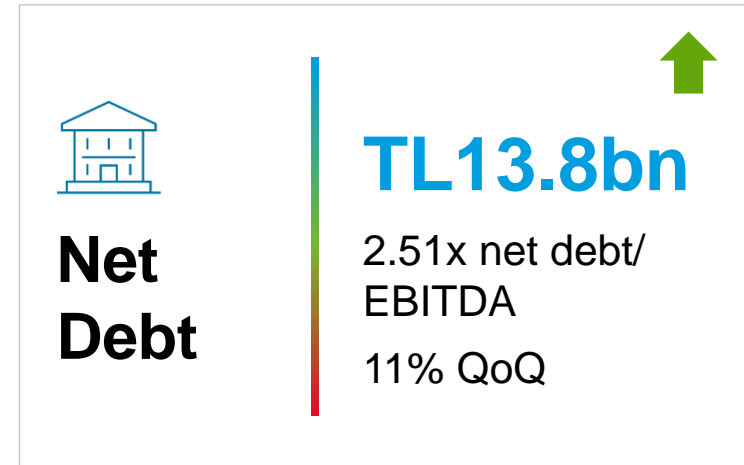
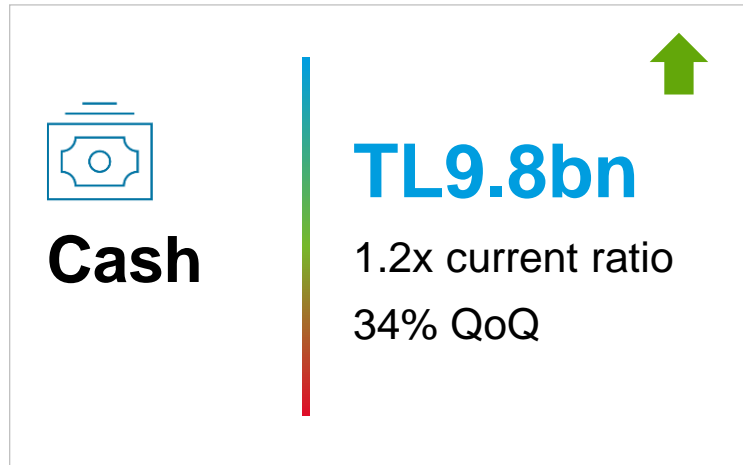
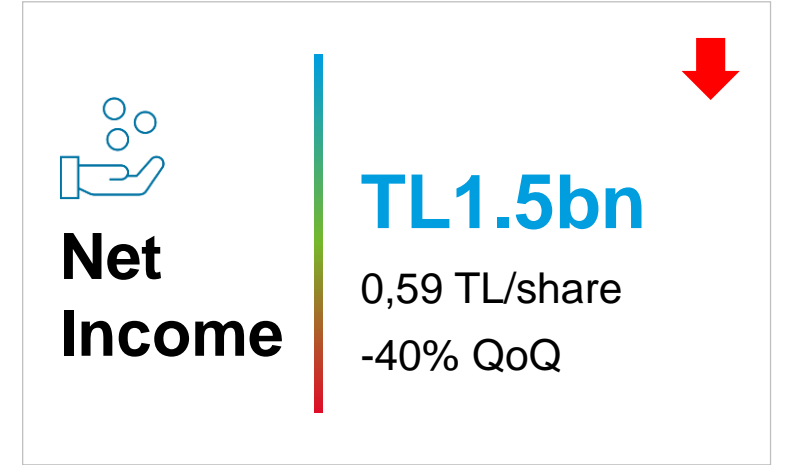
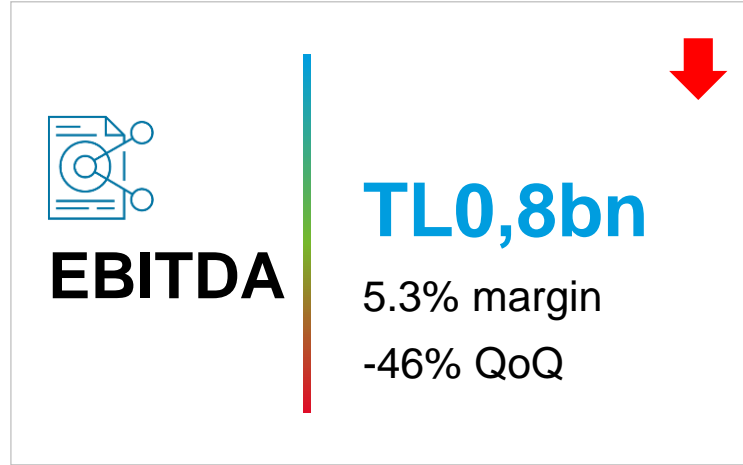
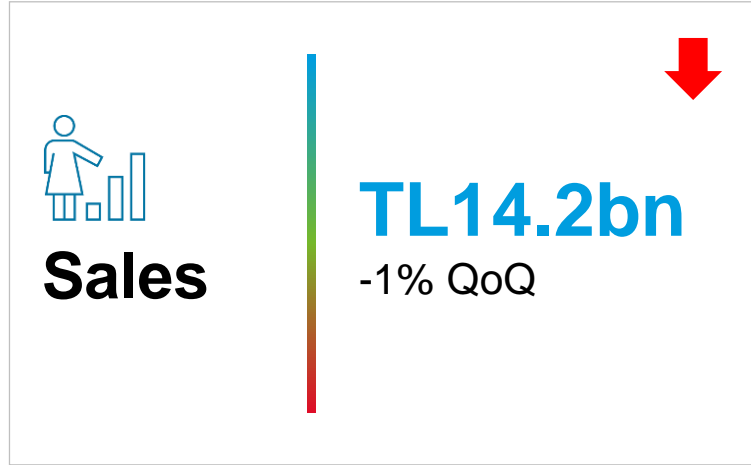


# 3Q22 Results Investor Presentation



## 3Q22 financial highlights



# Solid performance despite deteriorating market sentiment

## 3Q22 highlights



Continuously higher sales of TRY14.2bn

**driven by higher trade volume (%48 of total sales) despite lower prices and major turnaround**



Margin compression due to weak demand and increased competition

**Petkim average unit margins decreased to USD169/ton from USD223/ton in 2Q22**



High trade contribution in the total portfolio despite recessionary environment

**USD13mn trading gross profit was recorded**



Petkim RES has been able to use its full capacity of 51MW according to the EMRA legislation

**TRY90mn revenue contribution was provided (TRY43mn in 2Q22)**



Improved operating cash flow amid challenging conditions

**Petkim generated USD157mn cash flow from operating activities**

# Industry Environment

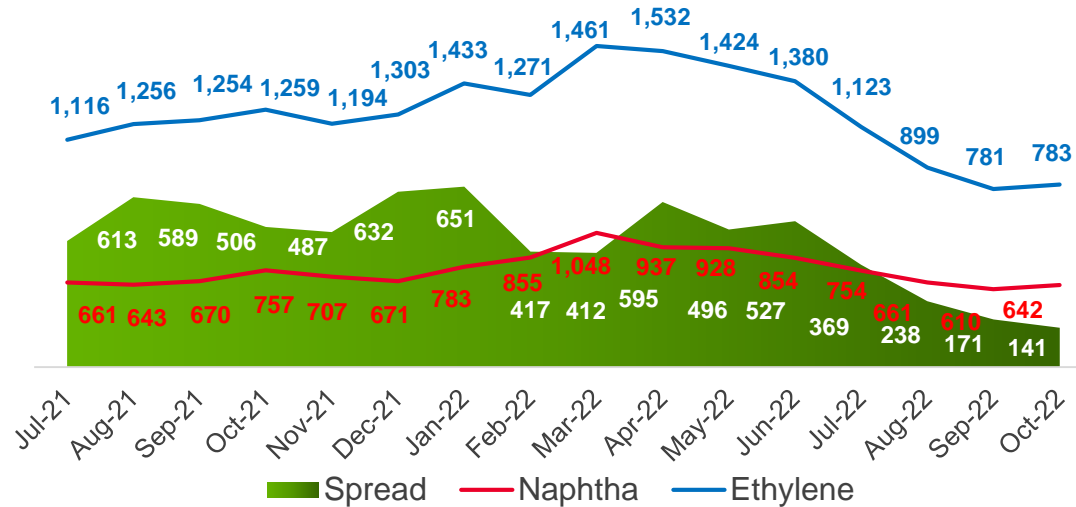
Global petrochemical market  
Petrochemical market in Turkey



# Industry environment

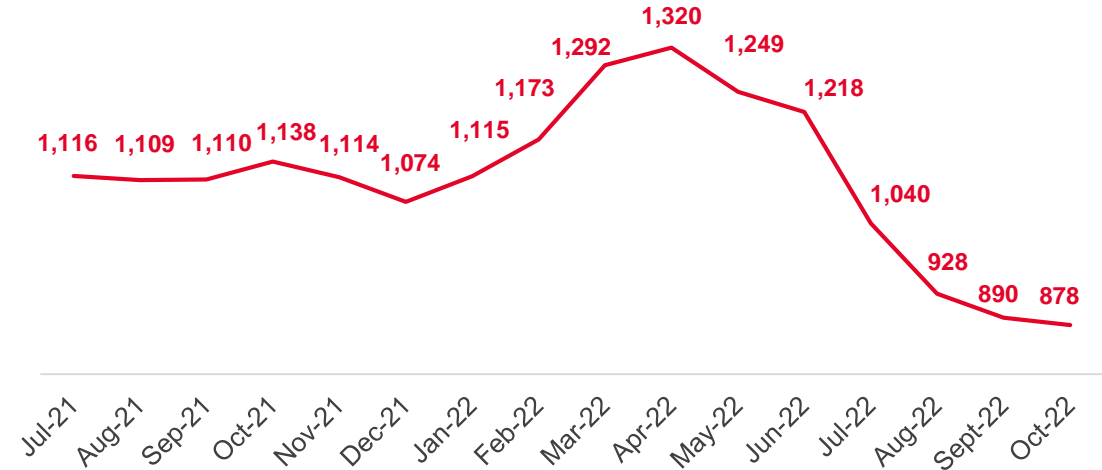
## Monthly naphtha - ethylene spread (CIF MED spot prices)

USD/tonne



## Monthly average Platts index\*

USD/tonne



(\*) compilation of ethylene, propylene, benzene, toluene, PX, LDPE and PP.



