

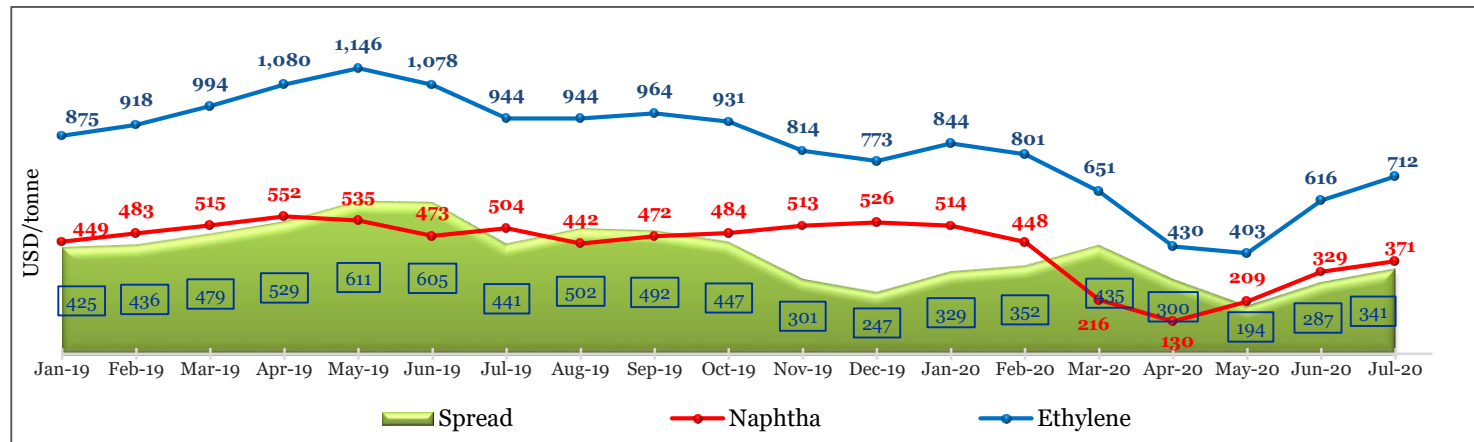
# 2Q20 Results Investor Presentation



# Ethylene – Naphtha spread averaged US\$ 255/ton in 2Q20

- Ethylene-naphtha spread decreased by 31% from US\$ 369/ton in 1Q20 to US\$ 255/ton in 2Q20.
- Spread was quite weak in the second quarter, especially in May, as a result of petrochemicals down cycle conditions compounded by COVID-19 driving overall lower volumes and margins.
- Naphtha prices were on the uptrend in May, on the back of oil production cuts, with demand picking up as lockdowns started to ease and business activities in general started to resume.
- Starting from mid-May, ethylene supply has become less long since mid-May on the effect of unplanned issues and delays in restarts from maintenance and ethylene price has shown a partial recovery leading a slight increase in spread again.

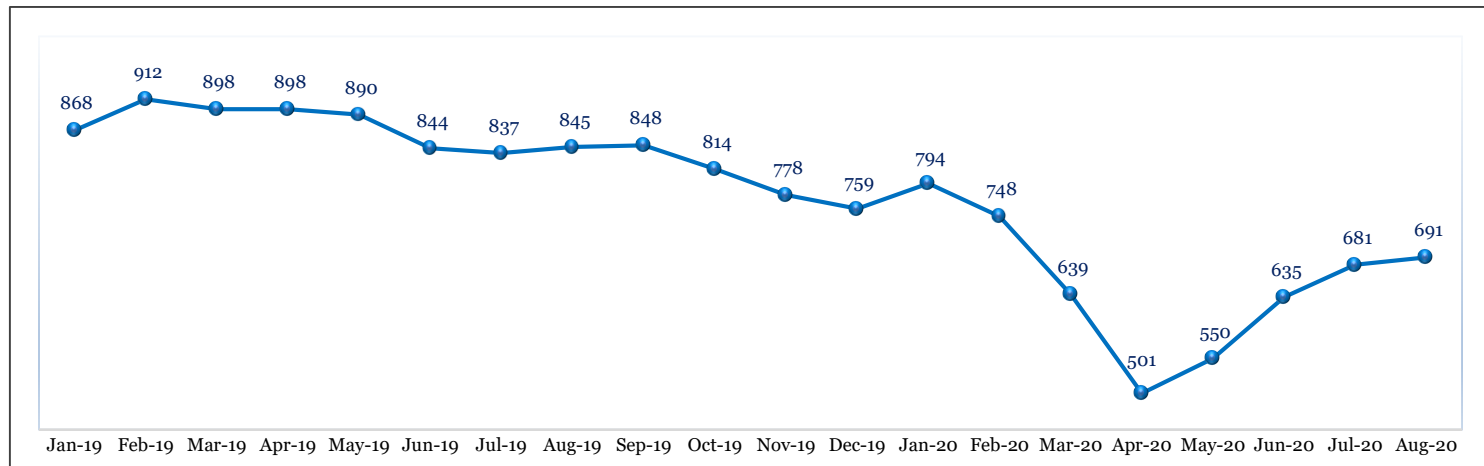
Monthly Naphtha - Ethylene Spread (CIF MED Spot Prices)



