

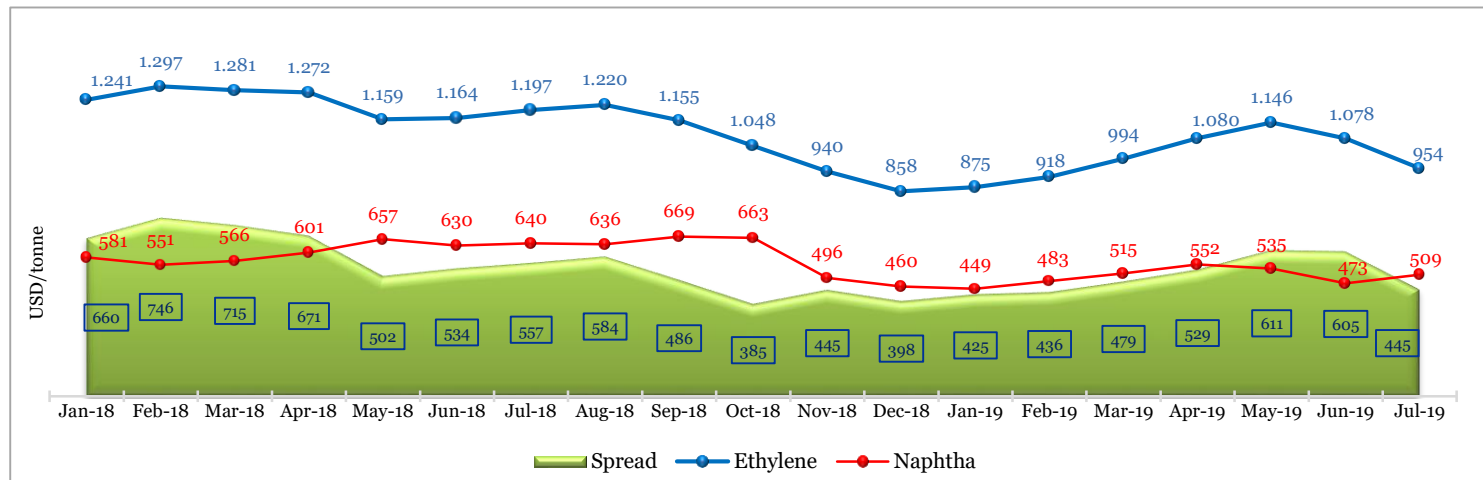
# 2Q19 Results Investor Presentation



# Ethylene – Naphtha spread averaged US\$ 582/ton in 2Q19

- Ethylene-naphtha spread increased by 30% from US\$ 447/ton in 1Q19 to US\$ 582/ton in 2Q19.
- Naphtha prices were lower relative to historical levels given incremental US light oil production (resulting in light naphtha oversupply), exports and LPG cost competitiveness. This flattens the top end of the ethylene cost curve and lowers the gas-based ethylene cost advantage vs the naphtha-based producers.
- Furthermore, cracker maintenance TAs in Europe in the second quarter supported high ethylene prices.
- Petkim took the advantage of widening spread for the second quarter.
- From the beginning of June, naphtha prices have normalized and product prices have started to stabilize.

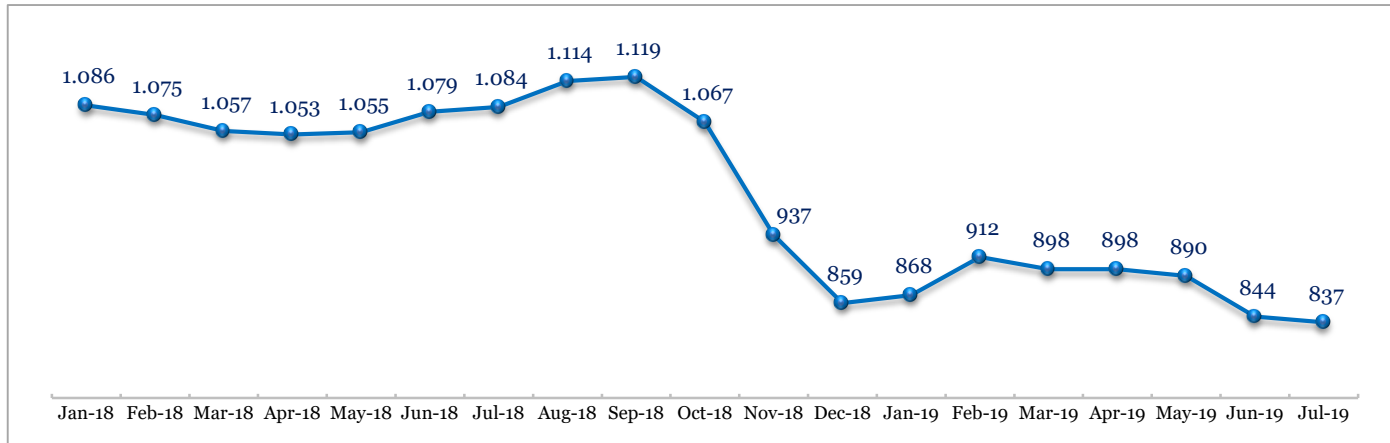
Monthly Naphtha - Ethylene Spread (CIF MED Spot Prices)