Naphtha prices dropped ten percent ahead of crude oil as robust gasoline demand lengthened supply ahead of subdued petrochemical demand



Ethylene-naphtha spread decreased by **52%** from **USD540/ton** in 2Q22 to **USD261/ton** in 3Q22



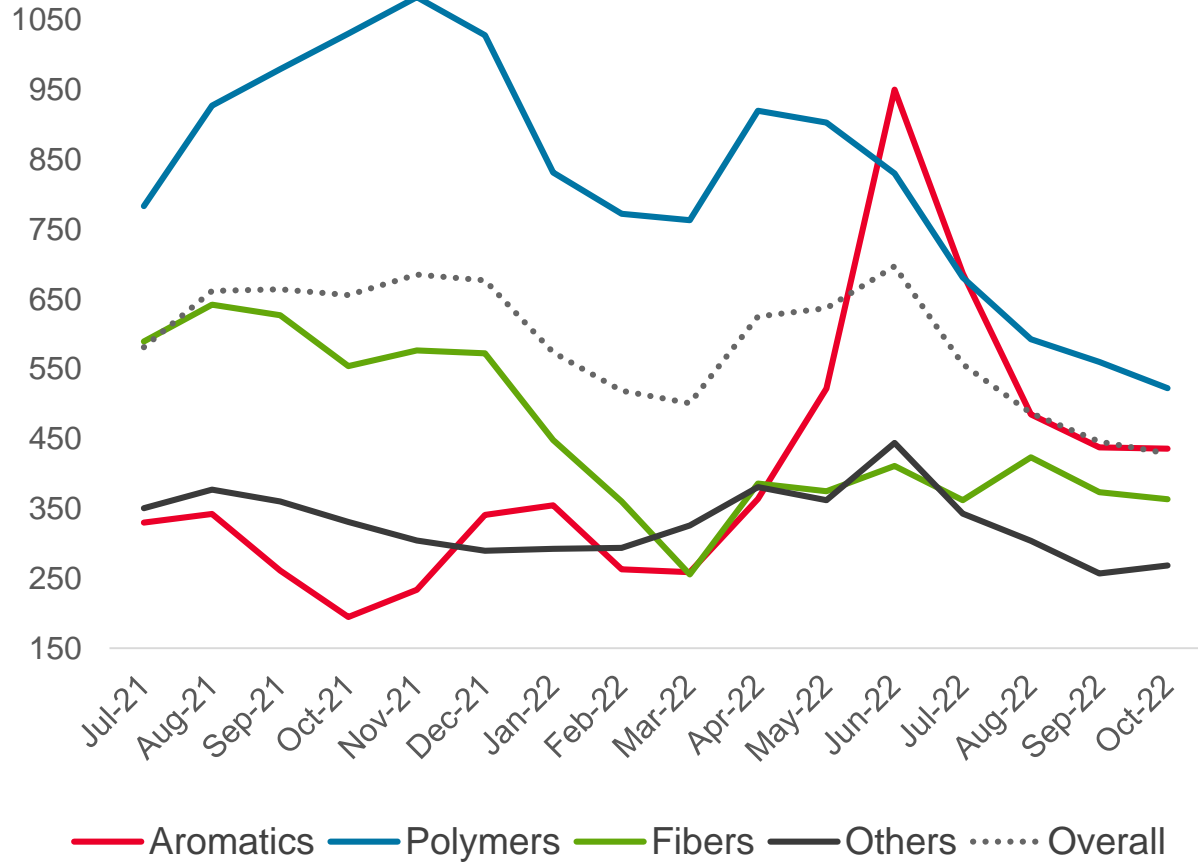
Ethylene prices and margins remained under pressure due to key derivatives suffering from poor margins, import pressure due to lower freight rates and a drop in demand for imports into Europe



3Q22 PLATTS index decreased by **24%** from the previous quarter, as demand slowed ahead of supply

# Industry environment

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



Source: S&P Global Commodity Insights

## Key trends in the industry



Deteriorating economic climate



Higher energy costs

Most petrochemical prices eased on improving supply and weak derivative demand



PE prices remained weak as escalating living costs dampened consumer spending



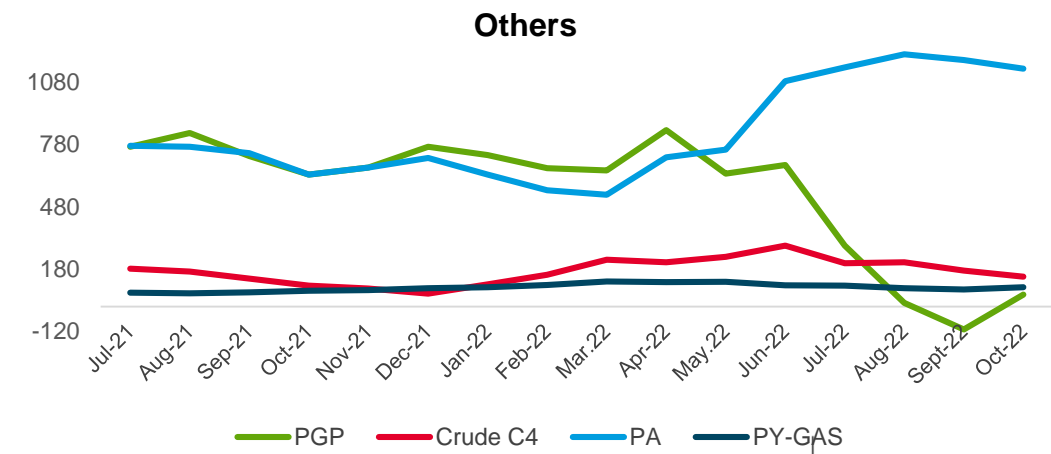
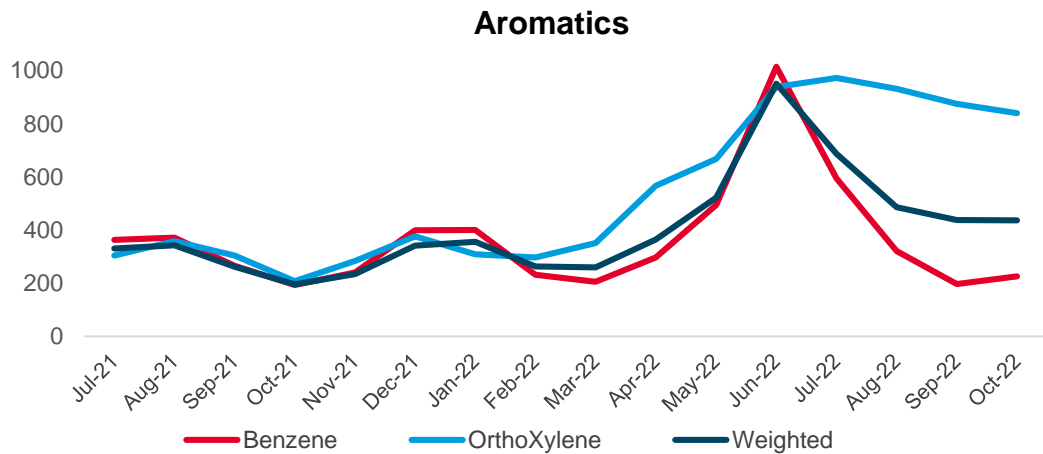
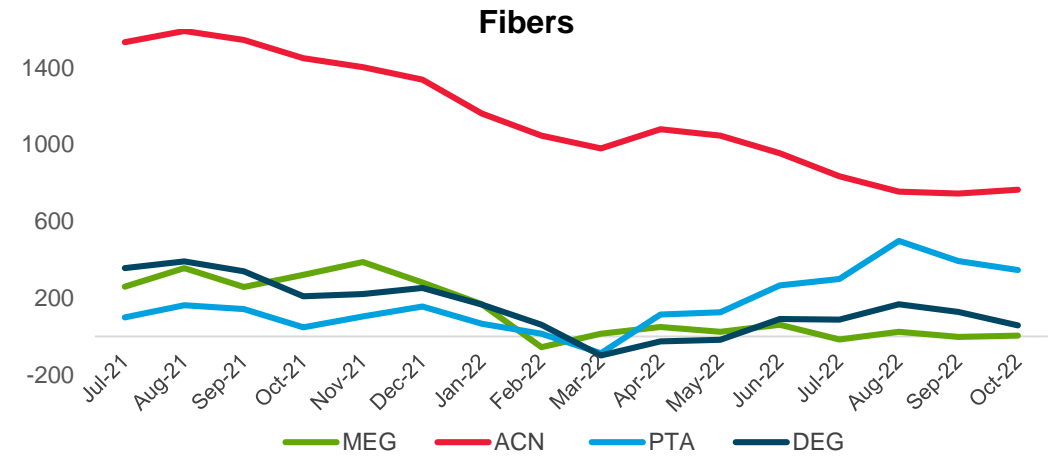
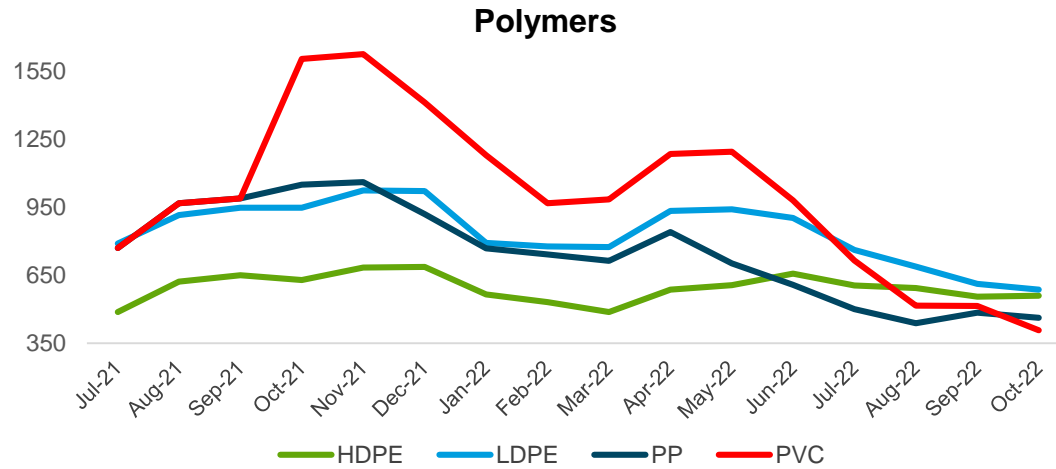
MEG margins dropped substantially below variable cost, mainly due to oversupply in China



