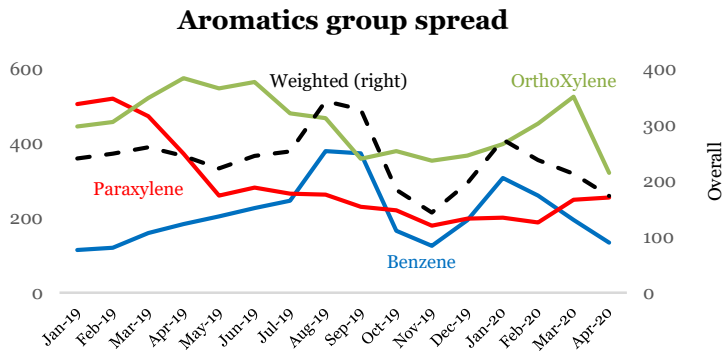
# PLATTs Index averaged US\$ 724 per ton in 1Q20

- Petrochemical product prices have declined on the back of lower feedstock prices and massive change in demand due to COVID-19
- Cyclical spreads were bottom of the cycle driven by oversupply even before the potential demand hit from COVID-19 however on the top of sharp decline in oil price, product spreads have improved and seeing limited downside in the 1Q20.
- Thermoplastic price levels have been stable and in line with the second half of 2019 levels. LDPE and PP demand held up quite well driven by film and food packaging and medical products.
- C4 demand and price have fallen more sharply than most petrochemicals, leaving the market oversupplied in this period.

Monthly Average Platts Index



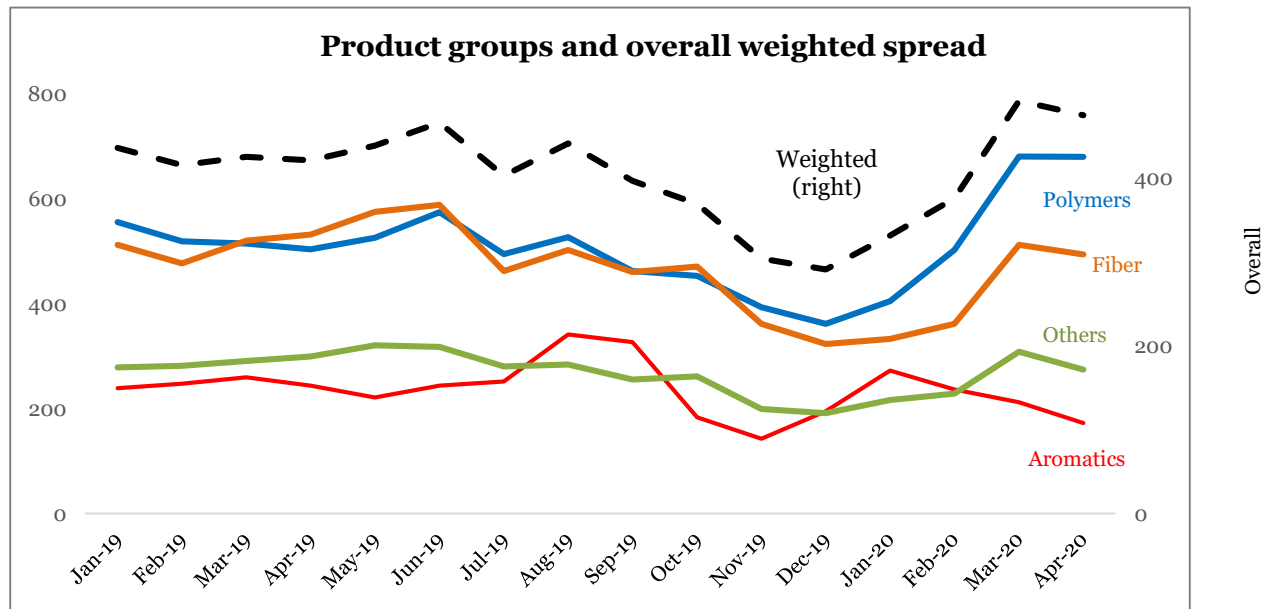
# Product group spreads (Over naphtha CIF MED), USD/MT