# PLATTs Index averaged US\$ 877 per ton in 2Q19

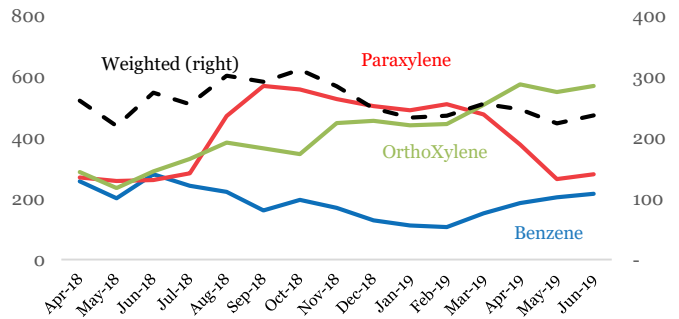
- PLATTs index decreased to US\$877 per ton in 2Q19 from US\$893 per ton in 1Q19.
- In 2Q19 PLATTs index was %16 below 2018 average.
- Prices globally have responded to the fluctuation this year in the price of crude oil but have been under pressure following a difficult final two months of 2018.
- For the first half of 2019, unexpected ACN shutdowns pushed ACN prices up. MEG prices have dropped more than %30 vs the 2018 average and it has been the worst performing major commodity chemical.