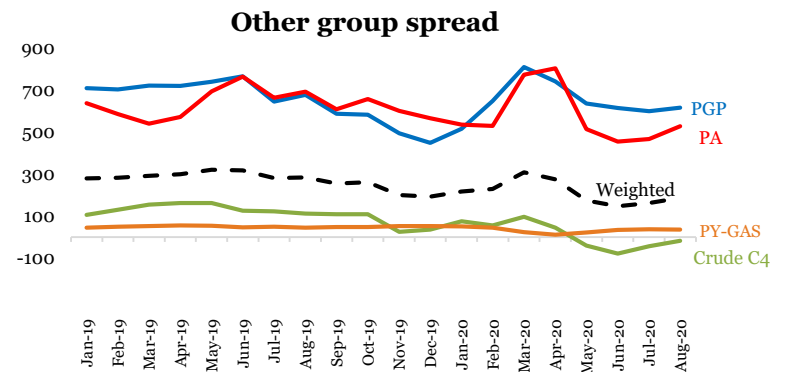
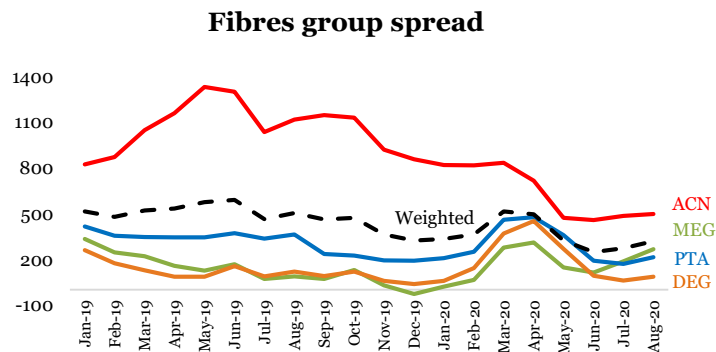
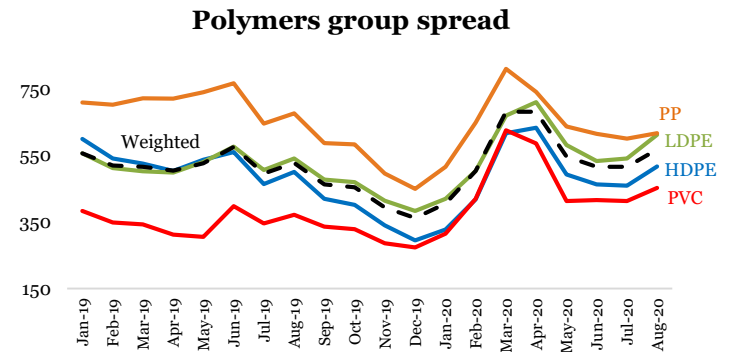
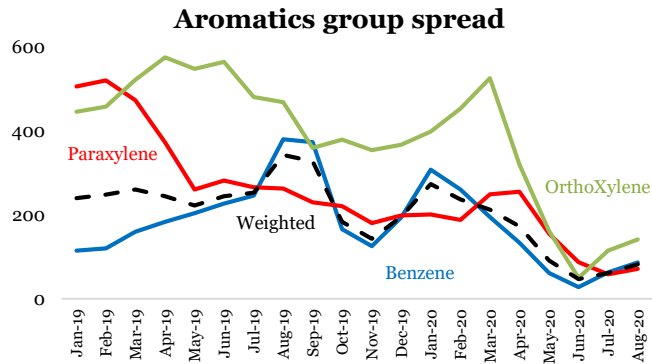
# PLATTS Index averaged US\$ 565 per ton in 2Q20

- PLATTS Global Petrochemicals Index starts to recover on a monthly basis after seeing the lowest level in April.
- Index averaged at USD565/ton in 2Q20, suggesting 22% decrease Q-Q and 36% decrease Y-Y.
- Despite almost all product prices were lower compared to the first quarter, some product group spreads were quite strong and higher due to the fact that the decrease in naphtha prices was much more higher than the decrease in the some product prices, like polymers.
- On the other hand, some of petrochemical products such as, benzene, C4 prices and product spreads were enormously weak which are severely impacted by the pandemic as its demand is mainly driven by the automotive sector.

Monthly Average Platts Index



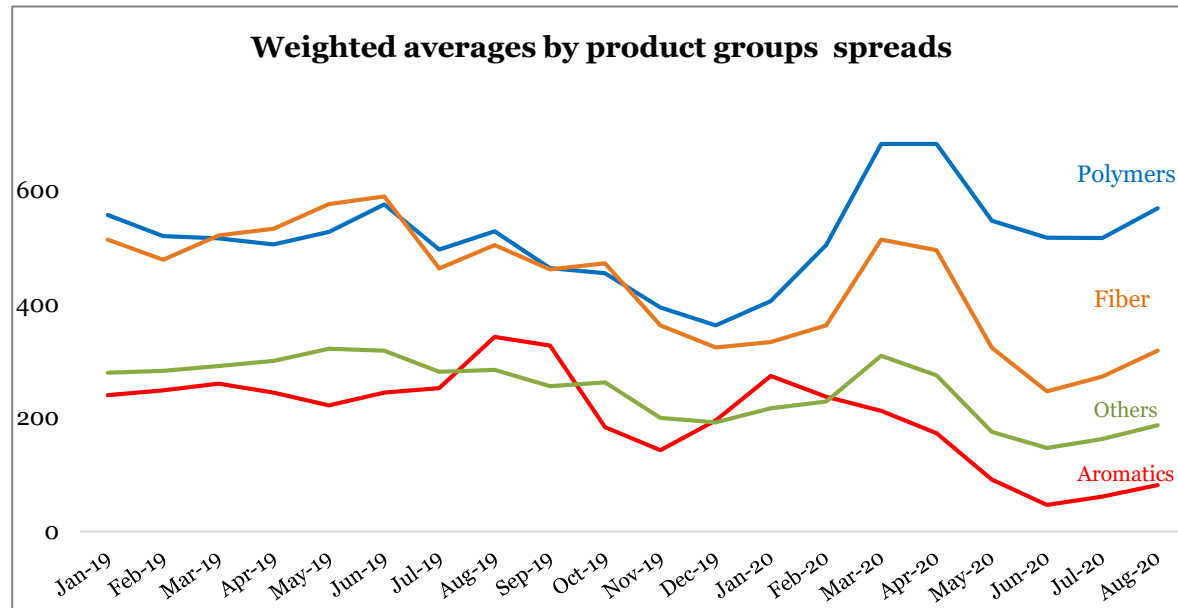
# Product group spreads (Over naphtha CIF MED), USD/MT