Source: Platts, Company



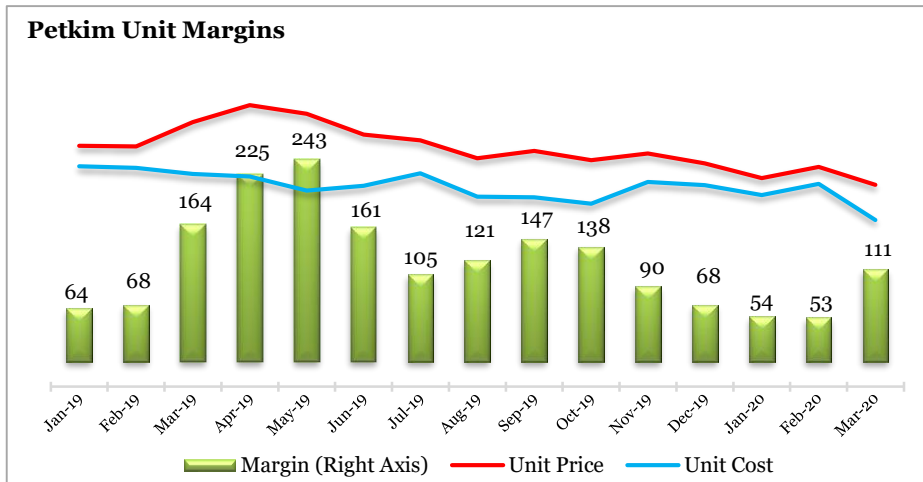
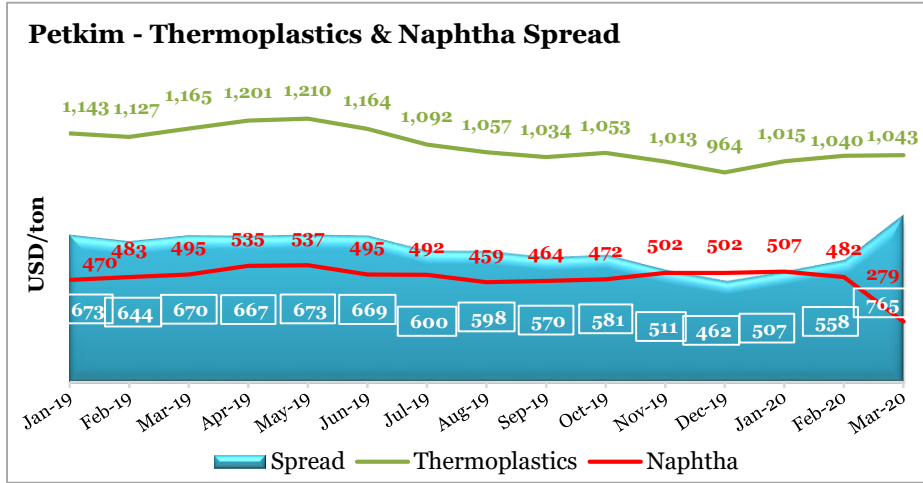
# Product groups and overall weighted spread (over naphtha CIF MED), USD/MT



Source: Platts, Company



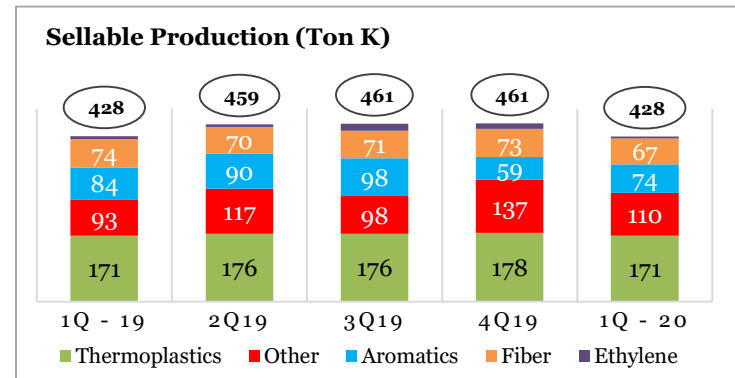
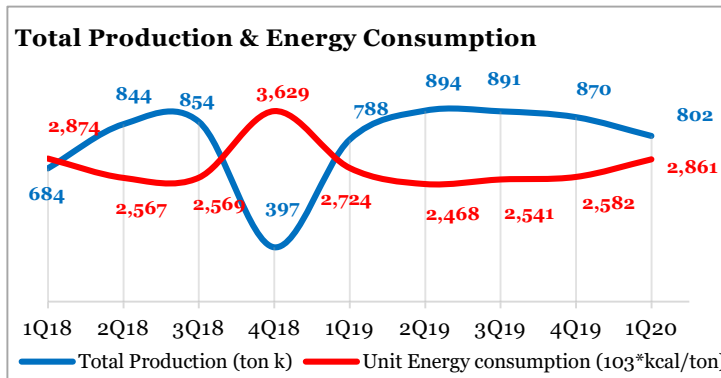
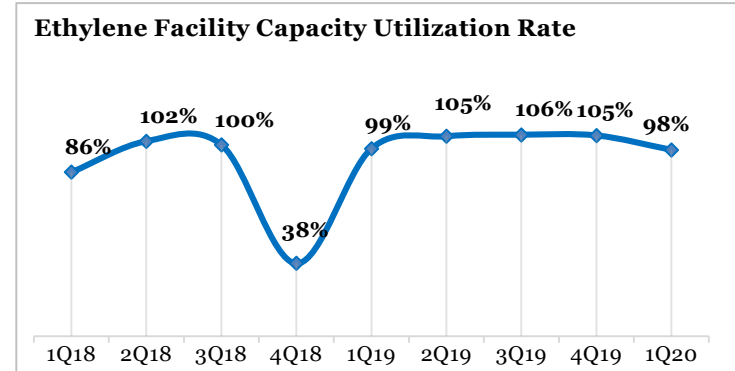
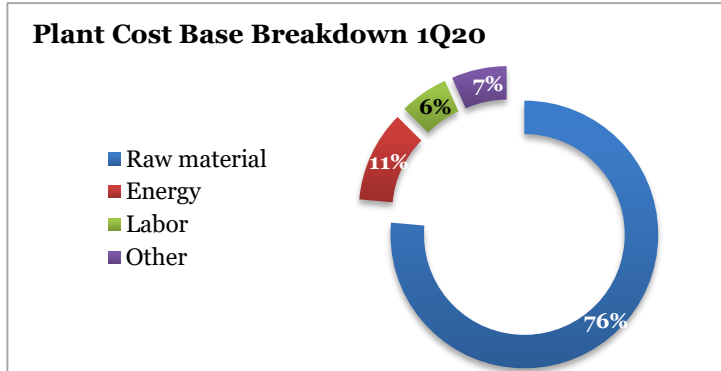
# Feedstock vs. Product Prices