Monthly Average Platts Index

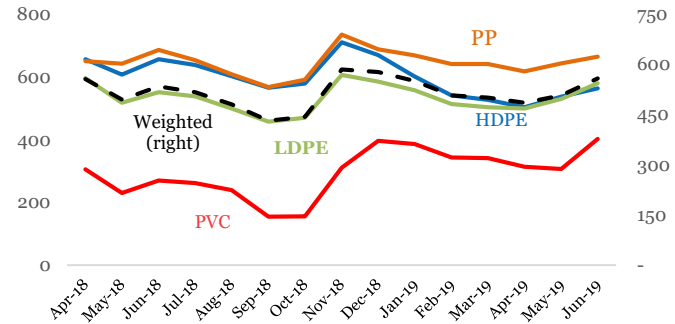


# Product group spreads (Over naphtha CIF MED), USD/MT

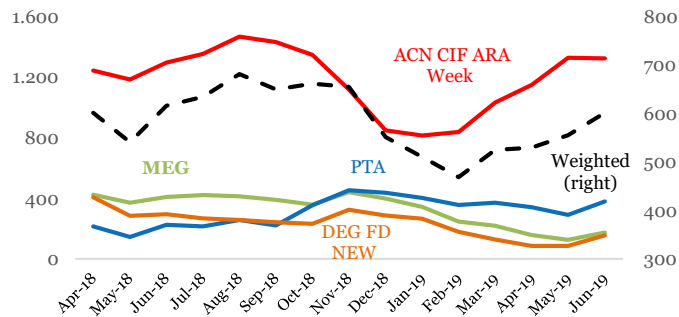
## Aromatics group spread



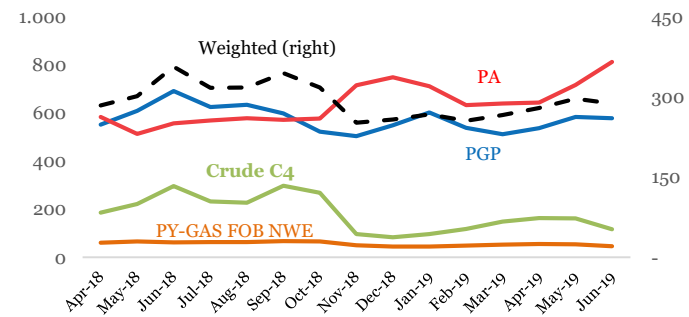
## Polymers group spread



## Fibres group spread



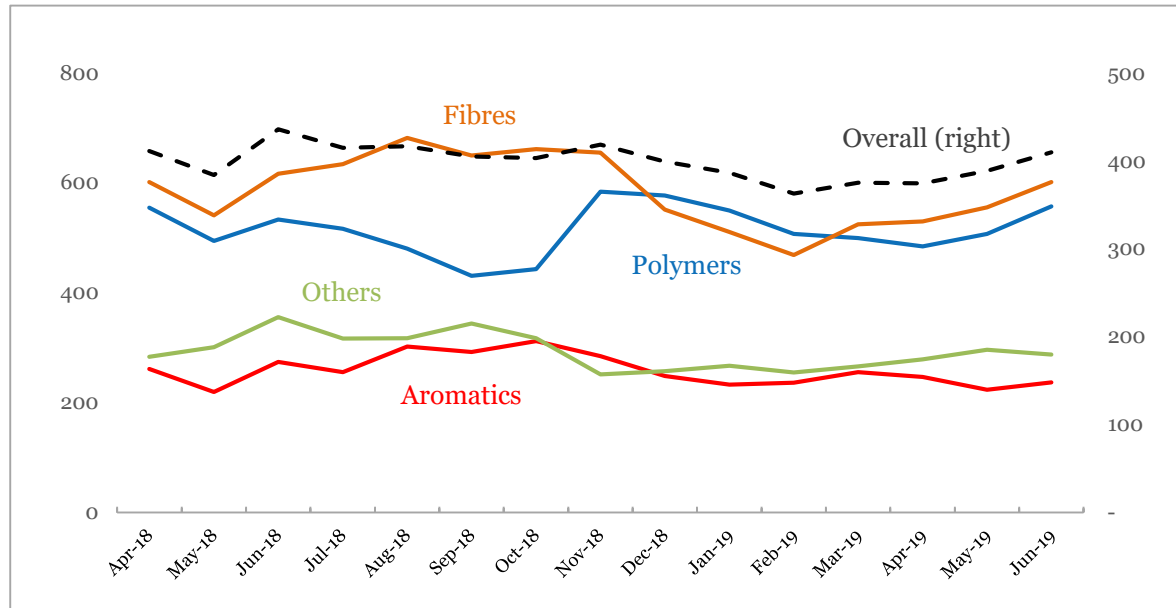
## Others group spread



Source: Platts, Company



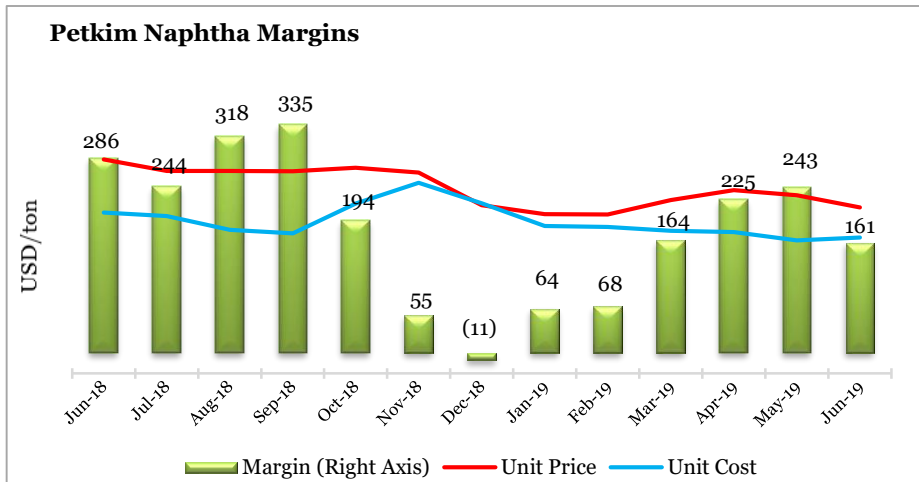
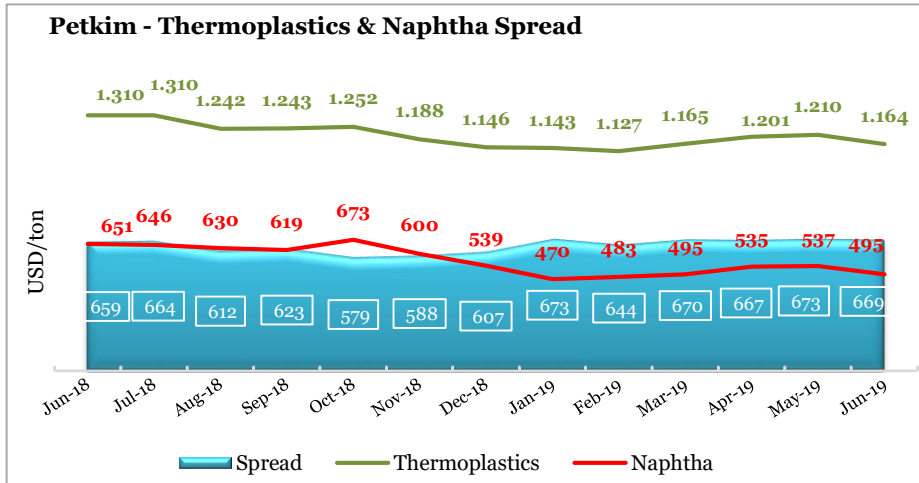
# Product groups and overall weighted spread (over naphtha CIF MED), USD/MT



Source: Platts, Company



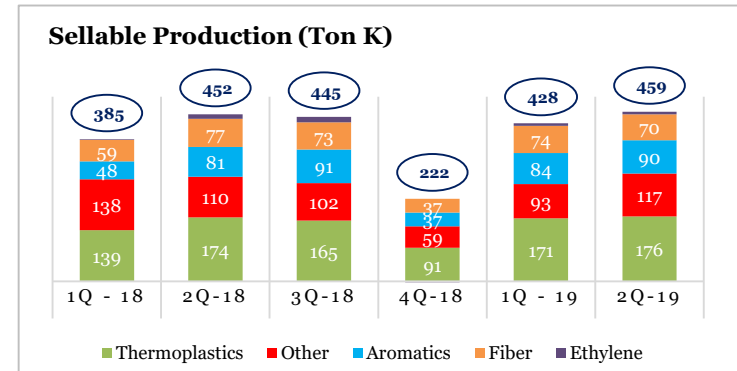
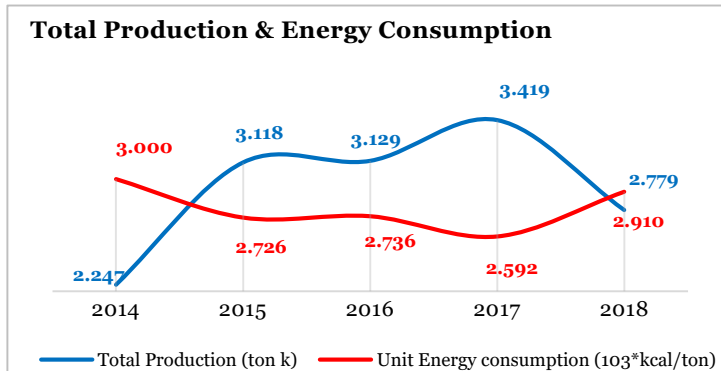
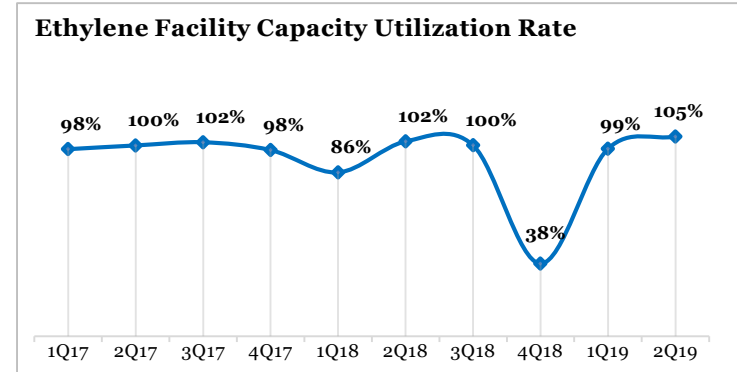
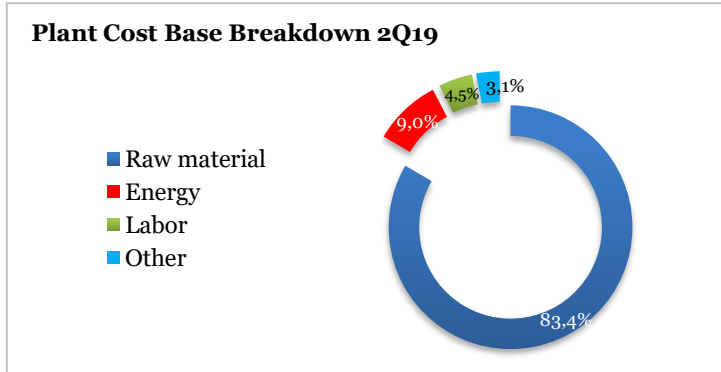
# Feedstock vs. Product Prices