Source: Platts, Company



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

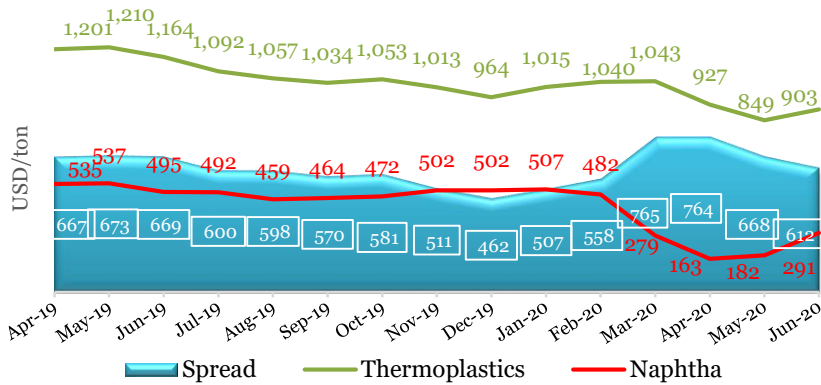


Source: Platts, Company

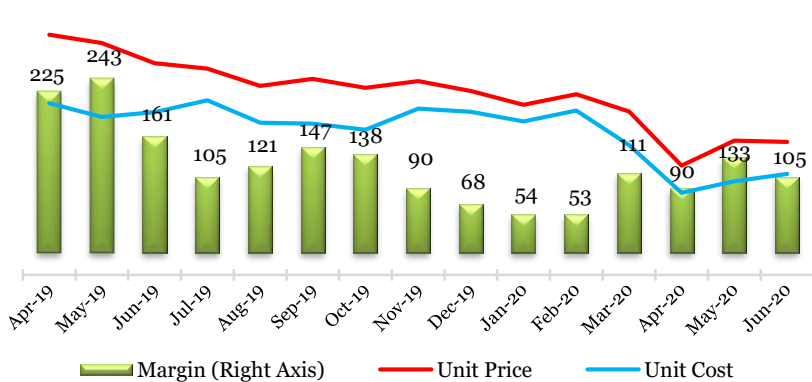


# Feedstock vs. Product Prices

**Petkim - Thermoplastics & Naphtha Spread**



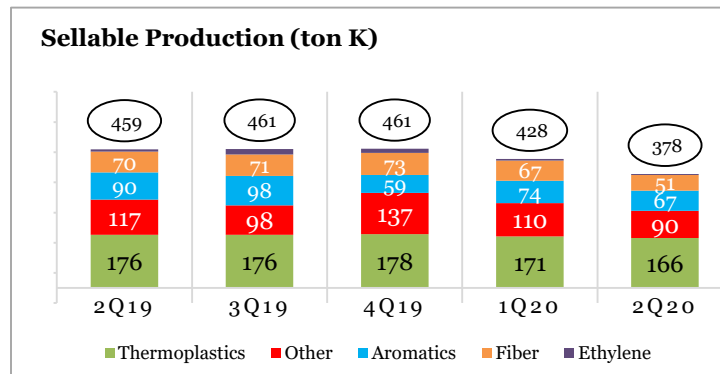
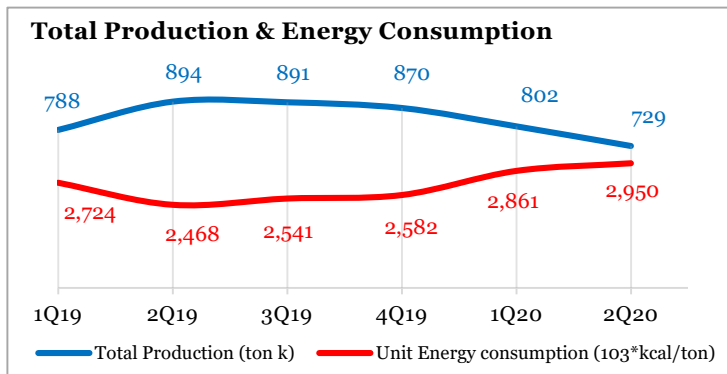
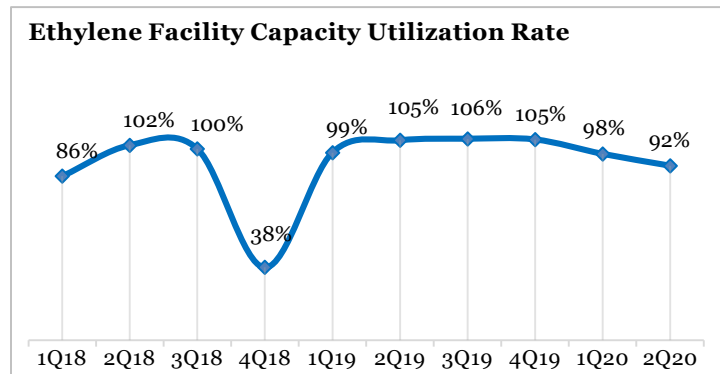
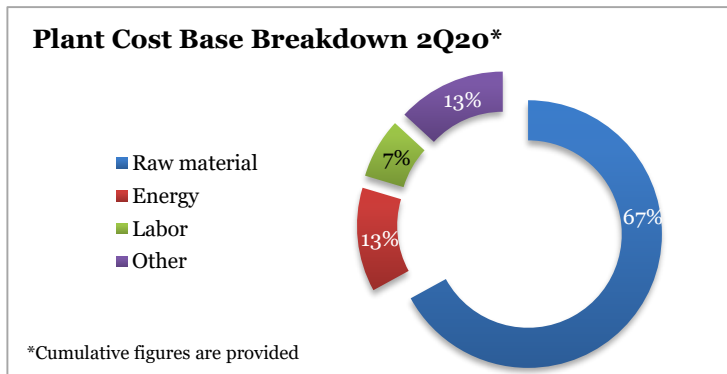
**Petkim Unit Margins**