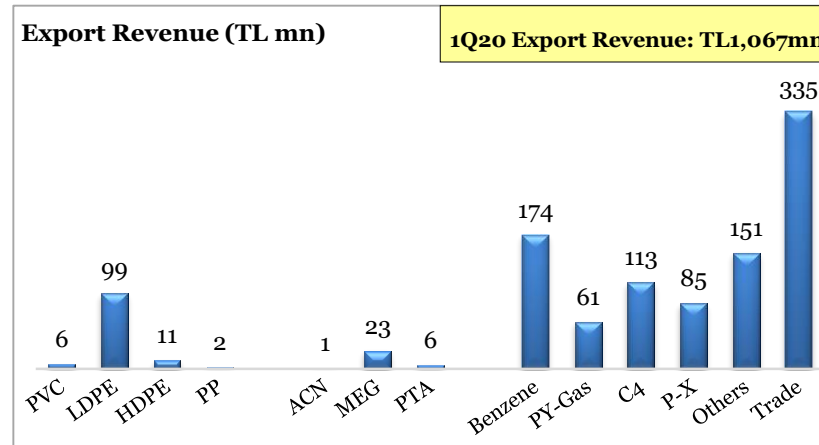
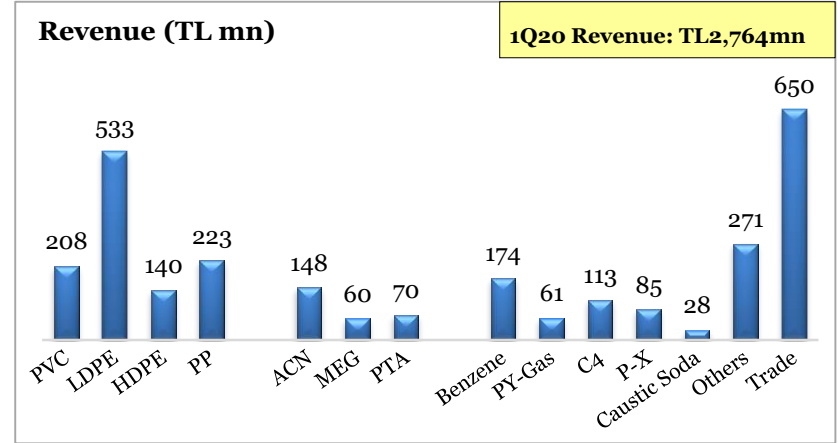
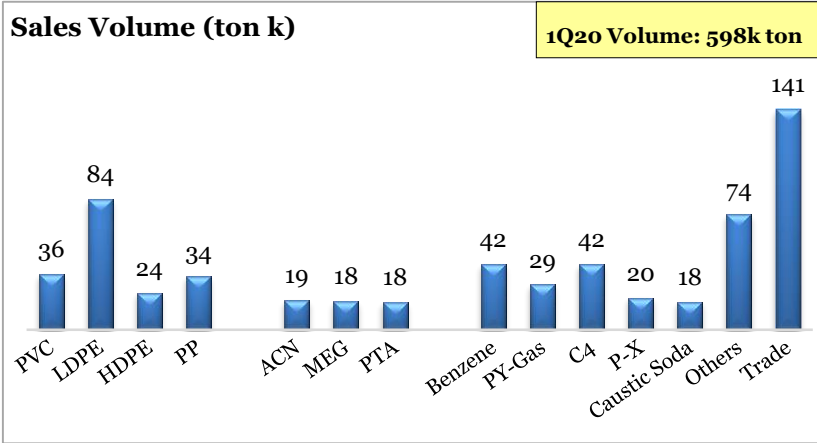
- 297Kton feedstock has been supplied from STAR Refinery in Q120.
- The fall in oil prices is reflected in monomer and aromatics prices immediately, while polymer product prices are less affected.
- Thermoplastics demand held up quite well driven by film and food packaging and medical products. Thermoplastic margin reached to 765 in March due to the low naphtha prices.
- In the first quarter of 2020, 428Kton sellable production was generated and ethylene capacity utilization rate was 98%.