- 260 Kton feedstock has been supplied from STAR Refinery so far.
- Petkim benefited from lower raw material prices and TL depreciation.
- Thanks to successful major maintenance in 4Q2018, production performance was very high and Petkim produced more than 450 Kton. Ethylene Unit capacity utilisation rate has reached %105.
- Due to the rise of product prices and TL depreciation there has been inventory gain.
- Petkim has reached 446 Kton sales from production even there was a slowdown in the local market. Decrease in domestic demand affected mainly the importers, while Petkim could keep its level of sales.
- Prices decline and exchange rate effects lowered the profitability in June vs April and May.



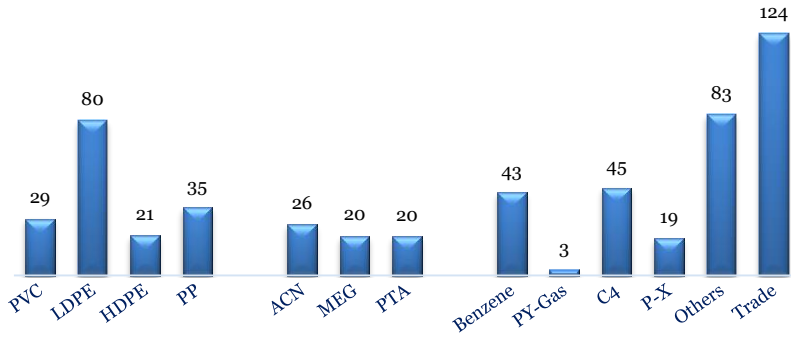
# Costs and Operational Efficiency in 2Q19