- 279Kton feedstock has been supplied from STAR Refinery in Q220.
- Thermoplastics demand still much healthier for packaging, food, health and medical sectors.
- Thermoplastics margin averaged at 681 in the second quarter ,which is 12% higher on quarterly basis and 2% higher on yearly basis ,thanks to the low feedstock prices.
- In the second quarter of 2020, 548Kton total sales was recorded.
- As historical low levels of oil prices were seen at the beginning of the second quarter, Petkim management successfully managed the price volatility and benefited from low feedstock prices.



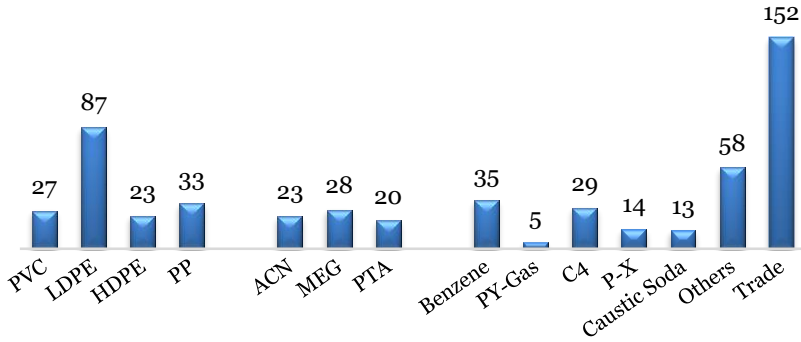
# Costs and Operational Efficiency in 2Q20