# Costs and Operational Efficiency in 1Q20



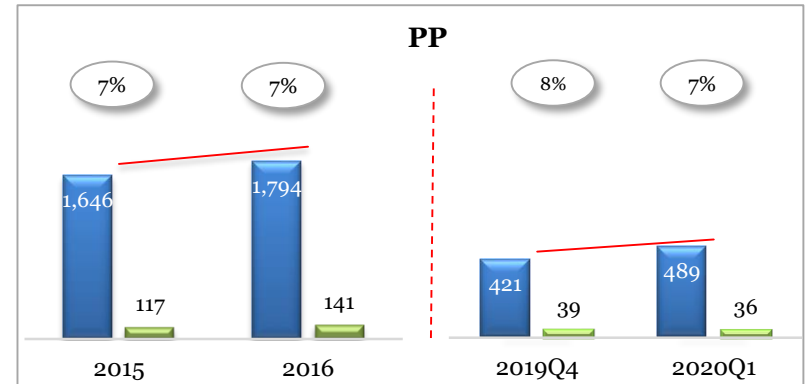
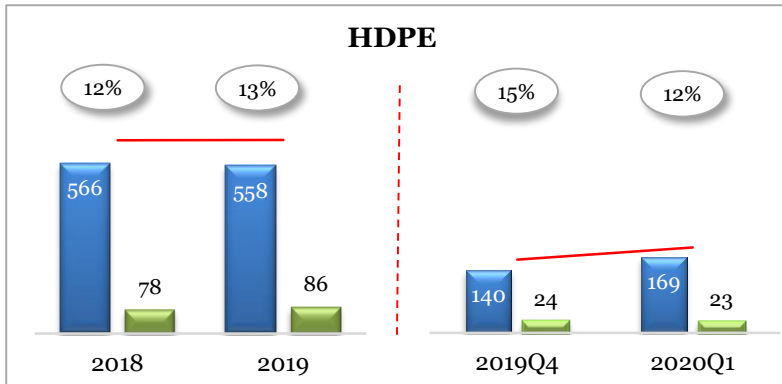
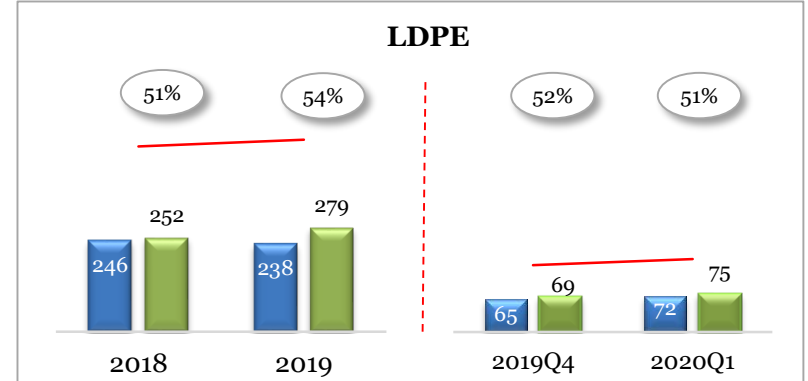
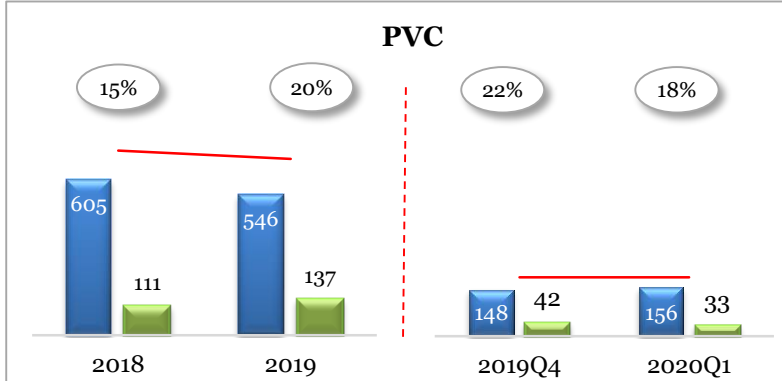
# In 1Q20 Petkim achieved TL 2,764mn sales via 598k ton volume





# Turkey thermoplastics consumption increased by 11% in 1Q20 compared to 4Q19.

Ton k



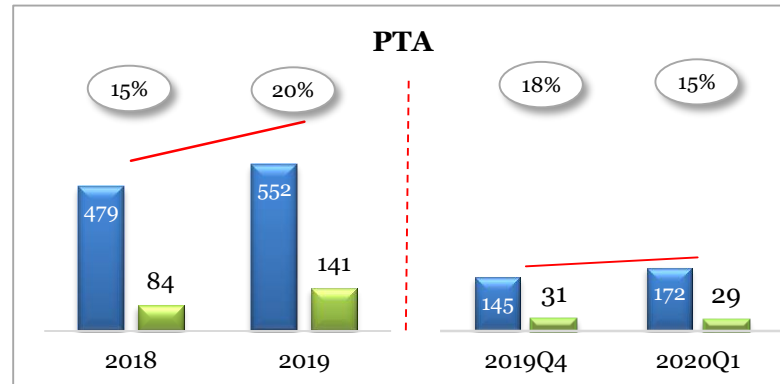
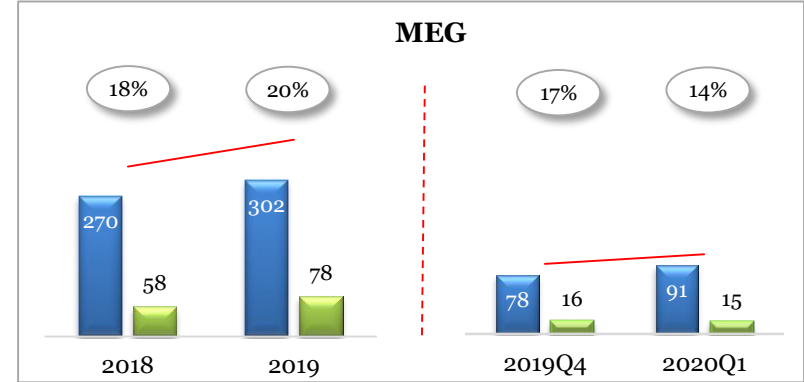
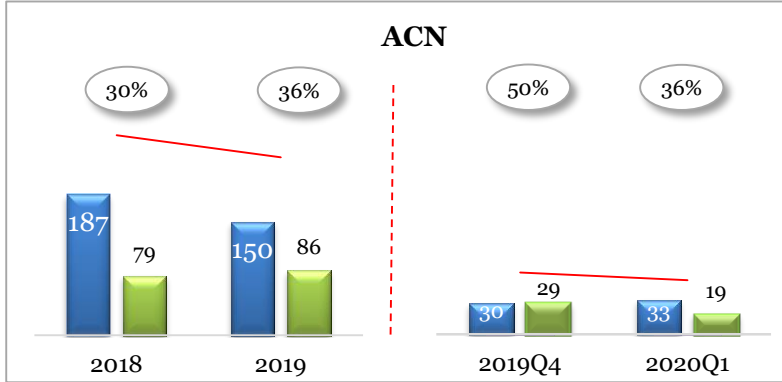
■ Turkey's Import      — Domestic Consumption  
■ Petkim/Domestic Sale         Domestic Market Share %