Aromatic prices going into third quarter saw a reversal from the eight year highs seen in June as soft derivative demand and gasoline market weakening over the previous quarter

# Industry environment

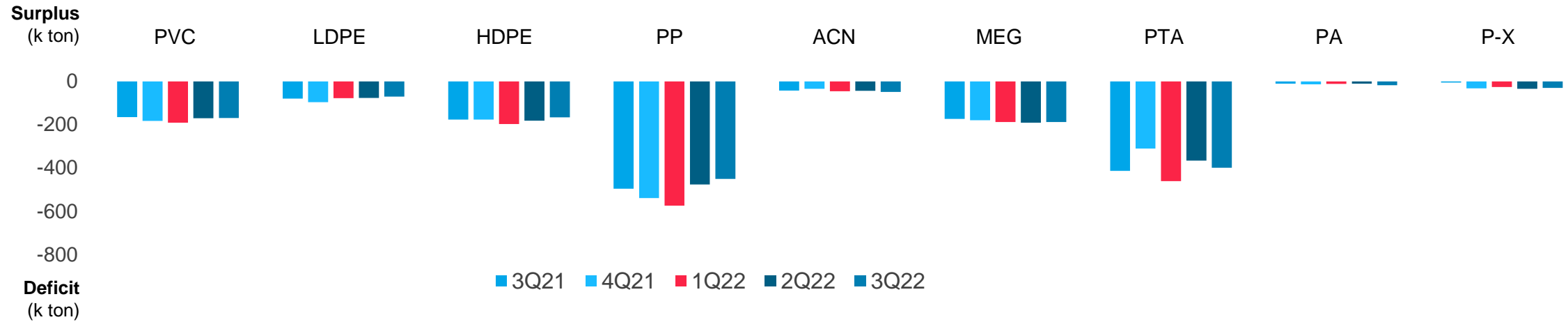
Product groups spread (over naphtha CIF MED), USD/MT



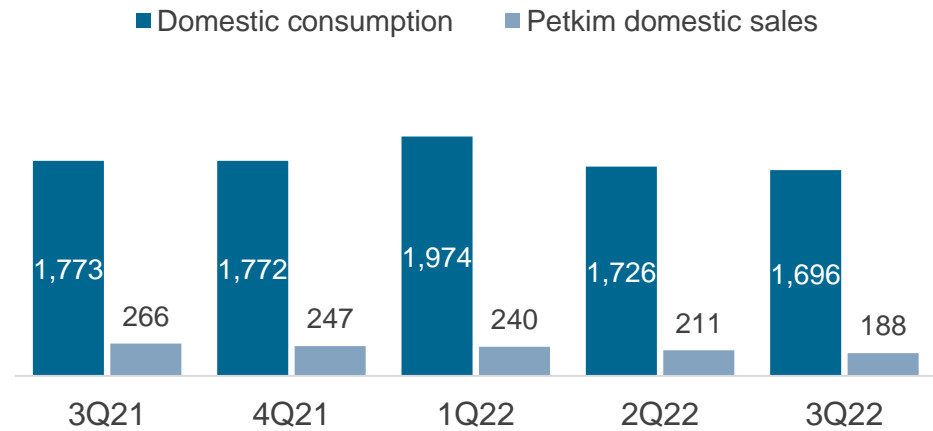
Source: S&P Global Commodity Insights

# Turkey's petrochemical sector overview

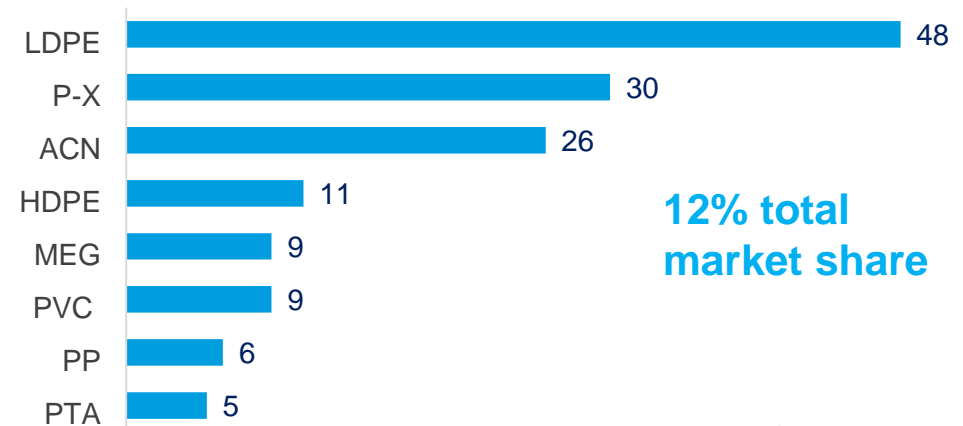
Turkey domestic demand is primarily met by imports