# In 2Q20 Petkim achieved TL 2,242mn sales via 548k ton volume

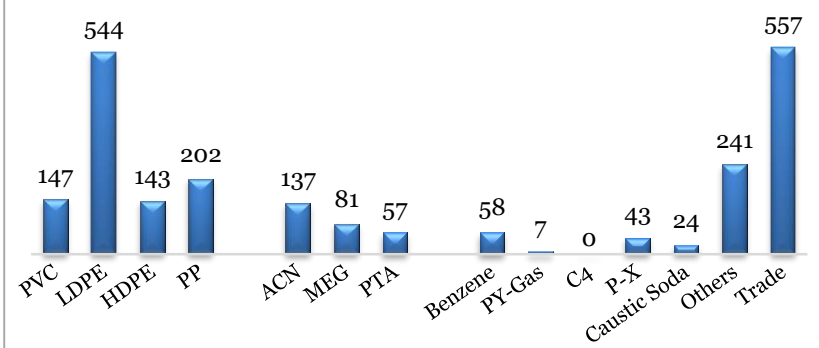
**Sales Volume (ton k)**

**2Q20 Volume: 548k ton**



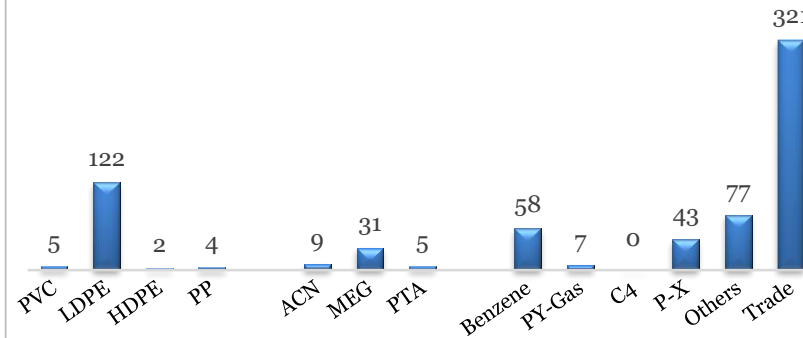
**Revenue (TL mn)**

**2Q20 Revenue: TL2,242mn**



**Export Revenue (TL mn)**

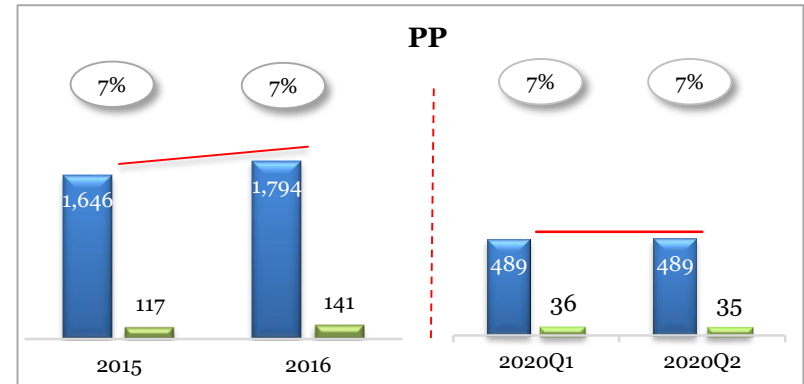
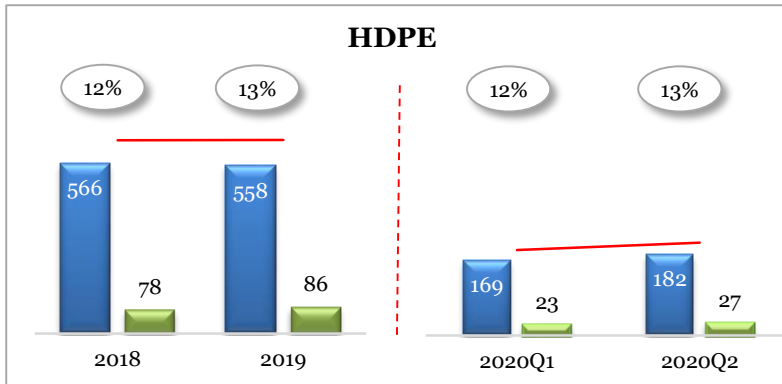
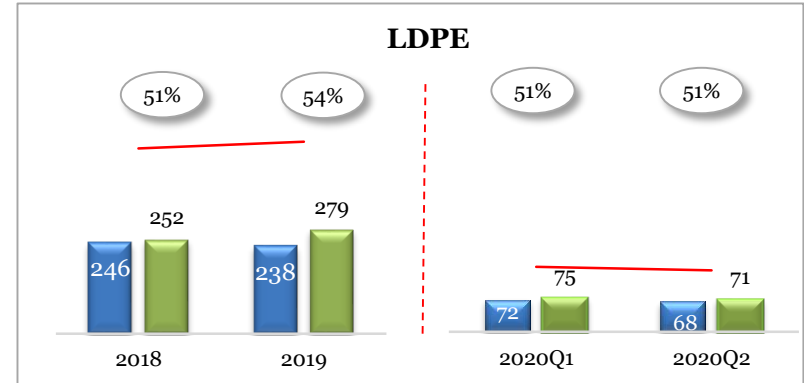
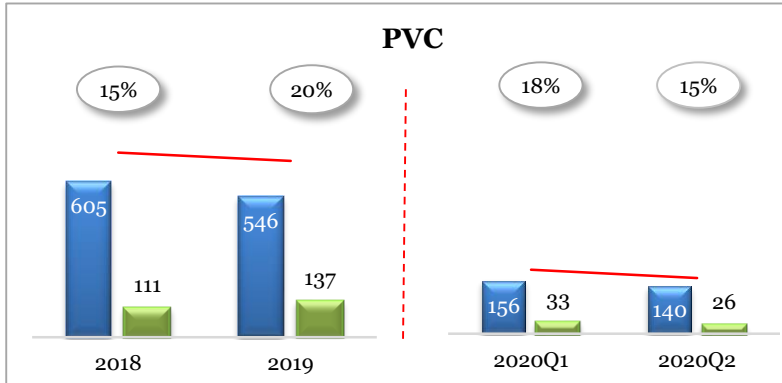
**2Q20 Export Revenue: TL685mn**





# Turkey thermoplastics consumption decreased by 2% in 2Q20 compared to 1Q20.

Ton k



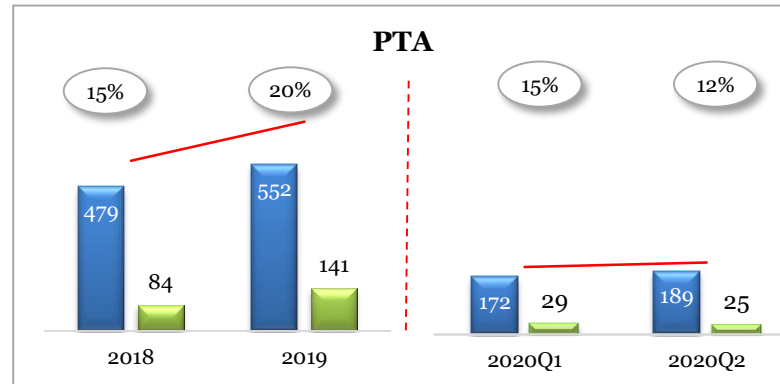
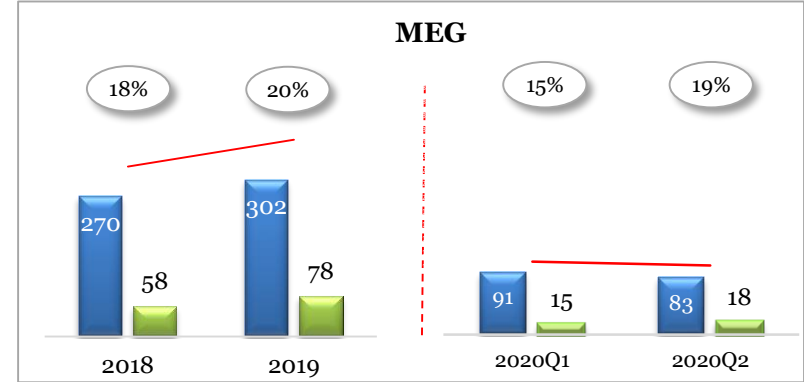
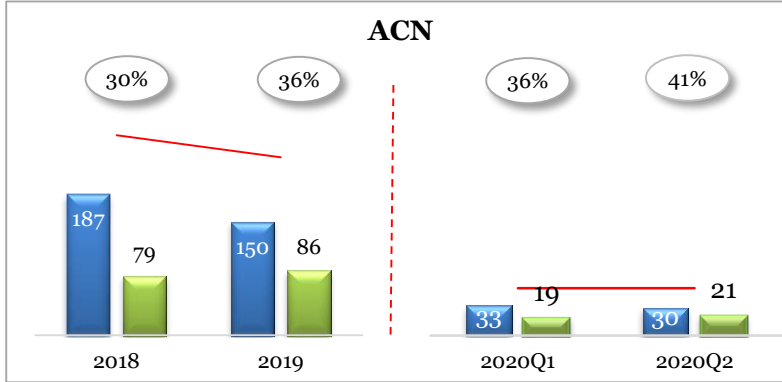
- Turkey's Import
- Petkim/Domestic Sale
- Domestic Consumption
- Domestic Market Share %