Source: TURKSTAT, Company



# Fiber consumption in Turkey increased by 9% in 1Q20 compared to 4Q19.

Ton k



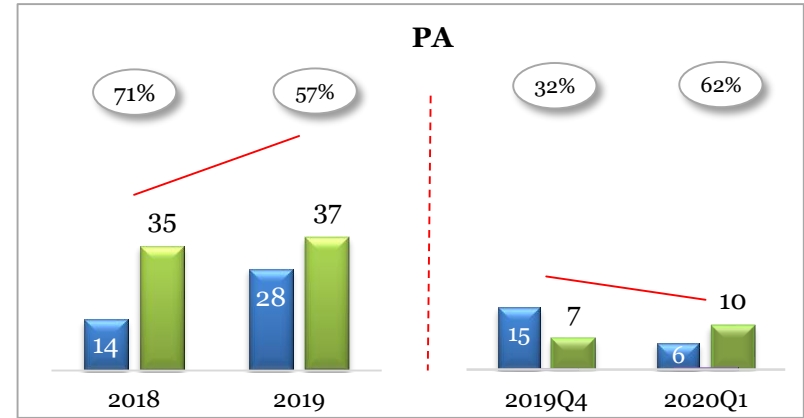
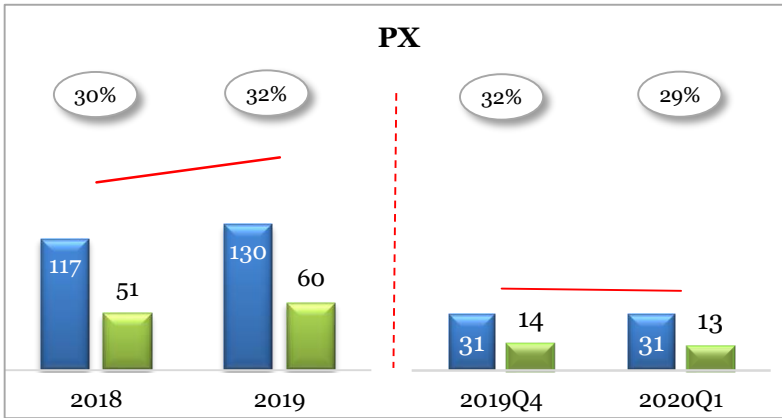
- Turkey's Import
- Petkim/Domestic Sale
- Domestic Consumption
- Domestic Market Share %

Source: TURKSTAT, Company



# Turkish Market – Others

Ton k



- Turkey's Import
- Petkim/Domestic Sale
- Domestic Consumption
- Domestic Market Share %

Source: TURKSTAT, Company



# PETKIM 1Q20 Income Statement

TL mn	3M'19	3M'20
Sales	2,832	2,766
Cost of sales	(2,499)	(2,561)
<b>Gross Profit</b>	<b>334</b>	<b>205</b>
<i>Gross profit %</i>	11.8%	7.4%
Marketing and sales expenses	(24)	(28)
General admin. Expenses	(87)	(101)
R&D Expenses	(6)	(7)
<b>Operating profit</b>	<b>217</b>	<b>69</b>
Other income / (expenses)	61	73
Financial income	559	751
Financial expense	(646)	(883)
<b>Profit before tax</b>	<b>190</b>	<b>11</b>
Income tax	(21)	-
Deferred tax	(26)	(20)
<b>Net Profit / (loss)</b>	<b>144</b>	<b>(10)</b>
<i>Net profit %</i>	5.1%	-0.4%
Other	36	50
Depreciation	85	86
<b>EBITDA</b>	<b>338</b>	<b>205</b>
<i>EBITDA %</i>	11.9%	7.4%



