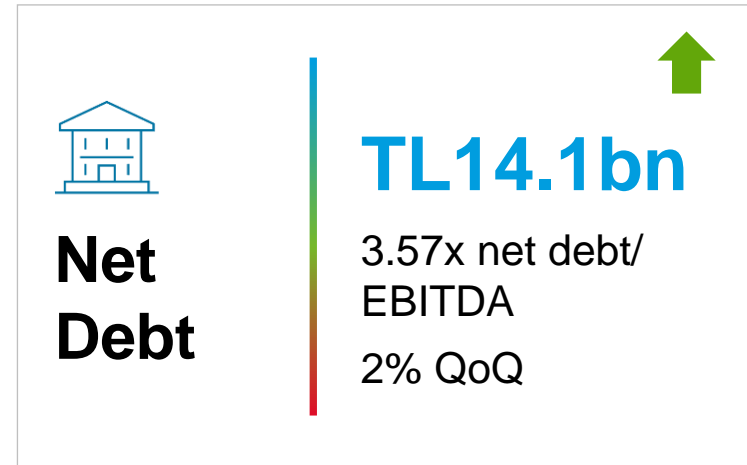
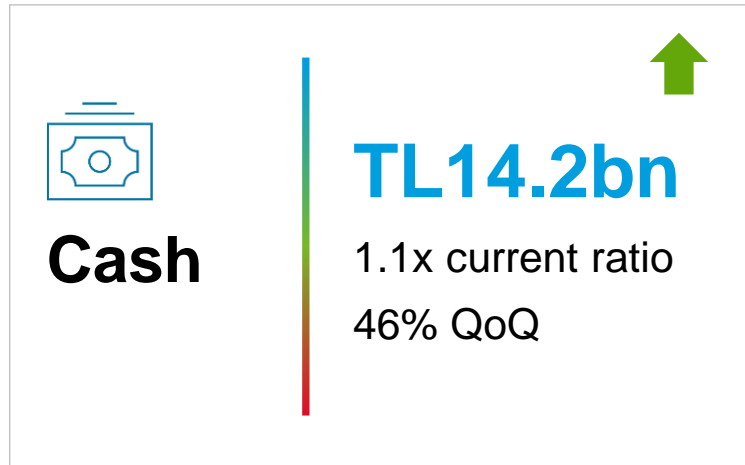
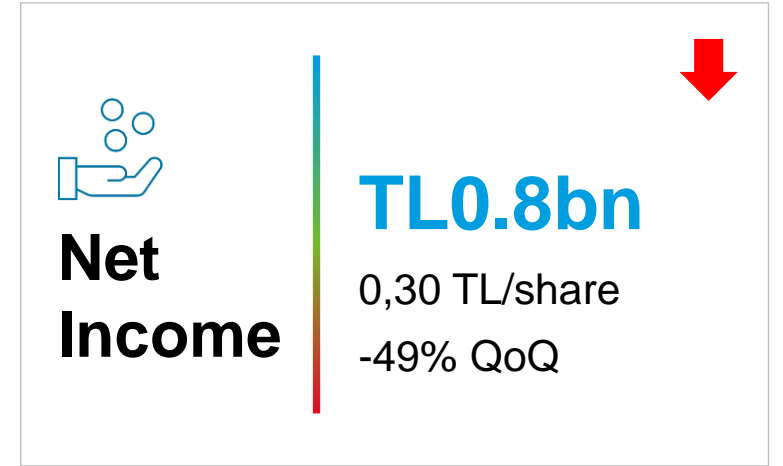
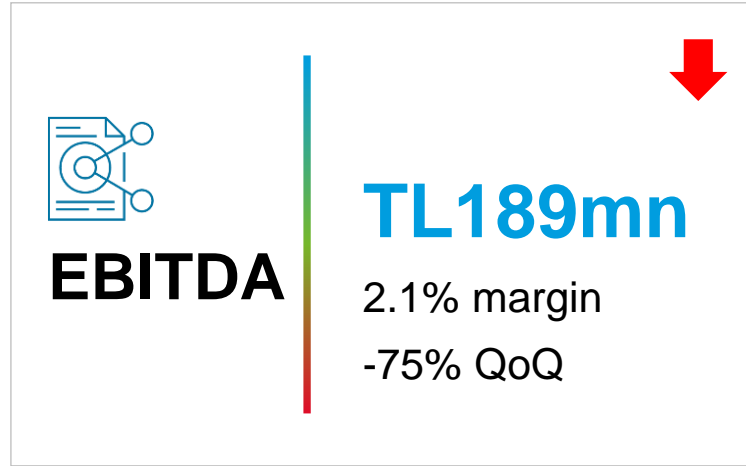
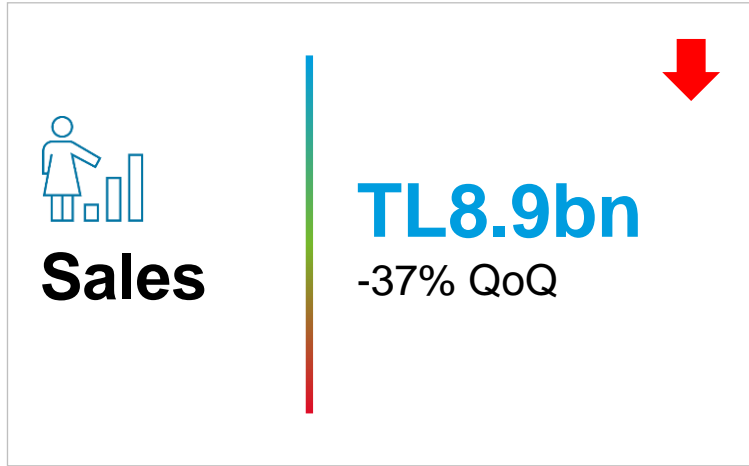