## Petrochemical consumption in Turkey (k ton)



## Products market share (%)



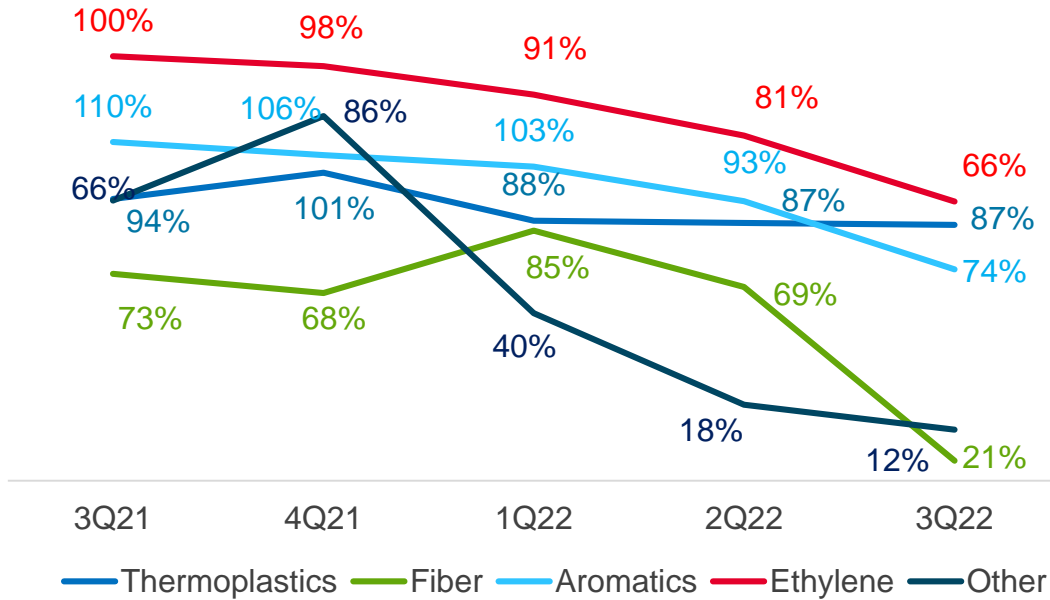


# Operating and Financial Results

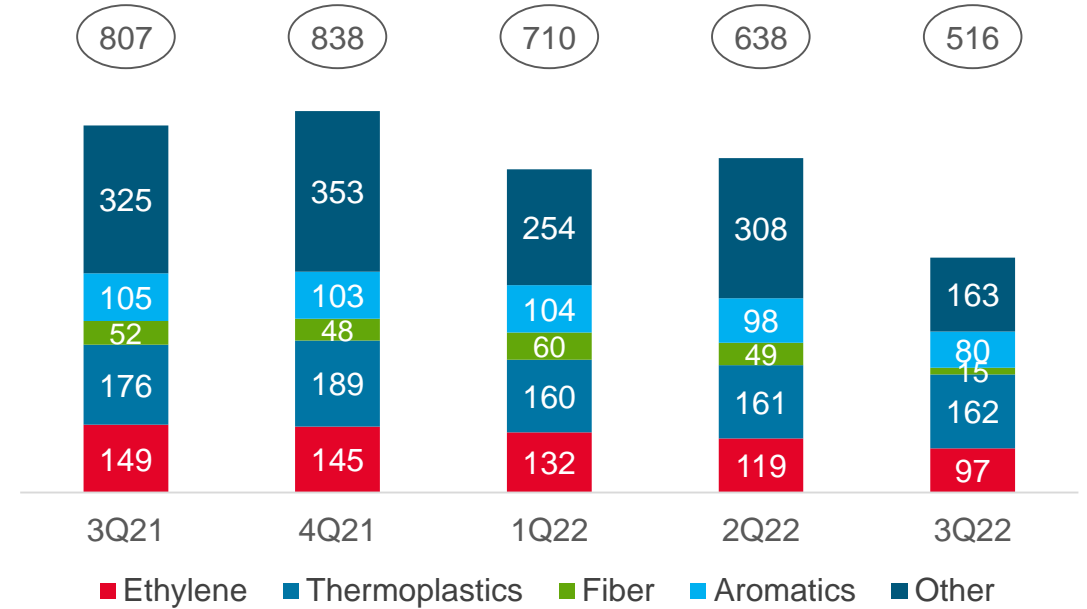


# Capacity utilization and gross production

Capacity utilization rates (%)



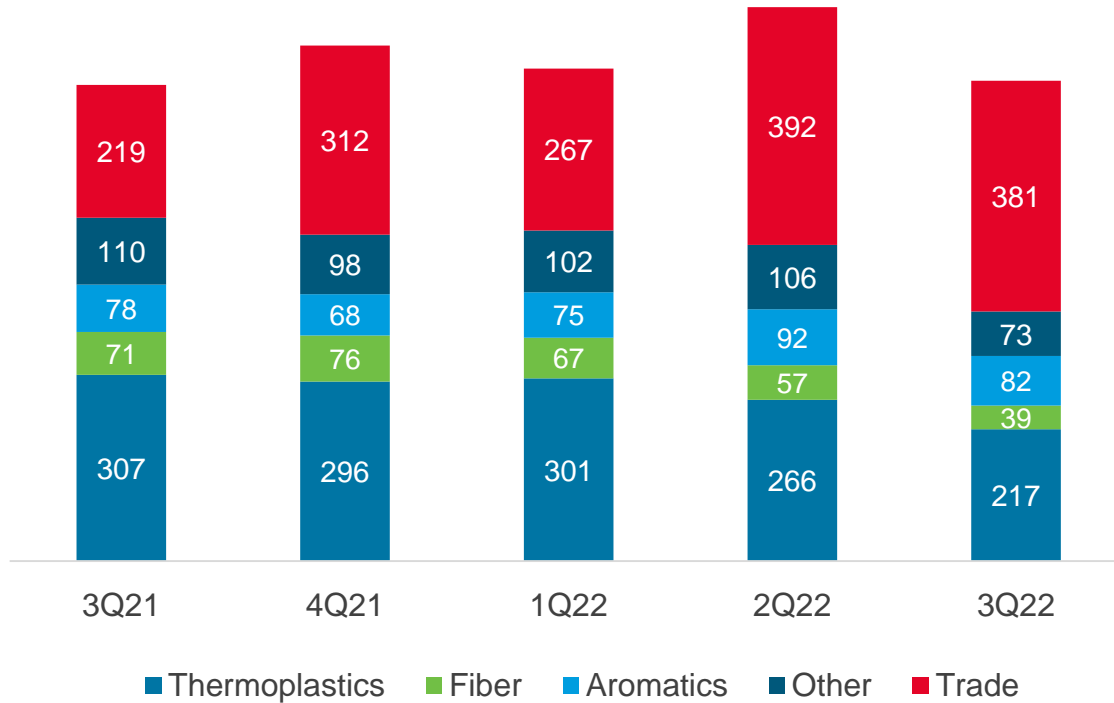
Gross production (k ton)



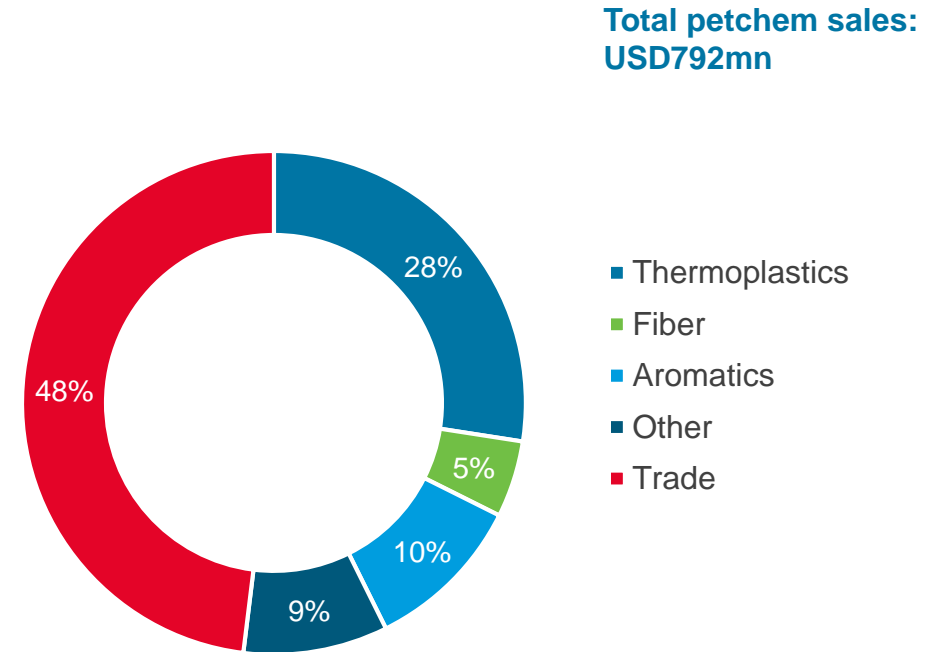
Petkim generated **516kton** gross production and ethylene capacity utilization rate was **66%** in 3Q22

# Petrochemical product sales

Breakdown of petchem sales (mn USD)