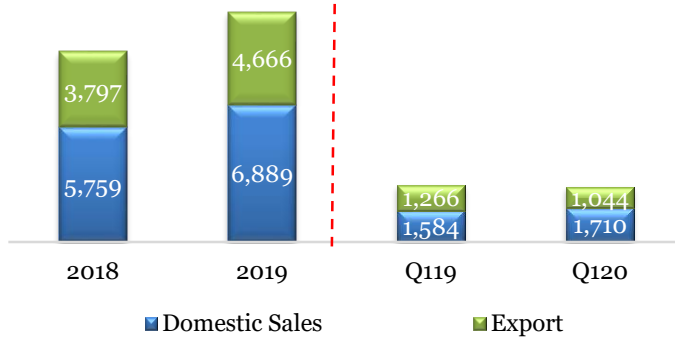
# PETKİM 1Q20 Balance Sheet

TL mn	12M19	3M20
Cash and cash equivalents	4,037	3,677
Trade receivables	1,552	1,421
Inventory	929	903
Other receivables	13	7
Other current assets	3,015	3,397
<b>Current assets</b>	<b>9,547</b>	<b>9,405</b>
Non current assets	5,255	5,465
<b>Total Assets</b>	<b>14,801</b>	<b>14,870</b>
Short term borrowings	4,037	3,799
Trade payables	957	476
Other payables	134	171
<b>Current liabilities</b>	<b>5,129</b>	<b>4,446</b>
Long term borrowings	4,487	5,262
Other non-current liabilities	337	389
<b>Shareholders' equity</b>	<b>4,849</b>	<b>4,773</b>
<b>Total liabilities</b>	<b>14,801</b>	<b>14,870</b>
<i>Net debt position</i>	-4,297	-5,164
<i>Working Capital</i>	27	332
<i>Days sales outstanding</i>	49	45
<i>Days payable outstanding</i>	89	72
<i>Days sales of inventory</i>	34	33

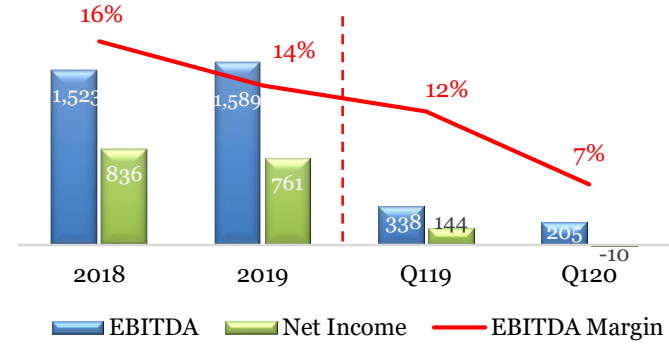


# Financial Performance

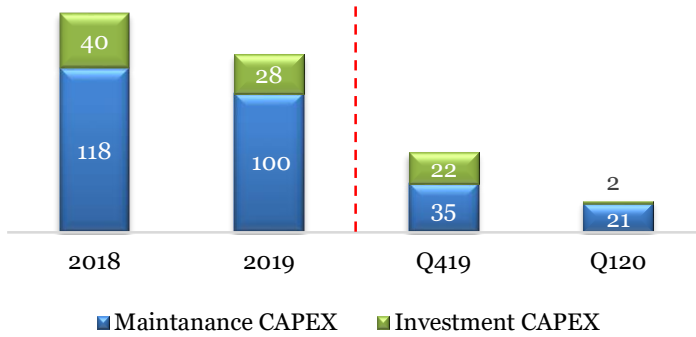
### Revenue (mn TL)



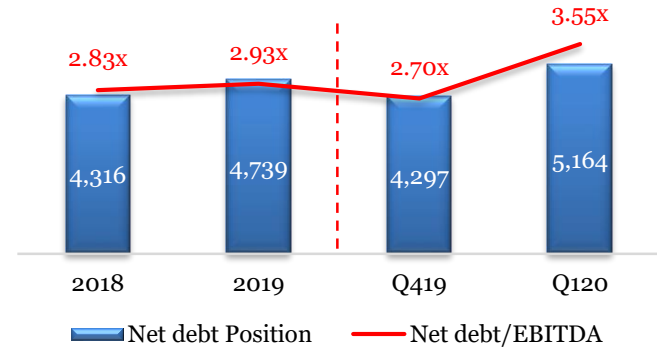
### EBITDA, Net Income and EBITDA Margin (mn TL)