Source: TURKSTAT, Company



# Fiber consumption in Turkey increased by 2% in 2Q20 compared to 1Q20.

Ton k



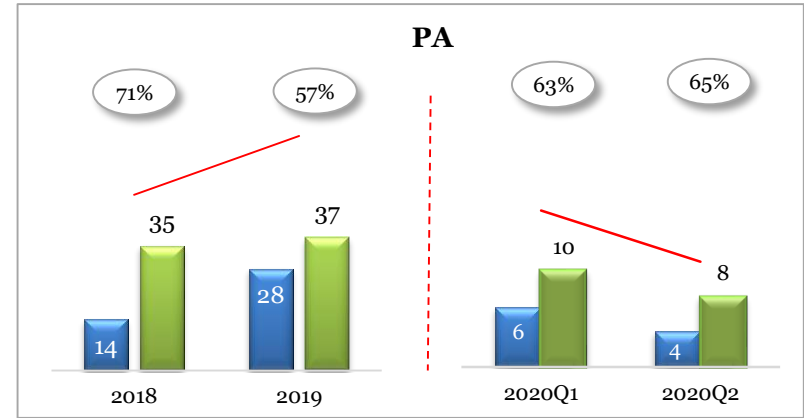
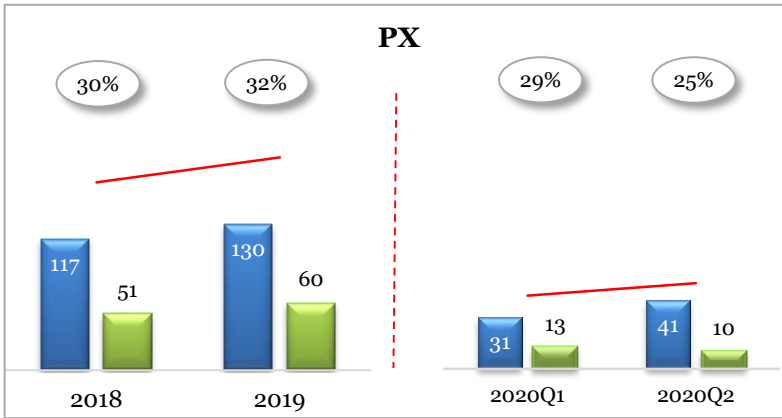
- Turkey's Import
- Petkim/Domestic Sale
- Domestic Consumption
- Domestic Market Share %

Source: TURKSTAT, Company



# Turkish Market – Others

Ton k



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

Source: TURKSTAT, Company



# PETKIM 2Q20 Income Statement

TL mn	6M'19	6M'20
Sales	5,941	5,008
Cost of sales	(5,062)	(4,411)
<b>Gross Profit</b>	<b>879</b>	<b>597</b>
<i>Gross profit %</i>	<i>14.8%</i>	<i>11.9%</i>
Marketing and sales expenses	(46)	(56)
General admin. Expenses	(151)	(171)
R&D Expenses	(12)	(14)
<b>Operating profit</b>	<b>670</b>	<b>356</b>
Other income / (expenses)	50	114
Financial income	1,174	1,298
Financial expense	(1,385)	(1,564)
<b>Profit before tax</b>	<b>508</b>	<b>203</b>
Income tax	(44)	(23)
Deferred tax	(25)	(45)
<b>Net Profit / (loss)</b>	<b>439</b>	<b>135</b>
<i>Net profit %</i>	<i>7.4%</i>	<i>2.7%</i>
Other	48	70
Depreciation	173	190
<b>EBITDA</b>	<b>890</b>	<b>617</b>
<i>EBITDA %</i>	<i>15.0%</i>	<i>12.3%</i>



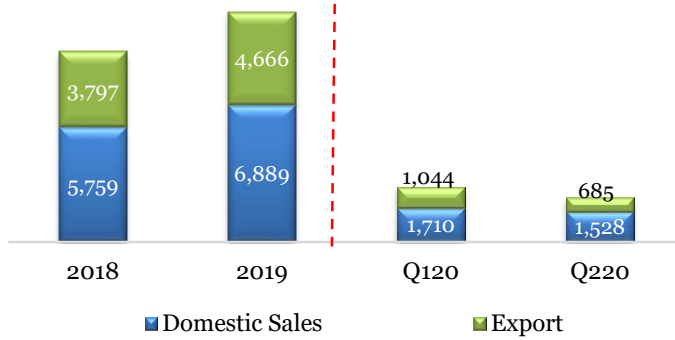
# PETKIM 2Q20 Balance Sheet

TL mn	12M19	6M20
Cash and cash equivalents	4,037	4,560
Trade receivables	1,552	1,334
Inventory	929	746
Other receivables	13	8
Other current assets	3,015	3,510
<b>Current assets</b>	<b>9,547</b>	<b>10,159</b>
Non current assets	5,255	5,581
<b>Total Assets</b>	<b>14,801</b>	<b>15,739</b>
Short term borrowings	4,037	3,741
Trade payables	957	636
Other payables	134	230
<b>Current liabilities</b>	<b>5,129</b>	<b>4,607</b>
Long term borrowings	4,487	5,812
Other non-current liabilities	337	416
<b>Shareholders' equity</b>	<b>4,849</b>	<b>4,904</b>
<b>Total liabilities</b>	<b>14,801</b>	<b>15,739</b>
<i>Net debt position</i>	<i>-4,297</i>	<i>-4,766</i>
<i>Working Capital</i>	<i>27</i>	<i>-153</i>
<i>Days sales outstanding</i>	<i>49</i>	<i>45</i>
<i>Days payable outstanding</i>	<i>89</i>	<i>102</i>
<i>Days sales of inventory</i>	<i>34</i>	<i>29</i>