Breakdown by percentage in 3Q22

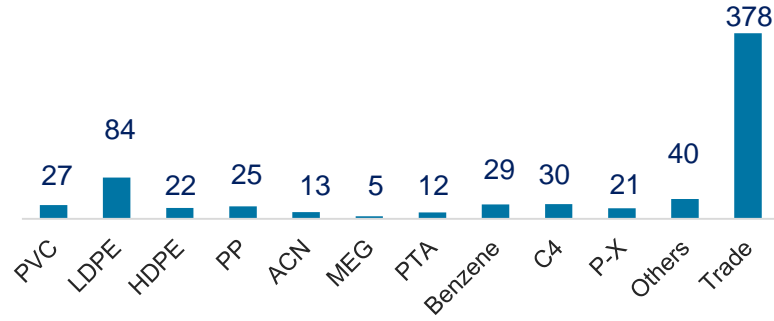




**In 3Q22, Petkim achieved TL 14,105mn sales via 687k ton sales volume**

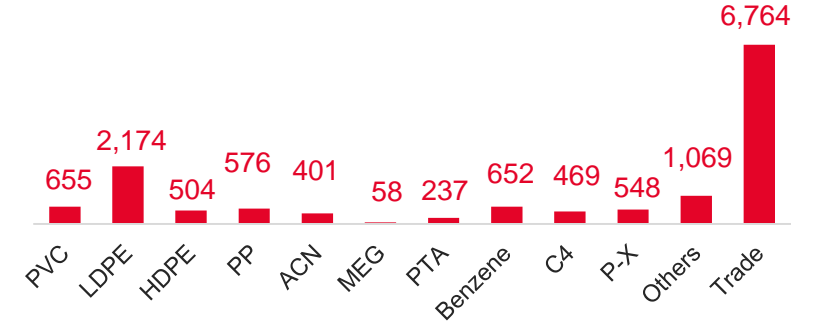
**Sales volume (ton k)**

**Total volume: 687k ton**



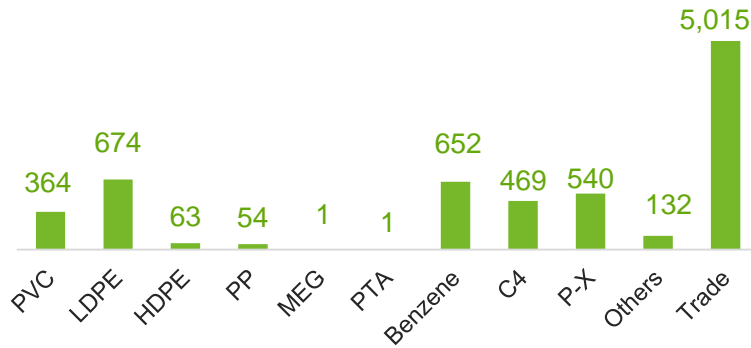
**Revenue (TL mn)**

**Total revenue: TL14,105mn**

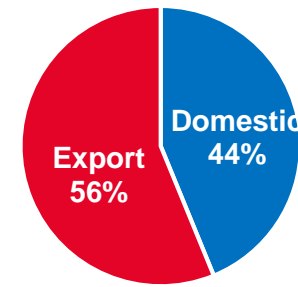


**Export Revenue (TL mn)**

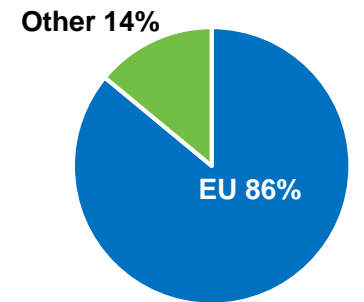
**Total export: TL7,963mn**



**Revenue breakdown (%)**



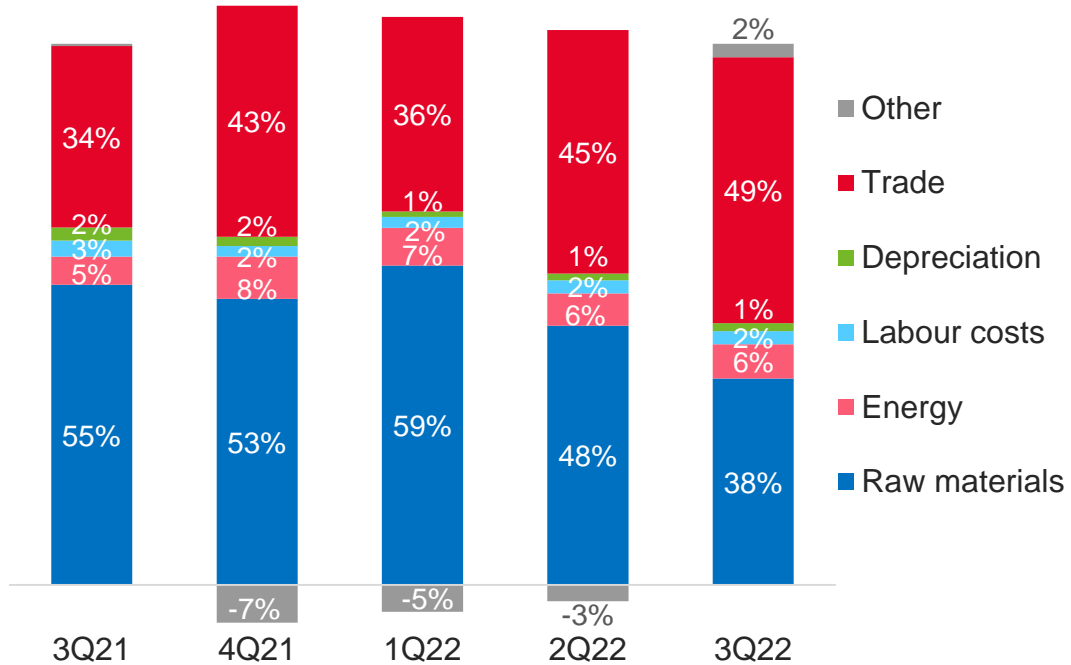
**Exports breakdown as per region (%)**



# Breakdown of total COGS

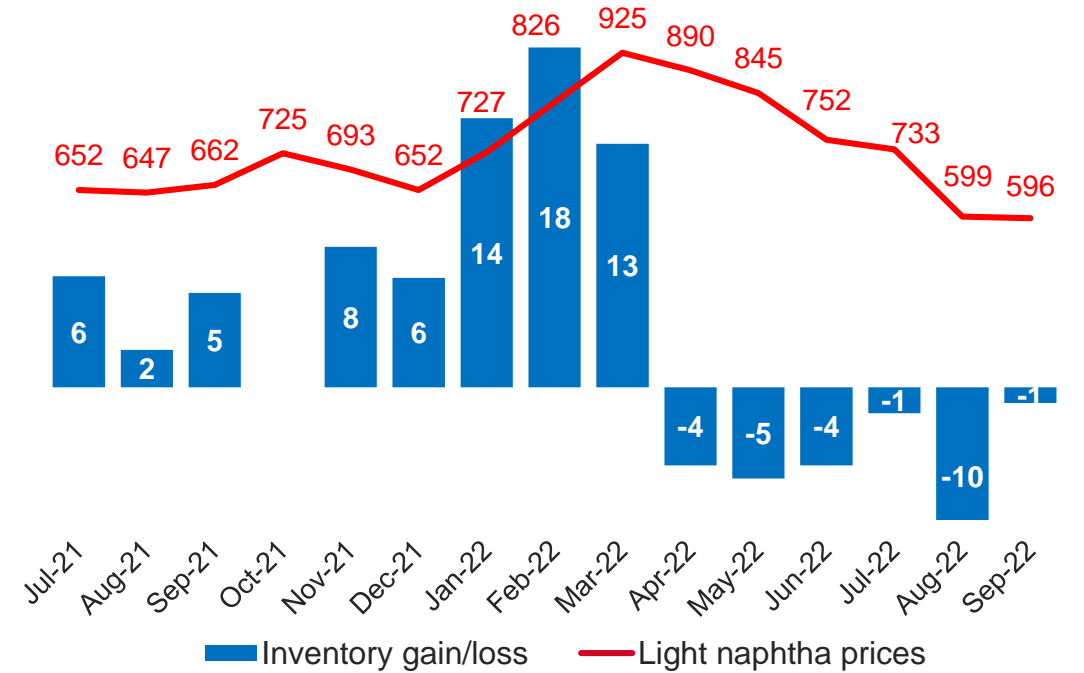
COGS breakdown (%)

3Q22 total COGS: TL13,277mn



Inventory gain/loss (mn USD)