# 4Q22 Results Investor Presentation



# 4Q22 financial highlights



# Solid performance despite deteriorating market sentiment

## 4Q22 highlights



Petkim completed the scheduled major maintenance earlier than planned and in line with budget

**Productivity is expected to improve after completion of maintenance**



Lower product profitability due to soft demand and customer destocking

**Petkim average unit margins decreased to USD61/ton from USD169/ton in 3Q22**



Petkim has redeemed USD500mn 2023 Eurobonds and coupon due in January 2023

**Petkim has utilized USD300mn credit facility from JP Morgan**



Petkim received ISCC PLUS certifications for its ethylene cracker and low-density polyethylene (LDPE) plants

**Petkim plans to expand sustainable product alternatives within more ISCC certificated plants**



Improved operating cash flow despite challenging market environment

**Petkim generated USD139mn cash flow from operating activities**



# Industry Environment

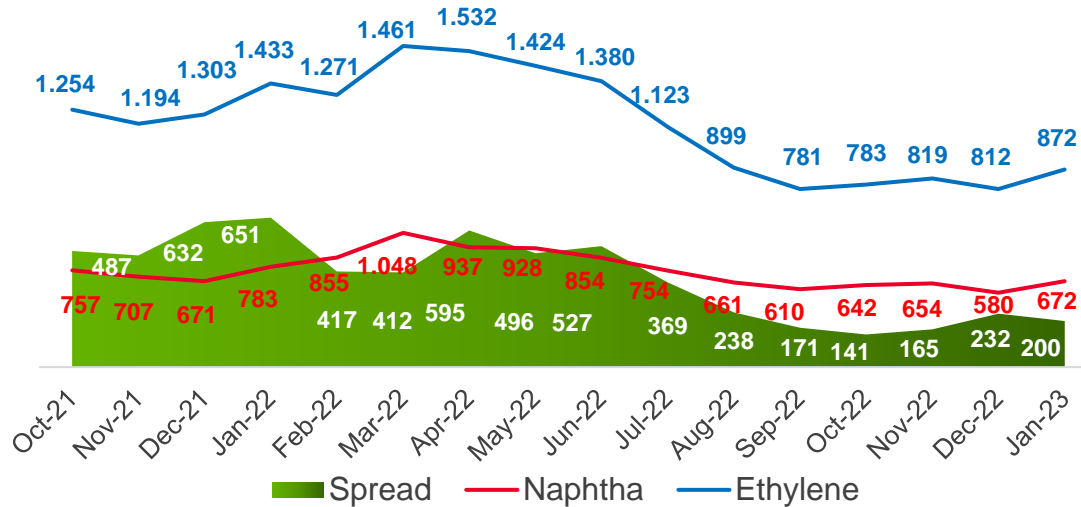
Global petrochemical market  
Petrochemical market in Turkey