# In 2Q19 Petkim achieved TL 3,128mn sales via 570k ton volume

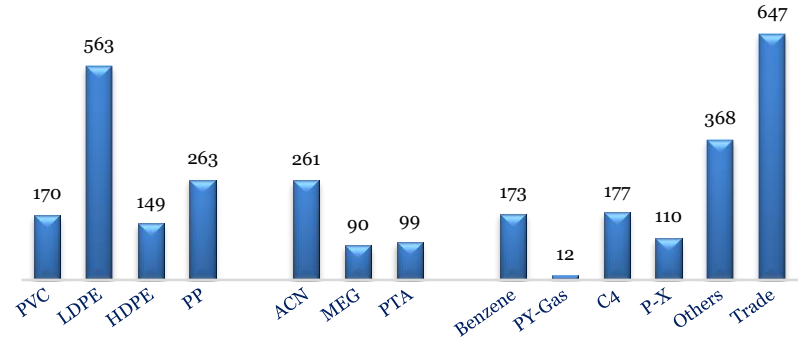
Sales Volume (ton k)- 2Q19

2Q19 Volume: 570k ton



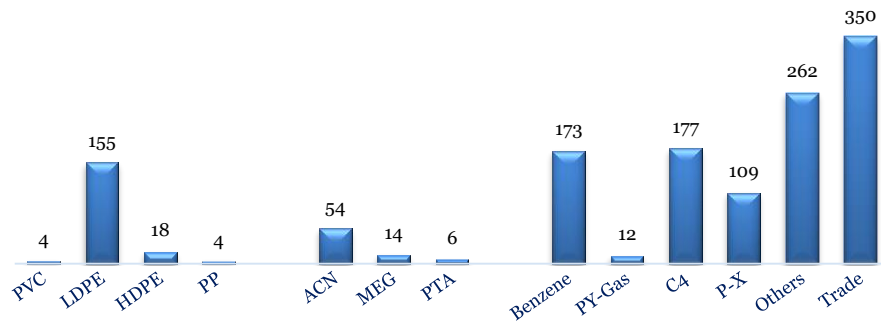
Revenue (TL mn)-2Q19

2Q19 Revenue: TL3,128mn



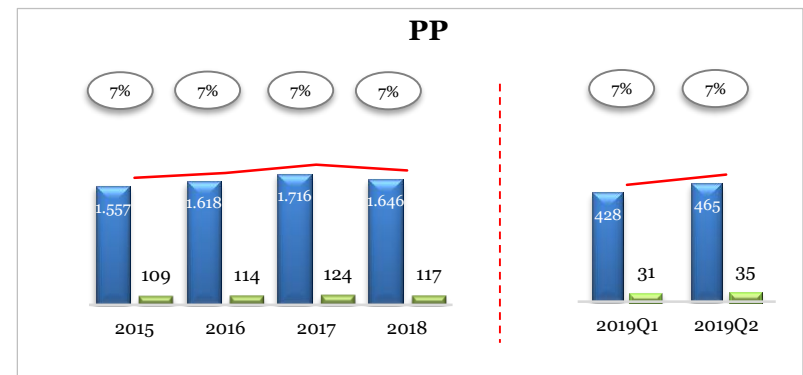
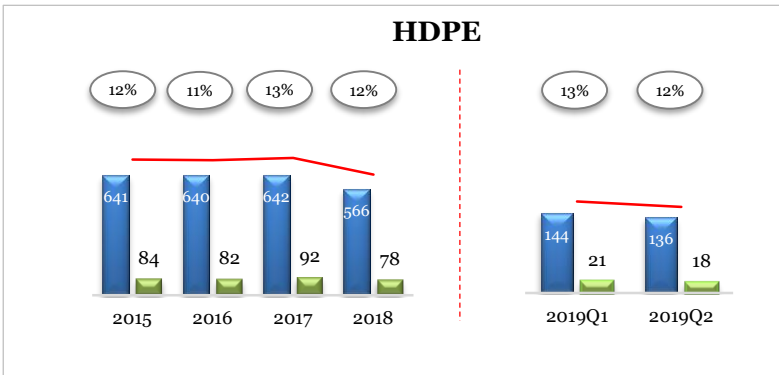
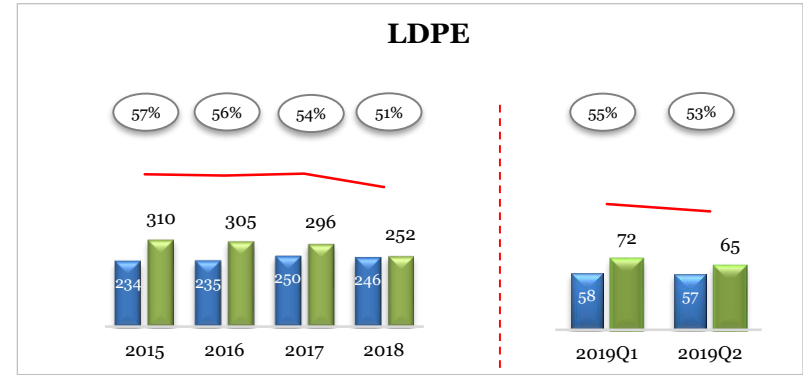
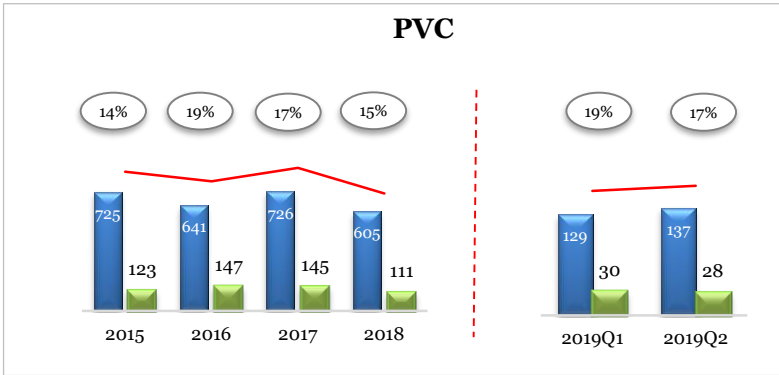
Export Revenue (TL mn)- 2Q19