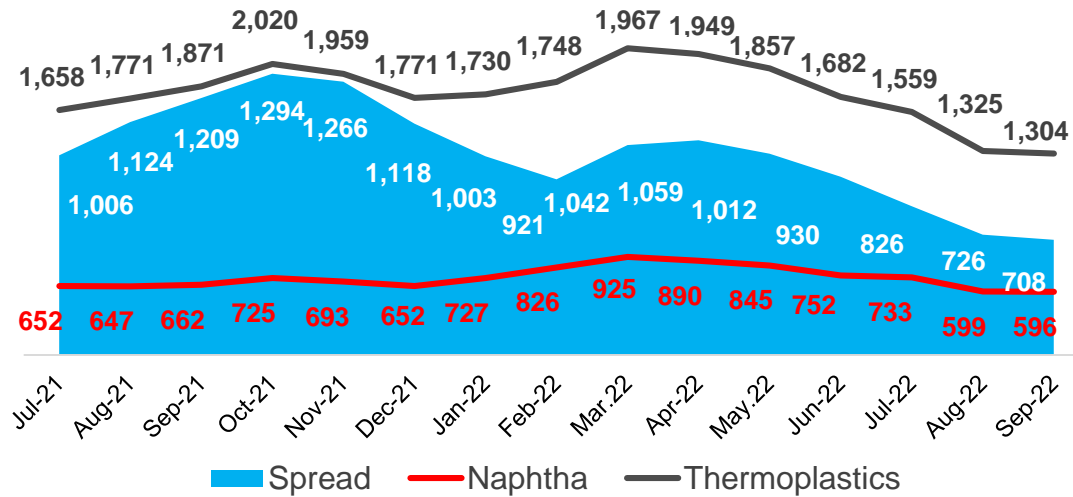
3Q22 inventory loss: USD11.8mn



# Feedstock vs. product prices of Petkim

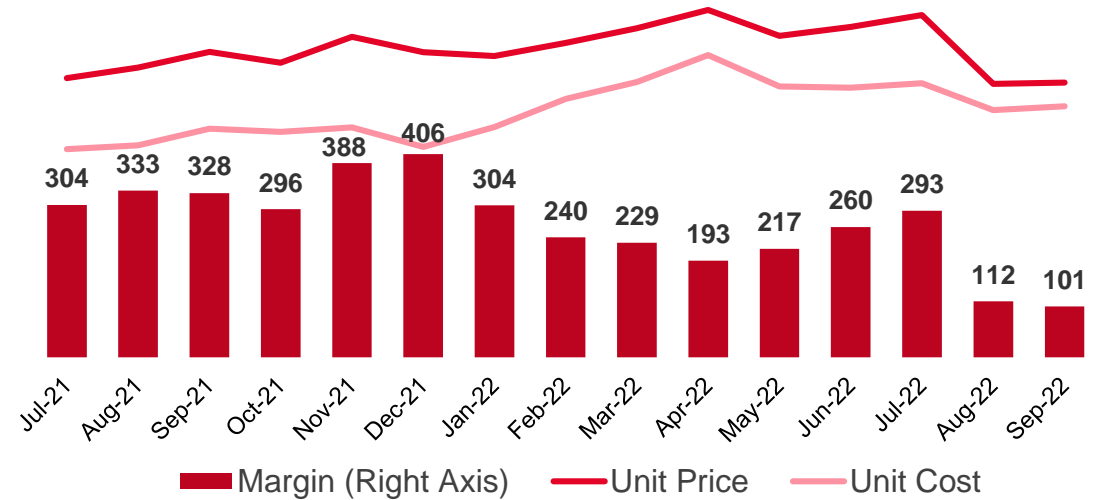
## Thermoplastics and naphtha spread

USD/tonne



## Petchem unit margins\*

USD/tonne



(\*) Excluding trade



Thermoplastics margins narrowed as upstream costs fell ahead of resin prices



Co-products offered little upside with propylene and butadiene prices moving in step with both naphtha and propane feedstocks downwards amidst weak demand for their respective derivatives



Petrochemical unit margins slumped after the sharp peak in aromatics prices rapidly reversed due to softer crude oil and gasoline prices and sluggish derivative demand

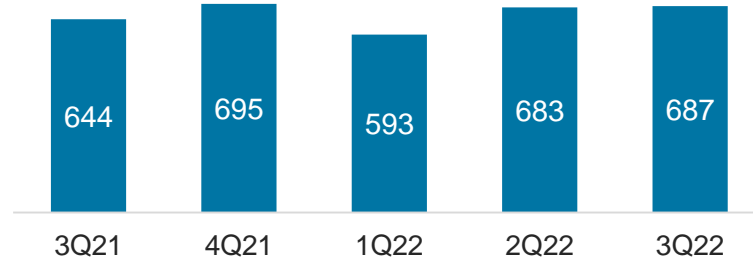
# PETKIM 3Q22 income statement

TL mn	FY			Q2		
	Q3'21	Q3'22	YoY Δ (%)	Q2'22	Q3'22	QoQ Δ (%)
Sales	6,735	14,201	111%	14,369	14,201	(1%)
Cost of sales	(5,383)	(13,277)	147%	(12,910)	(13,277)	3%
<b>Gross profit</b>	<b>1,352</b>	<b>924</b>	<b>(32%)</b>	<b>1,458</b>	<b>924</b>	<b>(37%)</b>
<b>Gross profit %</b>	20%	7%		10%	7%	
Marketing and sales expenses	(51)	(139)	174%	(130)	(139)	7%
General administrative expenses	(113)	(304)	169%	(219)	(304)	39%
<b>Operating profit</b>	<b>1,188</b>	<b>481</b>	<b>(60%)</b>	<b>1,109</b>	<b>481</b>	<b>(57%)</b>
Other income/ (expenses)	500	1,267	153%	1,131	1,267	12%
Financial income	479	1,705	256%	1,984	1,705	(14%)
Financial expenses	(538)	(2,256)	319%	(2,603)	(2,256)	(13%)
<b>Profit before tax</b>	<b>1,629</b>	<b>1,196</b>	<b>(27%)</b>	<b>1,621</b>	<b>1,196</b>	<b>(26%)</b>
Income tax	(228)	116	(151%)	105	116	10%
Deferred tax	291	196	(33%)	794	196	(75%)
<b>Net profit / (loss)</b>	<b>1,692</b>	<b>1,508</b>	<b>(11%)</b>	<b>2,520</b>	<b>1,508</b>	<b>(40%)</b>
<b>Net profit %</b>	25%	11%		18%	11%	
Other	46	73	56%	97	73	(25%)
Depreciation	147	206	40%	191	206	8%
<b>EBITDA</b>	<b>1,382</b>	<b>759</b>	<b>(45%)</b>	<b>1,396</b>	<b>759</b>	<b>(46%)</b>
<b>EBITDA %</b>	21%	5%		10%	5%	

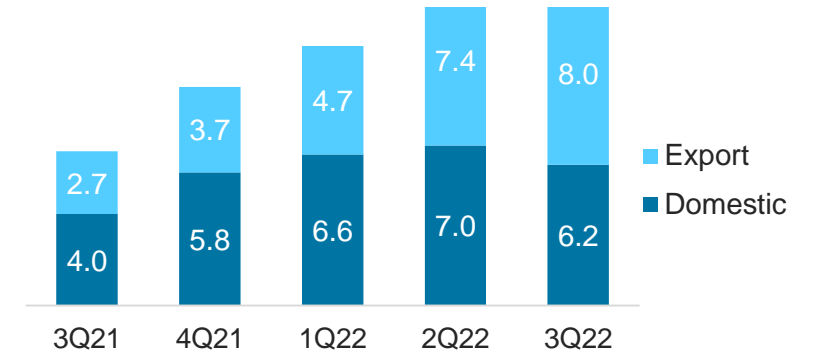


## Financial highlights

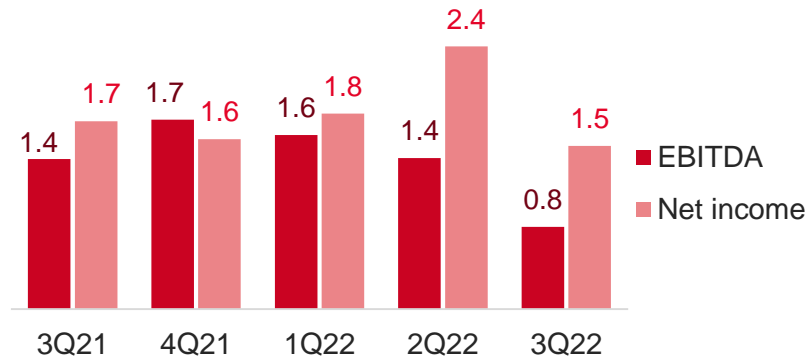
Sales tonnes (k ton)



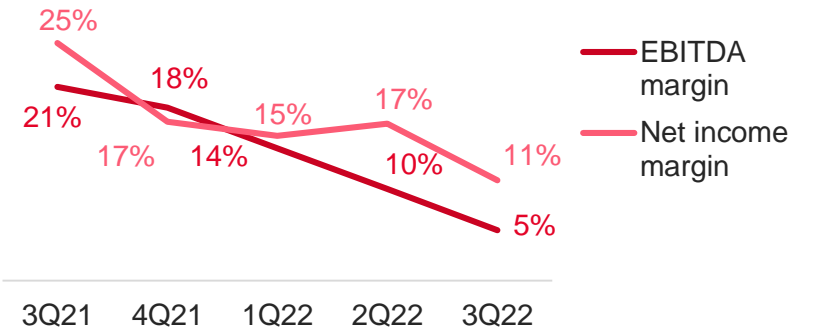
Revenue (bn TL)



EBITDA and net income (mn TL)



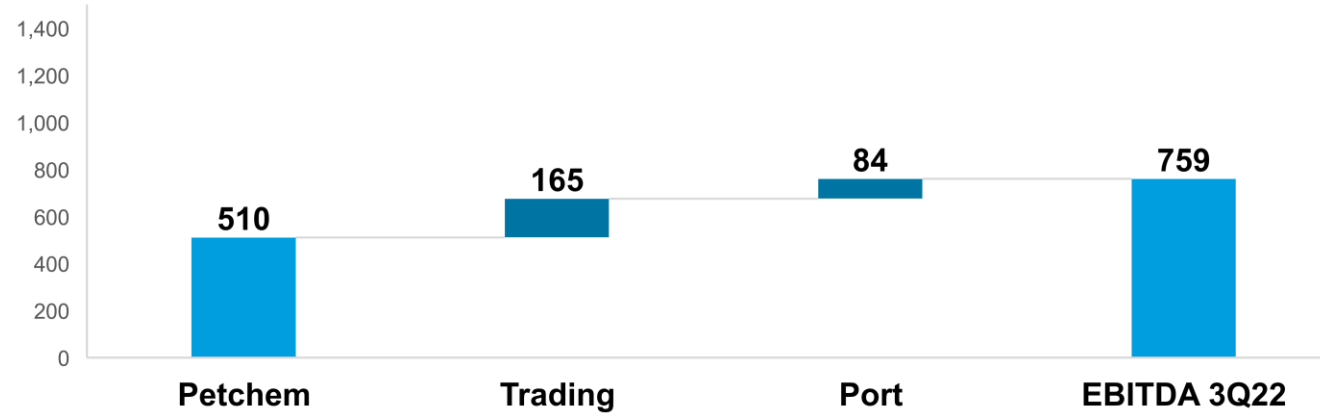
Margins (%)