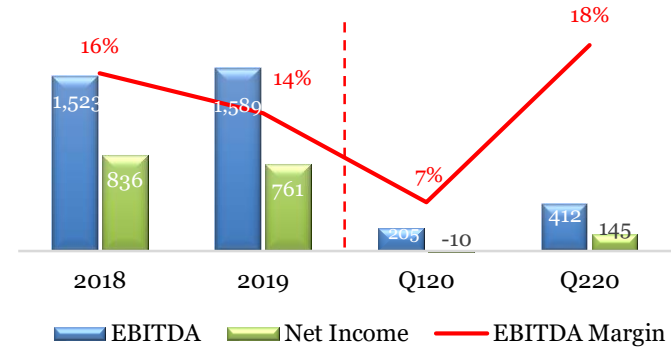


# Financial Performance

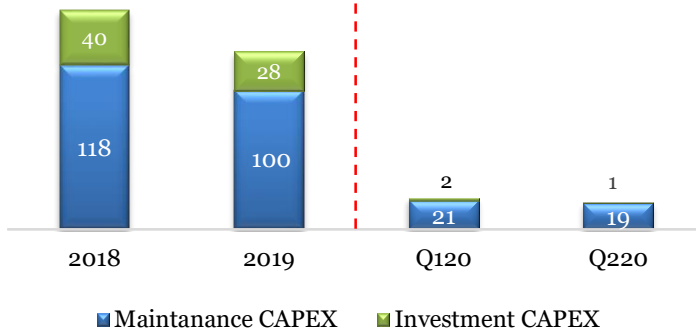
### Revenue (mn TL)



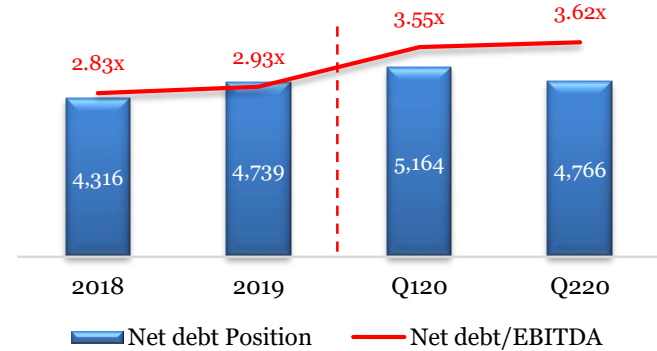
### EBITDA, Net Income and EBITDA Margin (mn TL)



### CAPEX (mn US\$)

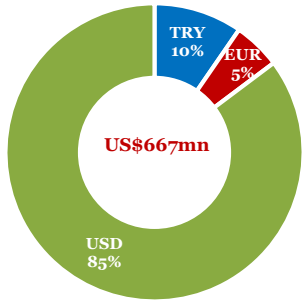


### Net Debt Position (mn TL)



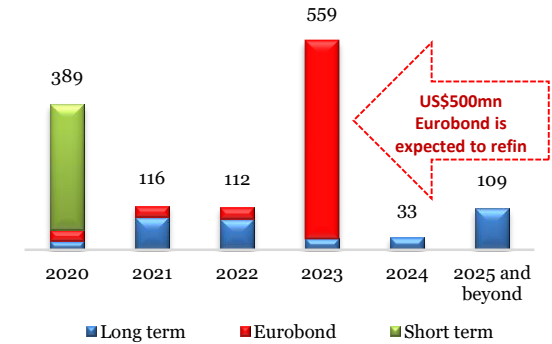
# Balance Sheet Analysis

## Deposits - by currency



Loan Type	Loan Type	Currency	Outstanding principal (Original currency)	Outstanding principal (USD)
Long-term loan	Investment Credit	EUR	33	37
	Investment Credit	USD	71	71
	Project Finance Loan	USD	189	189
	Eurobond	USD	500	500
Naphtha WC financing	Investment Credit	TRY	70	10
<b>Total long-term loan</b>		<b>USD</b>		<b>864</b>
Short-term loan	WC Financing	TRY	13	2
	WC Financing	USD	230	230
	WC Financing	EUR	20	22
Naphtha WC financing	Letter of Credits	USD	94	94
Naphtha WC financing	Murabaha	USD	137	137
<b>Total short-term loan</b>		<b>USD</b>		<b>485</b>
<b>Total</b>		<b>USD</b>		<b>1,349</b>

## Maturity Profile\* (mn US\$)



\*Consists of principal amounts, interest accruals of borrowings are excluded.

As the date of 30.06.2020;

- 85% of deposits are in US\$, 10% of deposits are in TRY and the remainder 5% is in EUR.
- Petkim reported total debt of \$1.349 billion of which \$485 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.