# Industry environment

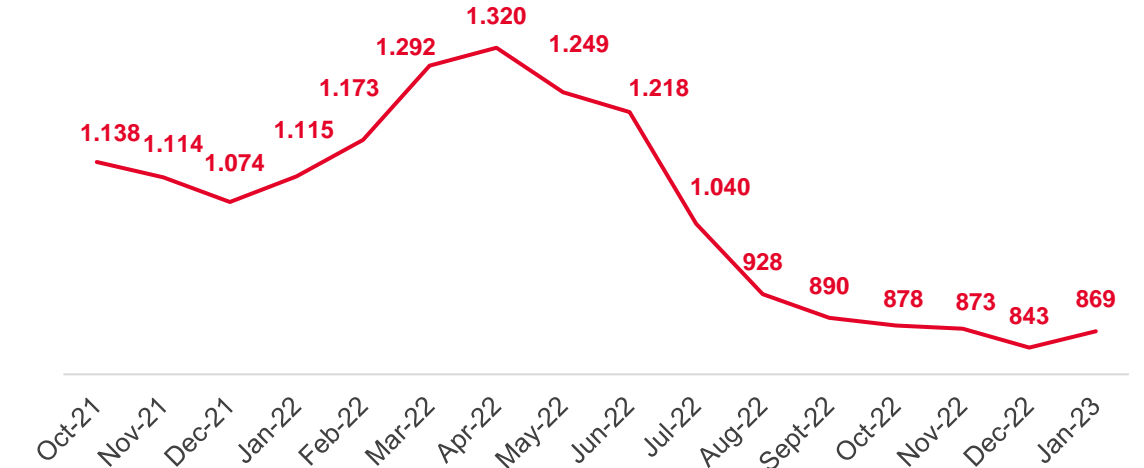
## Monthly naphtha - ethylene spread (CIF MED spot prices)

USD/tonne



## Monthly average Platts index\*

USD/tonne



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



Ethylene prices dropped by **14%**, while the cost of naphtha declined by **8%** in 4Q22 compared with the 3Q22.



Ethylene-naphtha spread decreased by **30%** from **USD261/ton** in 3Q22 to **USD184/ton** in 4Q22



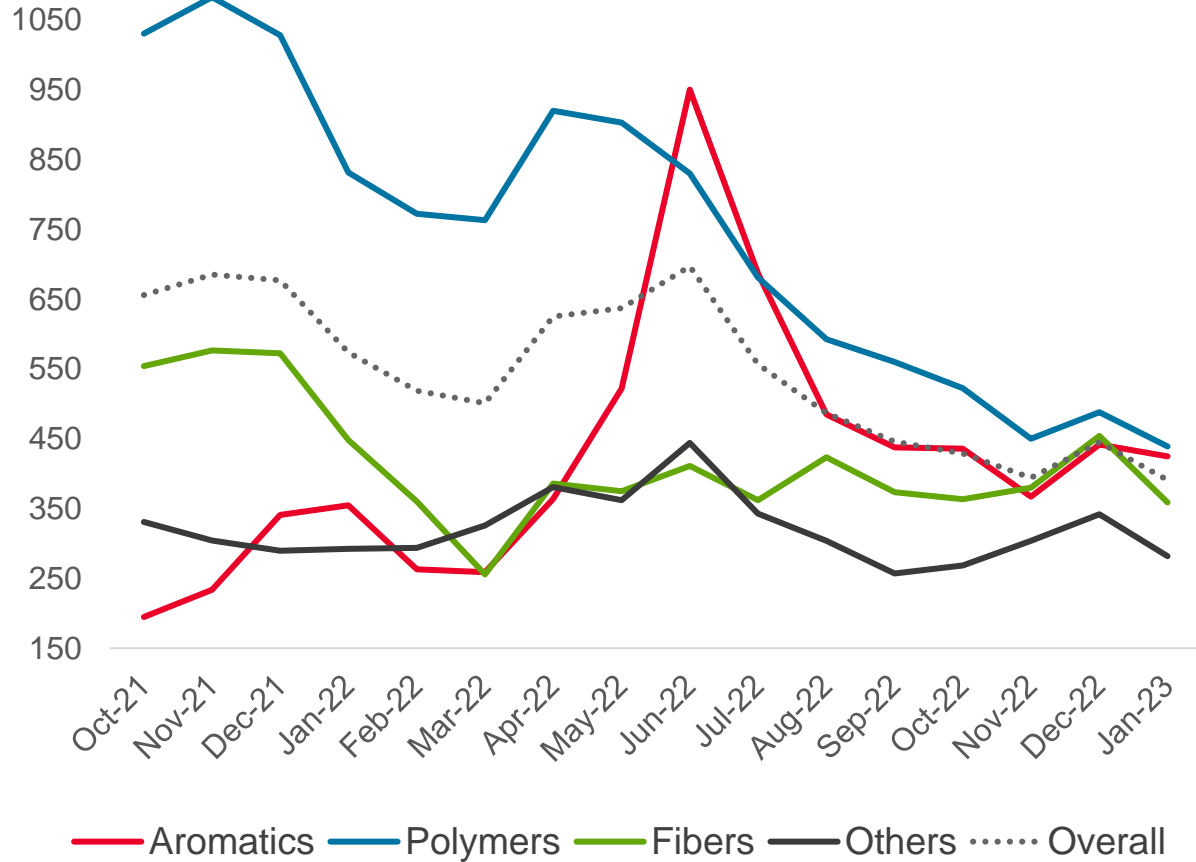
Ethylene and propylene prices and margins bottomed out in October with increasingly apparent market weakness alongside a steady reduction in upstream costs