2Q19 Export Revenue: TL1,338mn





# Turkish Market – Thermoplastichs, 2015-2019Q2 (mn tons)

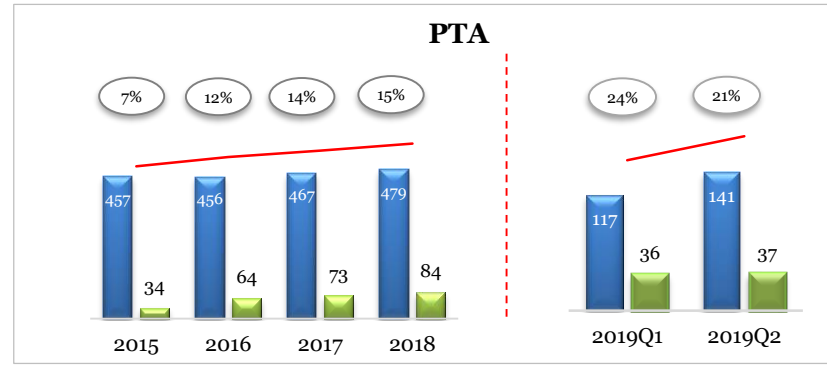
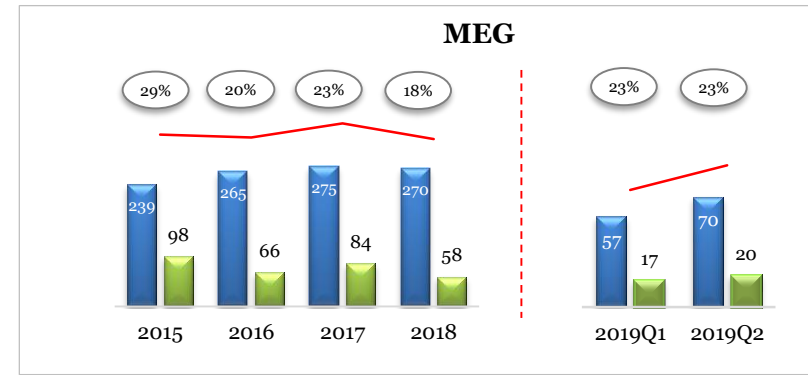
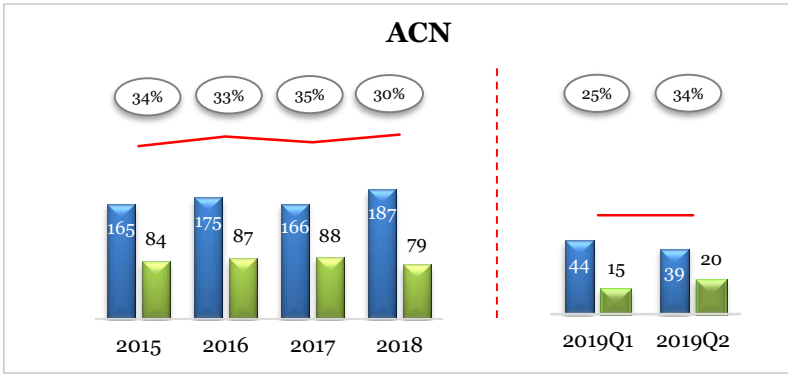


■ Turkey's Import      — Domestic Consumption  
■ Petkim/Domestic Sale      ○ Domestic Market Share %

Source: TURKSTAT, Company



# Turkish Market – Fiber Raws, 2015-2019Q2 (mn tons)

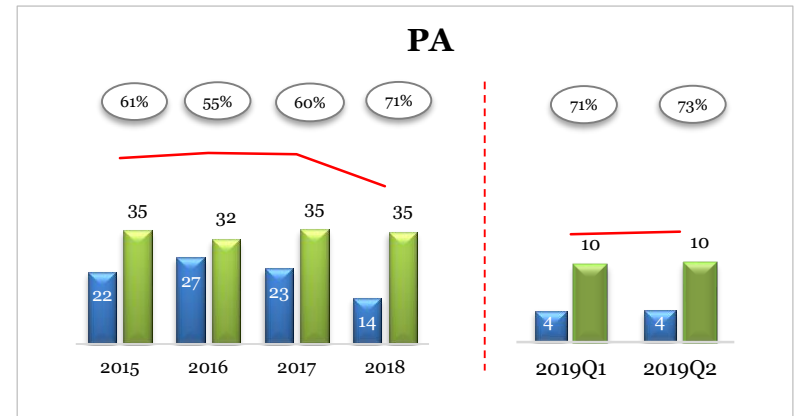
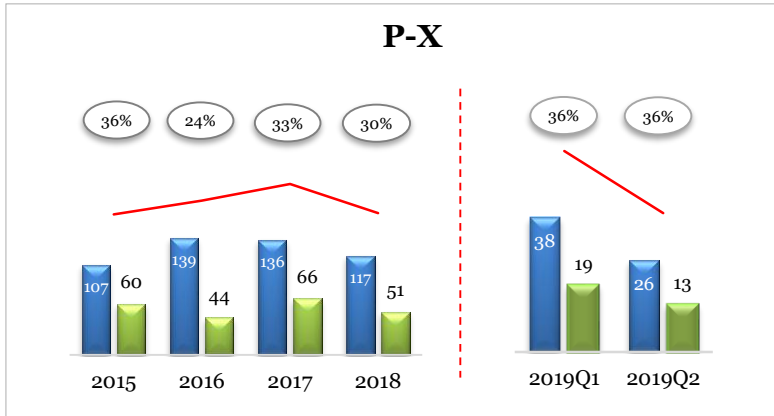


- Turkey's Import
- Petkim/Domestic Sale
- Domestic Consumption
- Domestic Market Share %

Source: TURKSTAT, Company



# Turkish Market – Others, 2015-2019Q2 (Million tons)



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

Source: TURKSTAT, Company



# PETKIM 2Q19 Income Statement

TL mn	6M18	6M19
Sales	4.232	5.941
Cost of sales	(3.484)	(5.062)
<b>Gross Profit</b>	<b>748</b>	<b>879</b>
<i>Gross profit %</i>	18%	15%
Marketing and sales expenses	(34)	(46)
General admin. Expenses	(112)	(151)
R&D Expenses	(10)	(12)
<b>Operating profit</b>	<b>591</b>	<b>670</b>
Other income / (expenses)	11	50
Financial income	1.007	1.174
Financial expense	(1.047)	(1.385)
<b>Profit before tax</b>	<b>562</b>	<b>508</b>
Income tax	(37)	(44)
Deferred tax	(44)	(25)
<b>Net Profit / (loss)</b>	<b>482</b>	<b>439</b>
<i>Net profit %</i>	11%	7%
Other	9	48
Depreciation	107	173
<b>EBITDA</b>	<b>707</b>	<b>890</b>
<i>EBITDA %</i>	17%	15%