### CAPEX (mn US\$)

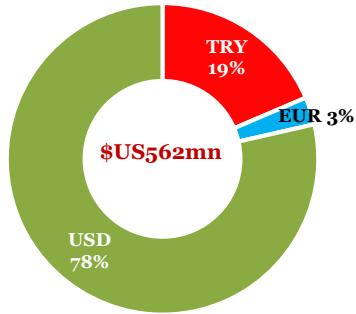


### Net Debt Position (mnTL)



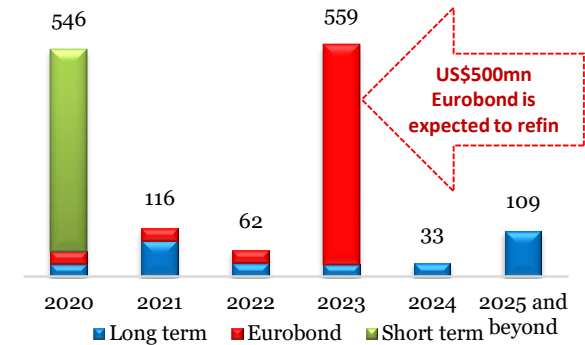
# Balance Sheet Analysis

Deposits - by currency



Loan Type	Loan Type	Currency	Outstanding principal (Original currency)	Outstanding principal (USD)
Long-term loan	Investment	EUR	34.87	38.28
	Investment	USD	25.45	25.45
	Project Finance	USD	189.23	189.23
	Eurobond	USD	500.00	500.00
	Investment	TRY	70.00	10.66
Naphtha WC financing	Murabaha	USD	57.31	57.31
<b>Total long-term loan</b>		<b>USD</b>		<b>820.92</b>
Short-term loan	WC Financing	TRY	42.02	6.40
	WC Financing	USD	270.00	270.00
	WC Financing	EUR	20.00	21.95
Naphtha WC financing	Letter of Credits	USD	107.92	107.92
Naphtha WC financing	Murabaha	USD	121.58	121.58
<b>Total short-term loan</b>		<b>USD</b>		<b>527.85</b>
<b>Total</b>		<b>USD</b>		<b>1,348.77</b>

Maturity Profile\* (mn US\$)






As the date of 31.03.2020;

- 78% of deposits are in US\$, 19% of deposits are in TRY and the remainder 3% is in EUR.
- Petkim reported total debt of \$1.349 billion of which \$527 million was related short-term working facilities and letter of credits.
- Petkim utilizes short term credits for its working capital financing mostly from Eximbank with favorable terms.
- Long term loans include the U.S.\$212 million project finance credit agreement. On 25 May 2015, Petkim signed a project finance credit agreement with Akbank, maturity of 13 years with 3 years grace period.
- In January 2018, Petkim successfully priced its inaugural \$500mm 5.875% due 2023 bond offering.



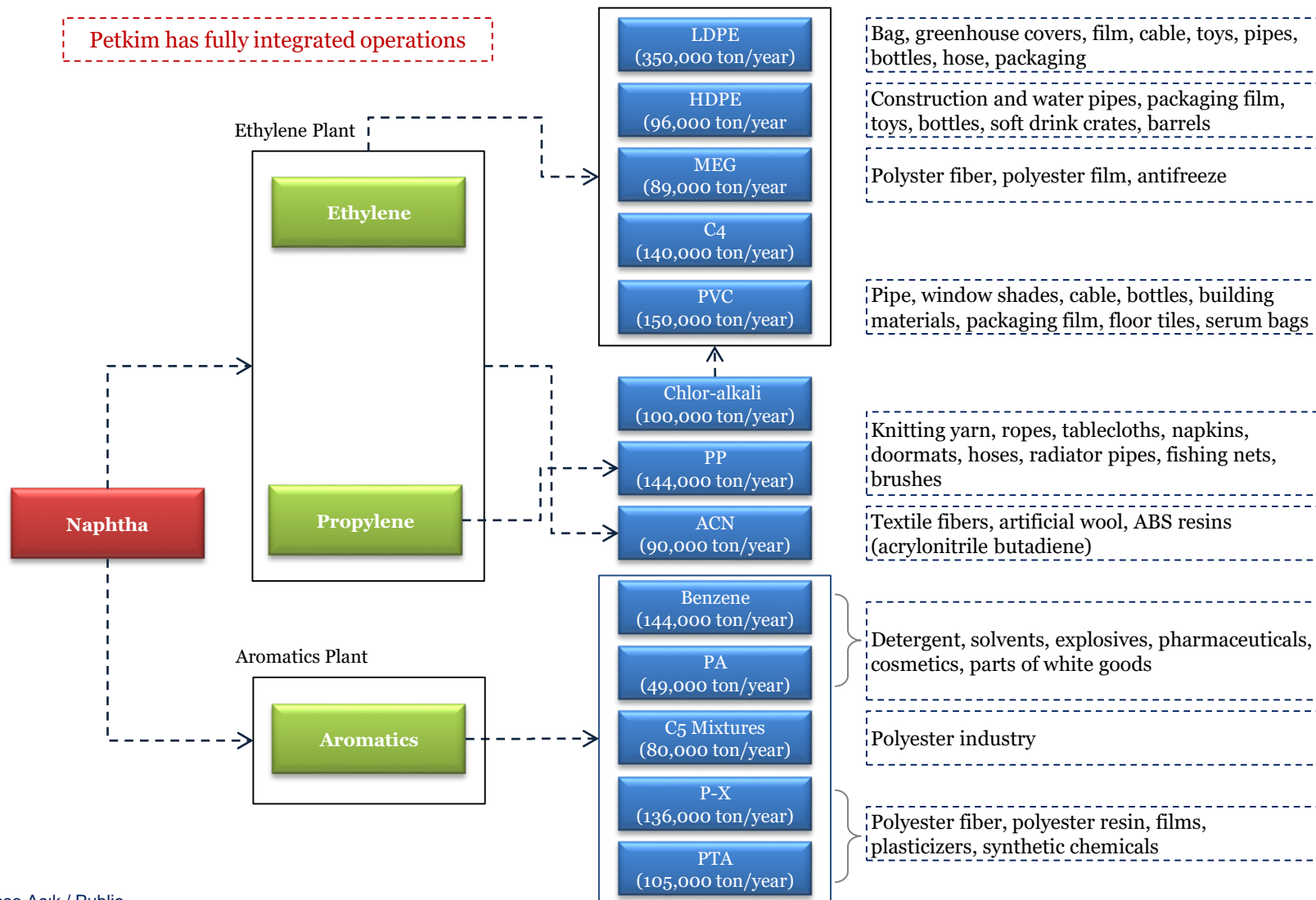
# Diversified business profile through ancillary infrastructure and energy investments