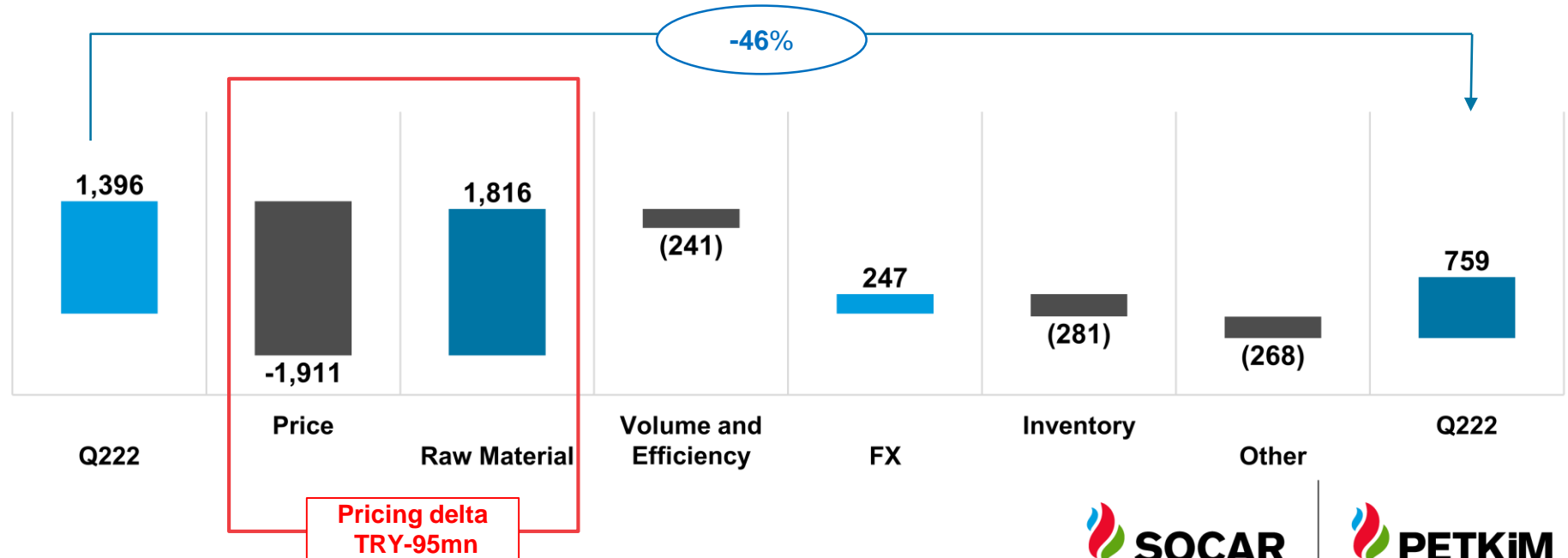


# Earnings decreased mainly due to inventory and cost efficiency decline

3Q22 segments' results (mn TRY)



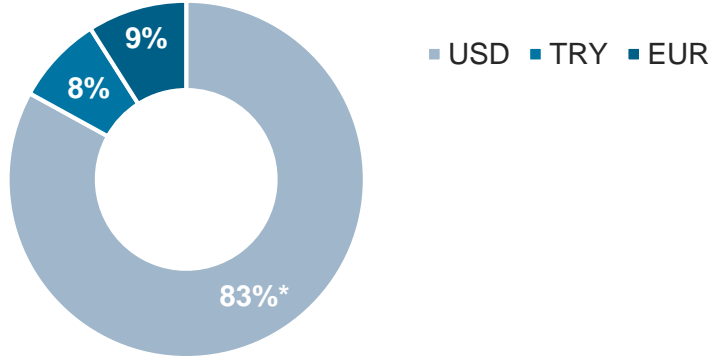
Quarterly change in EBITDA (mn TRY)



# Liquidity highlights

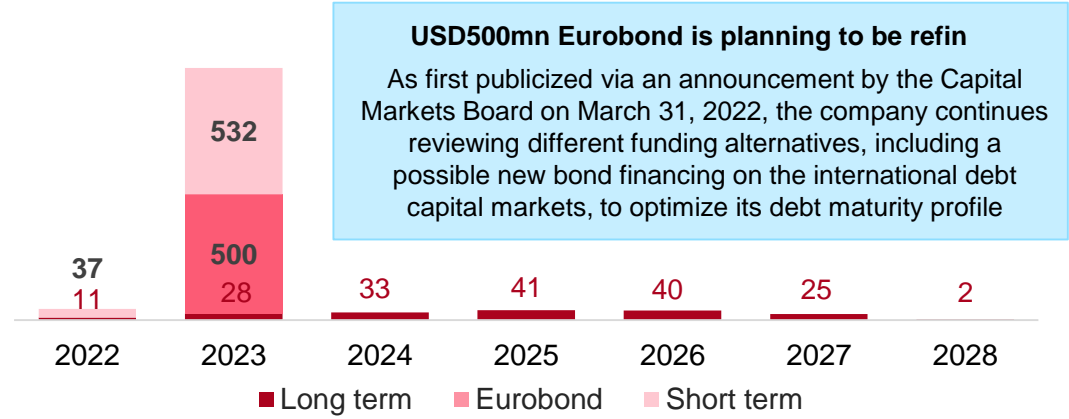
## Deposits\* (%)

USD528mn

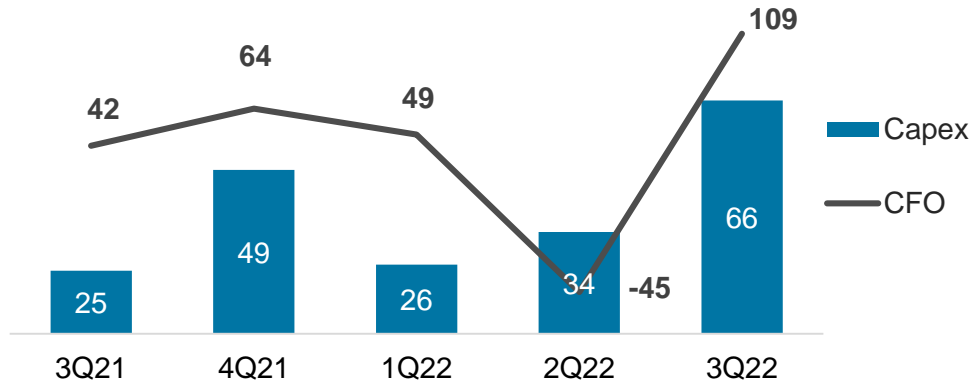


(\*) FX-protected deposits account for 13% of USD deposits, 79% of EUR deposits

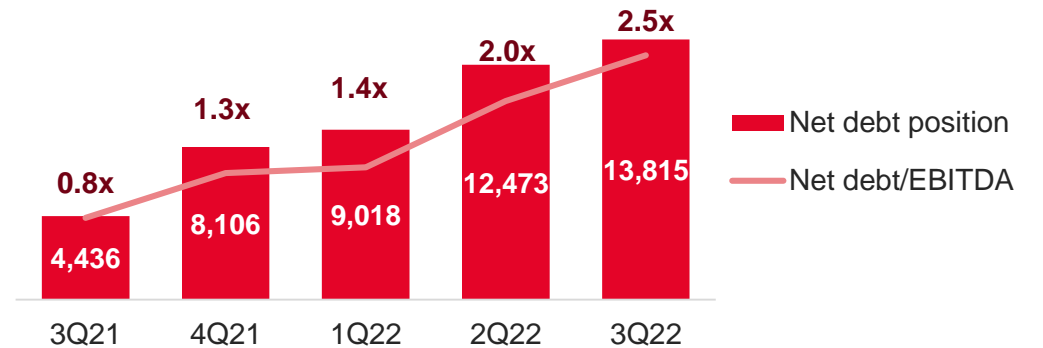
## Maturity profile (mn USD)



## Cash flow from operations and CAPEX (mn USD)



## Net debt position (mn TL)



# Sustainability and ESG



# Our sustainability strategy will be built on two pillars

## Climate/CO2 Targets<sup>3</sup>



### Decarbonization

1

#### Short-term<sup>2</sup>

##### 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-term

##### 2030 onwards

Achieve long term decarbonization targets for decreased emissions:

- **40%** reduction by 2035 for Scope 1 & 2<sup>1</sup>
- **Net zero** by 2050 for Scope 1 & 2<sup>1</sup>

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



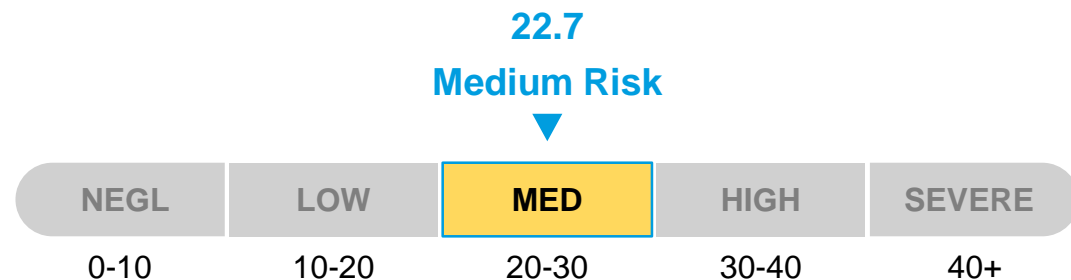
### Circular economy

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 22.7

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

**Ranking 8th** among 206 players in the commodity chemicals

## Sustainalytics ESG Risk Rating Ranking

	Rank (1st = lowest risk)	Percentile (1st = lowest risk)
Global Universe	4335/13667	32 <sup>nd</sup>
Chemicals	22/443	6 <sup>th</sup>
Commodity Chemicals	8/206	4 <sup>th</sup>