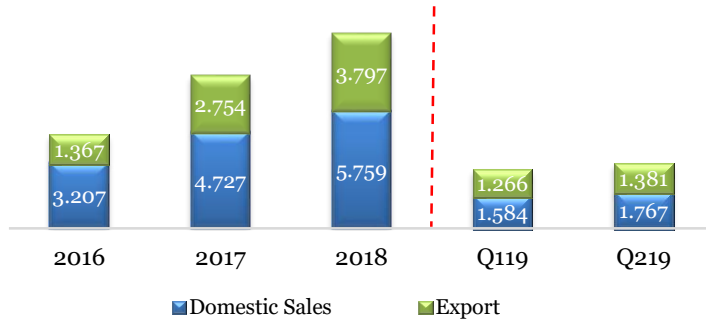
# PETKIM 2Q19 Balance Sheet

TL mn	12M18	6M19
Cash and cash equivalents	3.009	2.382
Trade receivables	1.194	1.599
Inventory	1.130	1.126
Other receivables	5	193
Other current assets	2.656	3.227
<b>Current assets</b>	<b>7.995</b>	<b>8.527</b>
Non current assets	4.593	5.075
<b>Total Assets</b>	<b>12.588</b>	<b>13.602</b>
Short term borrowings	3.019	3.181
Trade payables	697	985
Other payables	146	193
<b>Current liabilities</b>	<b>3.862</b>	<b>4.358</b>
Long term borrowings	4.306	4.373
Other non-current liabilities	284	320
<b>Shareholders' equity</b>	<b>4.135</b>	<b>4.551</b>
<b>Total liabilities</b>	<b>12.588</b>	<b>13.602</b>
<i>Net debt position</i>	<i>-4.316</i>	<i>-4.906</i>
<i>Working Capital</i>	<i>109</i>	<i>752</i>
<i>Days sales outstanding</i>	<i>47</i>	<i>53</i>
<i>Days payable outstanding</i>	<i>105</i>	<i>85</i>
<i>Days sales of inventory</i>	<i>53</i>	<i>44</i>

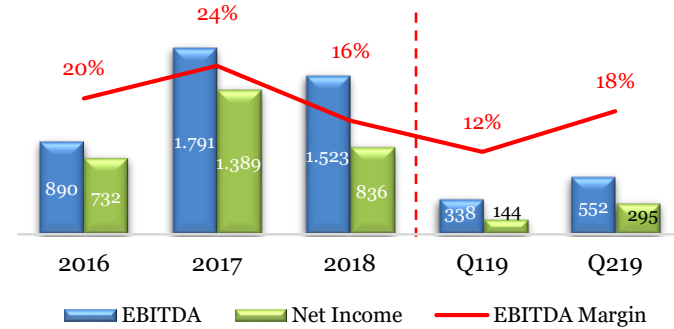


# Financial Performance

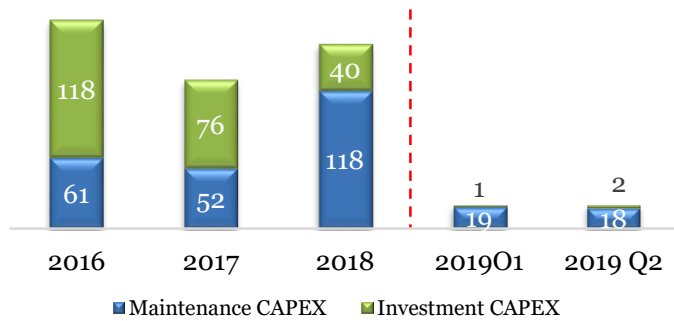
### Revenue (mn TL)



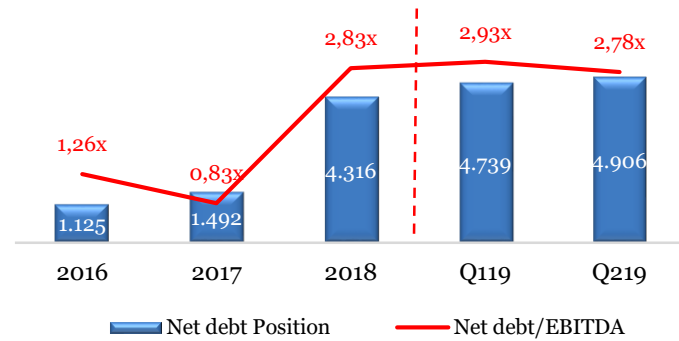
### EBITDA Net Income & EBITDA Margin (mn TL)