		Description	Benefits to Petkim
STAR Refinery		<ul style="list-style-type: none"> <li>Turkey's first privately constructed Refinery</li> <li>Target processing capacity of 10m tons p.a.</li> <li>Owned 60% by SOCAR Turkey, and 40% by Azerbaijan Ministry of Economy and Industry</li> <li>Total investment amounts to \$6.3bn.</li> </ul>	<ul style="list-style-type: none"> <li>Lower naphtha procurement costs</li> <li>Replacement of some of the heavy naphtha feedstock with Reformate / Mixed-xylene.</li> <li>Increased stability and quality of feedstock, supply security, and reduced inventory costs</li> <li>Upside from sharing services such as maintenance, safety, security, waste disposal and tug boat services</li> <li>STAR expected to become a stable dividend payer over the medium-term</li> </ul>
Petlim		<ul style="list-style-type: none"> <li>Largest container sea port in Western Turkey with a 1.5m TEU container handling capacity</li> <li>Total construction costs amount to c. \$400m</li> <li>Petlim has signed a 28-year (+4) concession agreement with Port Operator</li> <li>Owned 70% by Petkim and 30% by Goldman Sachs</li> </ul>	<ul style="list-style-type: none"> <li>Stable stream of income that is not correlated to Petkim's core business</li> <li>Savings on shipments for expansion projects</li> </ul>
Windfarm		<ul style="list-style-type: none"> <li>Wind farm located in the Aliaga Peninsula licensed to generate 38 MW of electricity                             <ul style="list-style-type: none"> <li>Petkim has applied for a new license allowing generation at full capacity of 51 MW</li> </ul> </li> <li>The construction of 17 new turbines, each able to generate 3 MW of electricity, was completed in Sep-2017</li> <li>Total investment in the windfarm amounts to €55m</li> </ul>	<ul style="list-style-type: none"> <li>Contributes to revenue diversification                             <ul style="list-style-type: none"> <li>Plan is to sell the electricity generated to Turkey's national grid, with a guaranteed tariff</li> </ul> </li> <li>The windfarm provides a 22% increase in Petkim's electricity generating capacity</li> <li>Expected to reduce carbon emissions by 120kt per year</li> </ul>



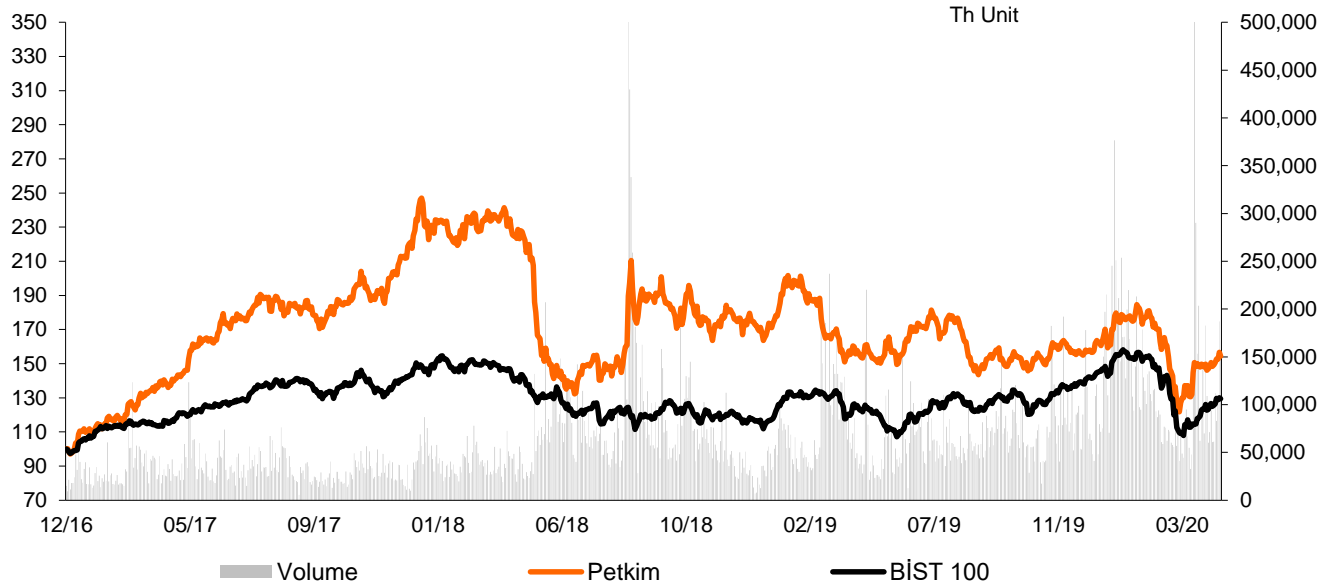


# Appendix 1. Petrochemical Complex Flow Chart



# Appendix 2. PETKIM Stock Performance

## PETKIM STOCK PERFORMANCE



Closing Price as of 31 March 2020 (TRY/Share)	3,03TL
Market Cap (TRY mn)	TL 6,399
Free Float (%)	49.0%



# Investor Relations

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