## 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.

# Sustainability key performance indicators – 2022

Stakeholder related targets<sup>1</sup>

## Climate & Environment

	2022 Targets	Key Highlights
<b>Decarbonization</b>	<b>1%</b>	Implementation of energy efficiency and electrification initiatives to decrease carbon intensity (decarbonization)
<b>Energy consumption per ton of product</b>	<b>2.79 gcal/ton</b>	Conducting Energy Audits Implementation of Energy Efficiency Projects ISO 50001 Energy Management System Standard Certificate
<b>Water consumption reduction</b>	<b>1%</b>	Implementation of water conservation projects and determining alternative sourcing and monitoring (per raw material)

## Health & Safety

<b>Total recordable incident rate (TRIR)</b>	<b>≤0.90</b>	Tracking and ensuring compliance with HSE Leading and Lagging KPIs Implementation of relevant programs in terms of leadership, employee engagement and ownership Implementation of relevant HSE initiatives
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# Supporting Slides



# PETKIM 3Q22 balance sheet

TL mn	6M'22	9M'22	Financial highlights	6M'22	9M'22
Cash and cash equivalents	7,277	9,768	Net debt position	(12,473)	(13,815)
Trade receivable	6,220	4,691	Working capital	(1,213)	(2,912)
Inventory	5,883	4,715	Days sales outstanding	38	32
Other receivables	29	28	Days payable outstanding	82	65
Other current assets	9,599	11,239	Days sales of inventory	39	31
<b>Current assets</b>	<b>29,009</b>	<b>30,441</b>			
Non current assets	14,323	16,712			
<b>Total assets</b>	<b>43,332</b>	<b>47,153</b>			
Short term borrowings	17,262	20,939			
Trade payables	4,289	2,605			
Other payables	821	889			
<b>Current liabilities</b>	<b>22,372</b>	<b>24,433</b>			
Long term borrowings	2,898	3,075			
Other non-current liabilities	1,088	1,167			
<b>Shareholders' equity</b>	<b>16,974</b>	<b>18,477</b>			
<b>Total liabilities</b>	<b>43,332</b>	<b>47,153</b>			



# 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 Turkey, 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 Turkey 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

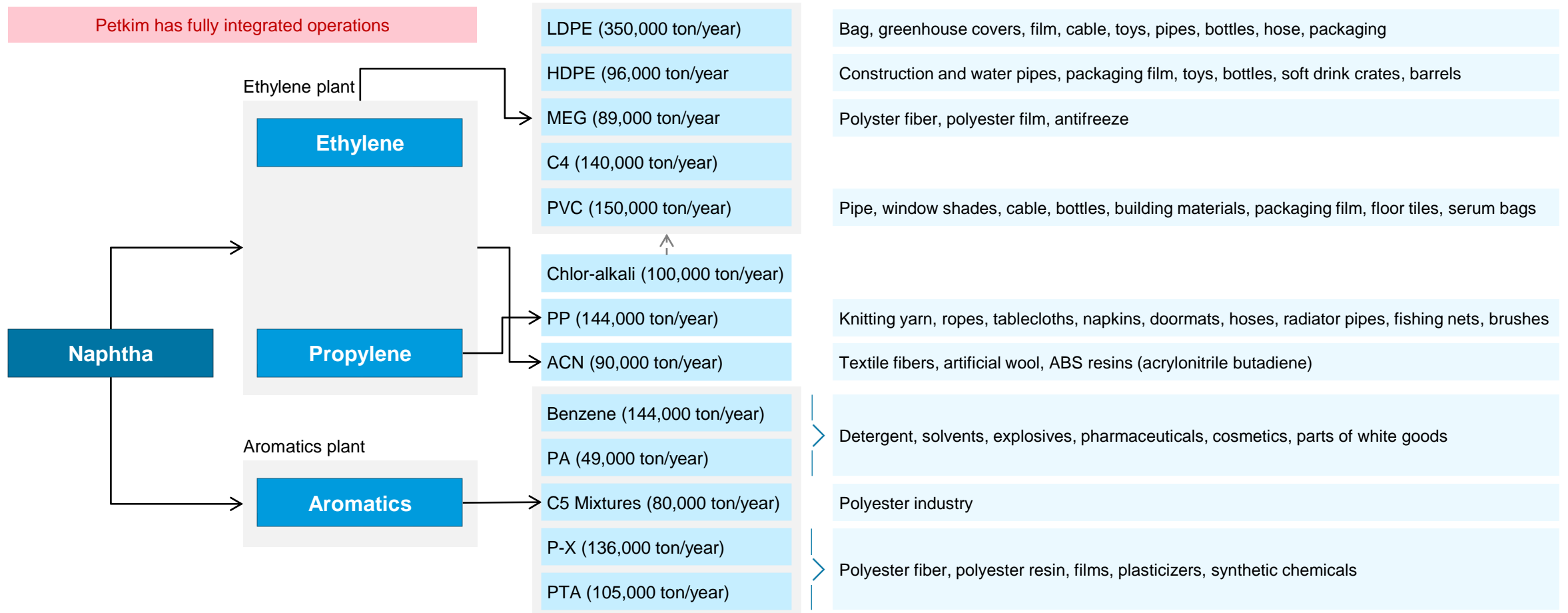
- Stable stream of income that is not correlated to Petkim's core business
- Savings on shipments for expansion projects



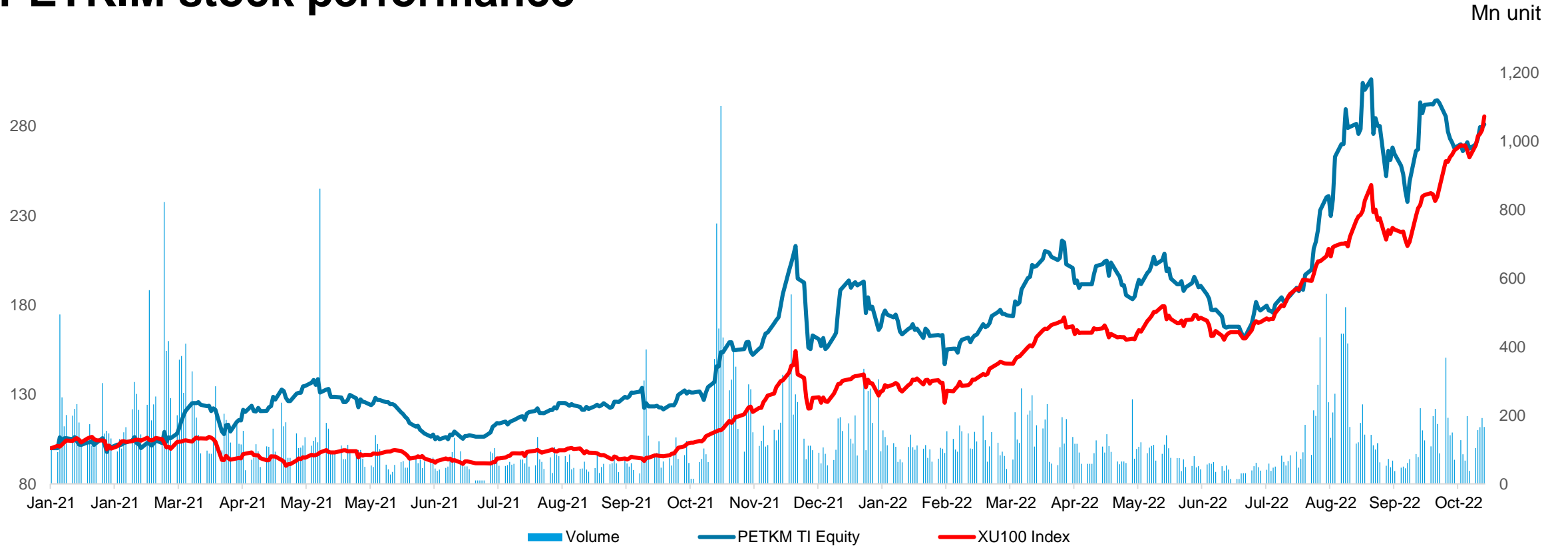
- Wind farm located in the Aliaga Peninsula licensed to generate 38 MW of electricity
  - Petkim has applied for a new license allowing generation at full capacity of 51 MW
- The construction of 17 new turbines, each able to generate 3 MW of electricity, was completed in Sep-2017
- Total investment in the windfarm amounts to EUR55m

- Contributes to revenue diversification
- Plan is to sell the electricity generated to Turkey'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)  
**14TL**

Market capitalization  
(TL mn)  
**TL 35,482**

Free float  
(%)  
**49.0%**

\*As the date of 4 Nov 2022

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