### CAPEX (mn US\$)



### Net Debt Position (mnTL)

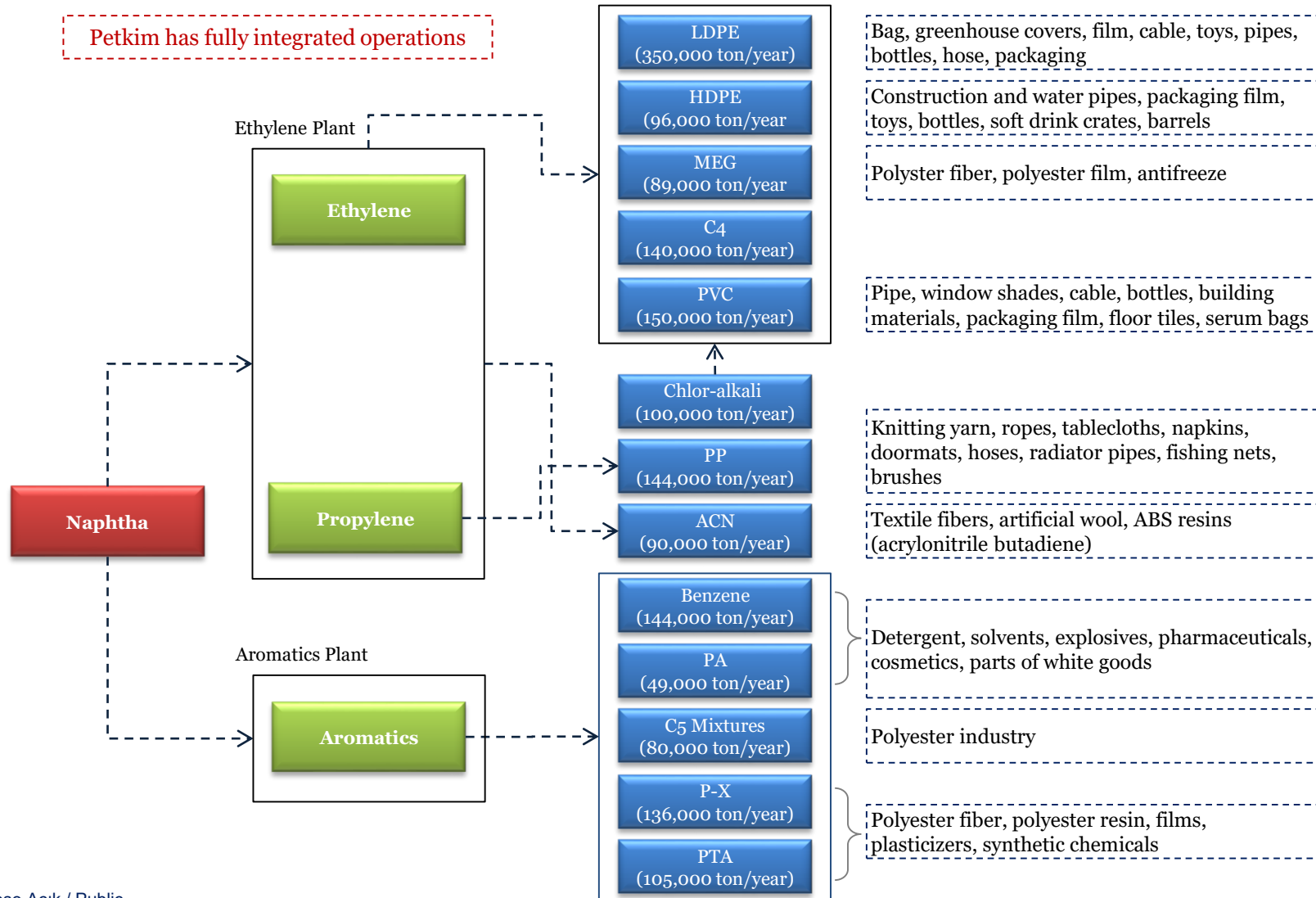


# Diversified business profile through ancillary infrastructure and energy investments

		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. To date, c.\$5.7bn has been invested, of which c.49% is financed by equity and the remainder by debt</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 25 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>



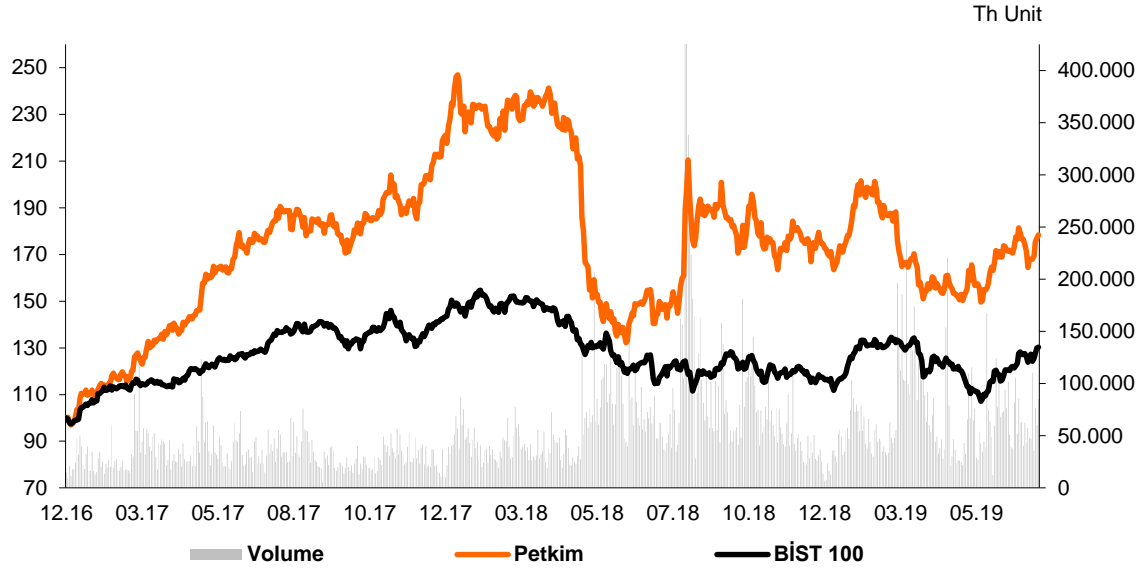
# Appendix 1. Petrochemical Complex Flow Chart





## Appendix 2. PETKIM Stock Performance

### PETKIM STOCK PERFORMANCE



Closing Price as of 28 June 2019 (TRY/Share)	4,06TL
Market Cap (TRY mn)	TL 6,699
Free Float (%)	49.0%



# Investor Relations

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