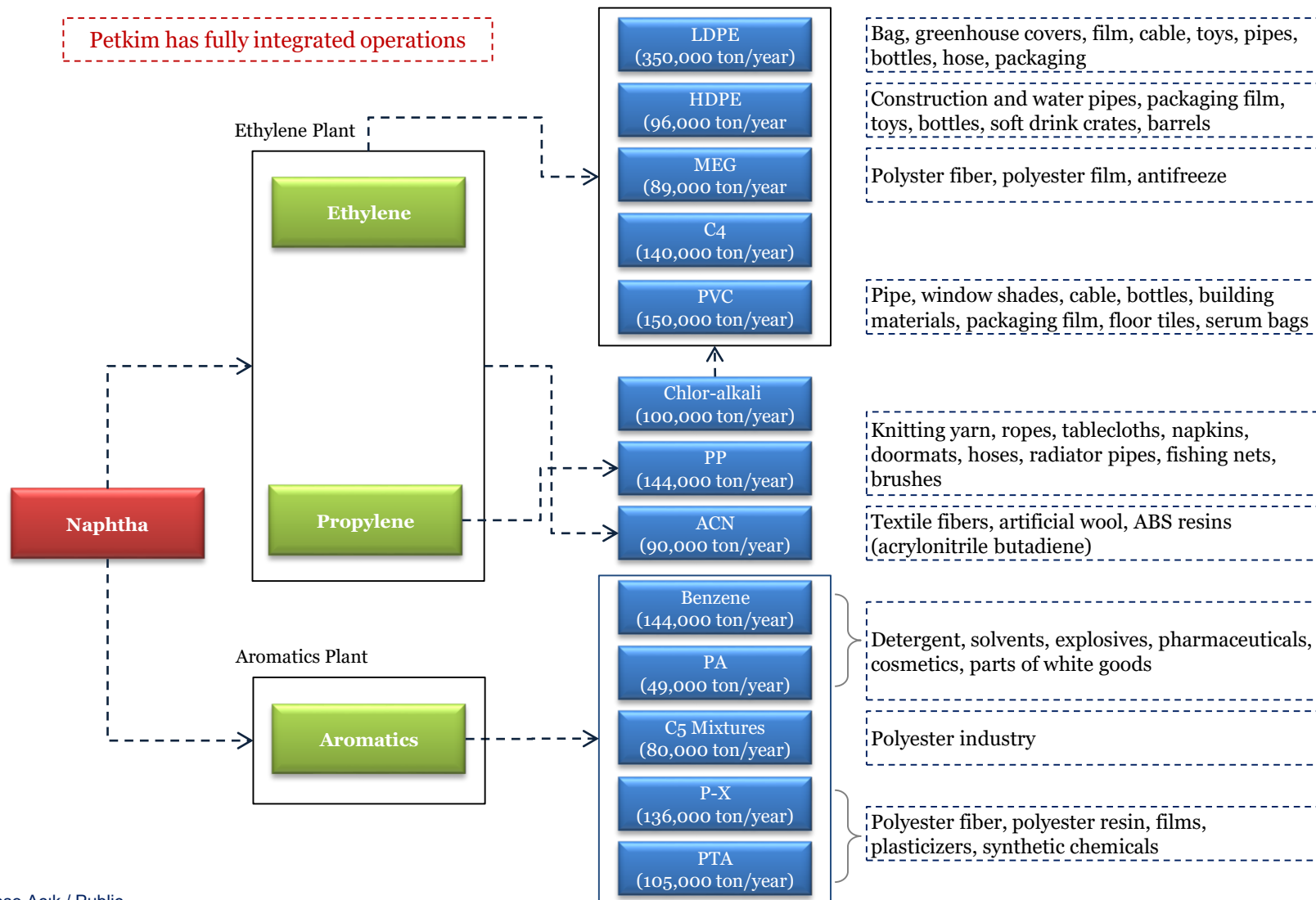
# Diversified business profile through ancillary infrastructure and energy investments

		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>



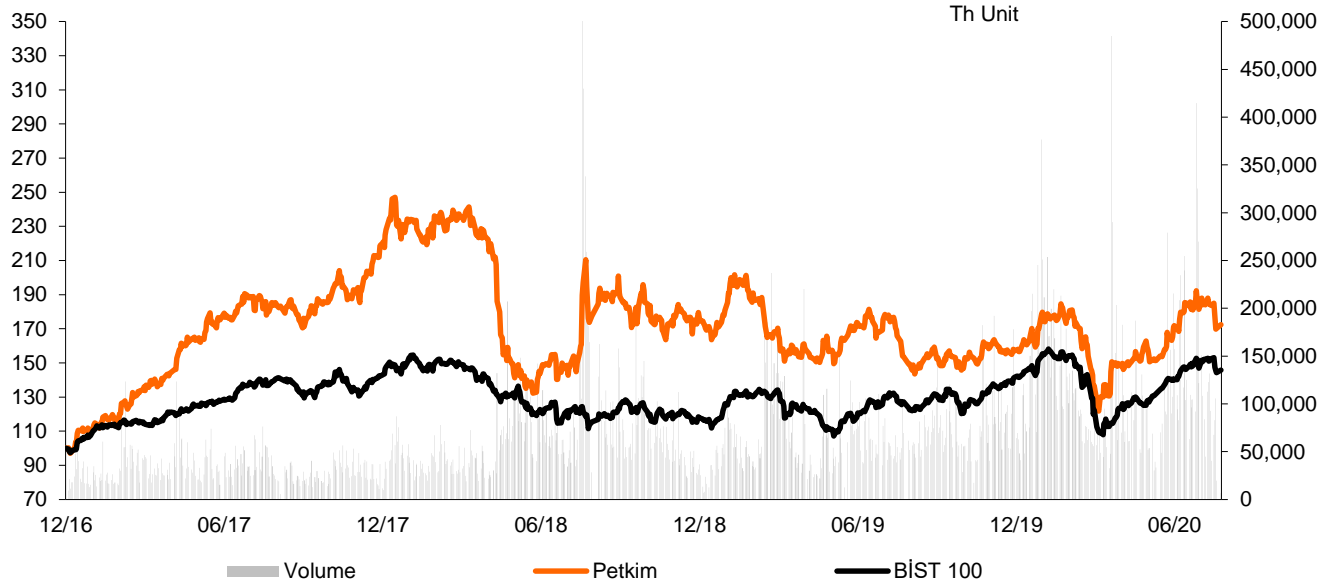


# Appendix 1. Petrochemical Complex Flow Chart



# Appendix 2. PETKIM Stock Performance

## PETKIM STOCK PERFORMANCE



Closing Price as of 30 June 2020 (TRY/Share)	4,27TL
Market Cap (TRY mn)	TL 9,018
Free Float (%)	49.0%



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