4Q22 PLATTS index decreased by **9%** 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



Continuing soft demand

Margins bottomed out due to weaker demand with ample supply and customer destocking



Polyolefin prices tumbled to a two year low but this failed to revive demand as inventories remained high



Most of damage to ethylene crackers came from the sharp devaluation in co-product values. Lengthening supply eased C4 prices ahead of a modest reduction in average naphtha costs

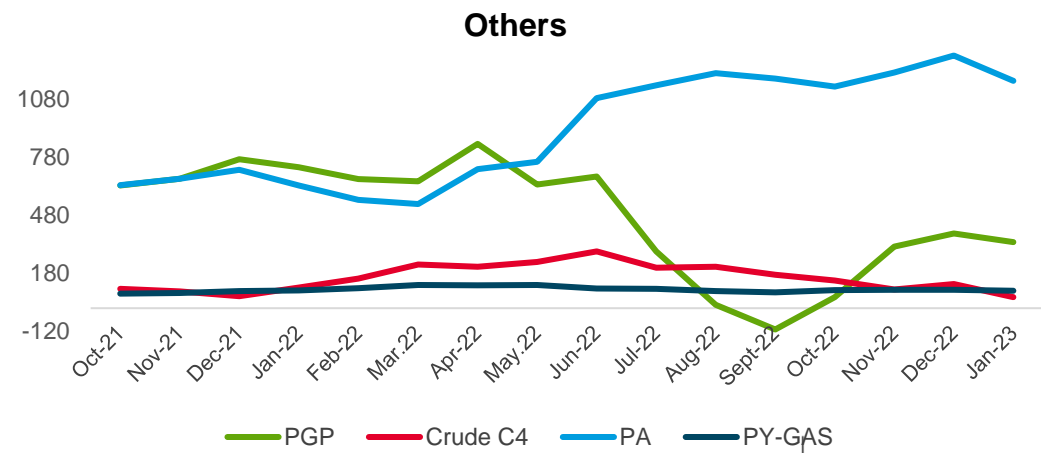
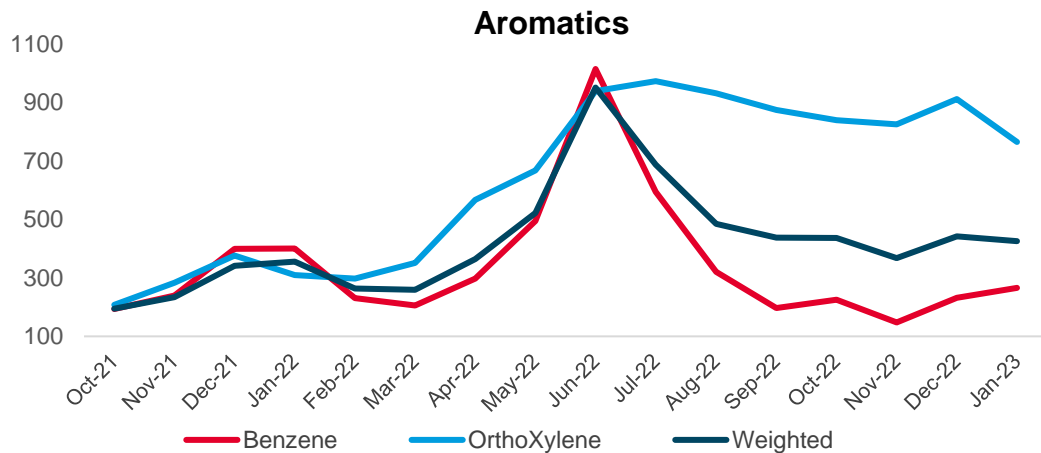
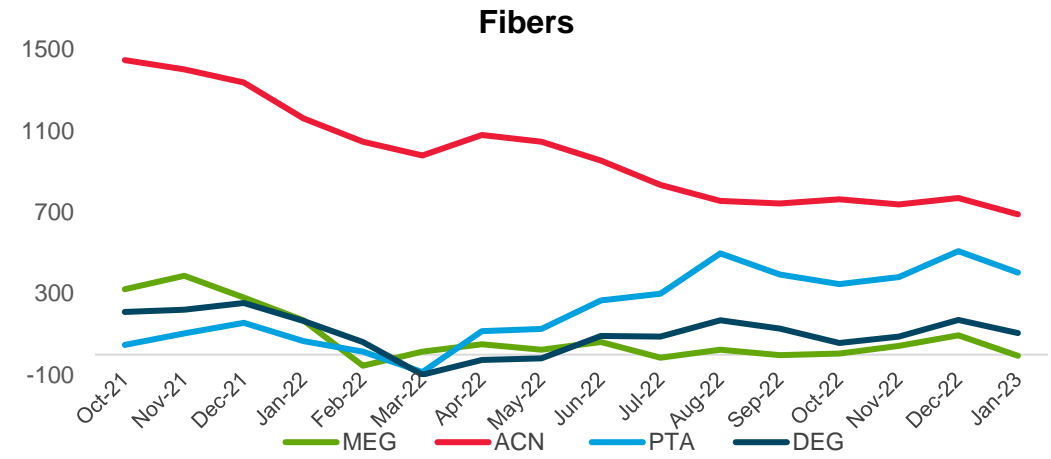
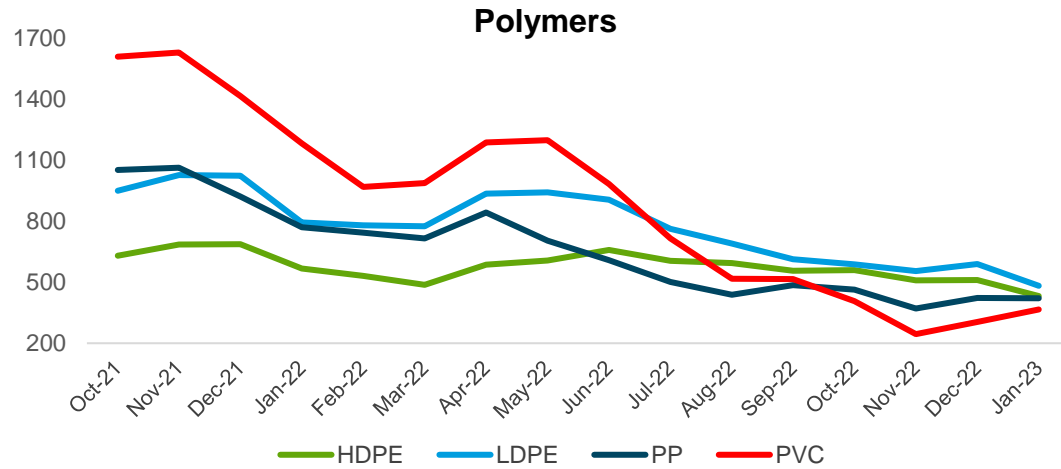


Benzene prices was the lowest in aromatics in the forth quarter of the year mainly due to downside risk of faltering demand



# Industry environment

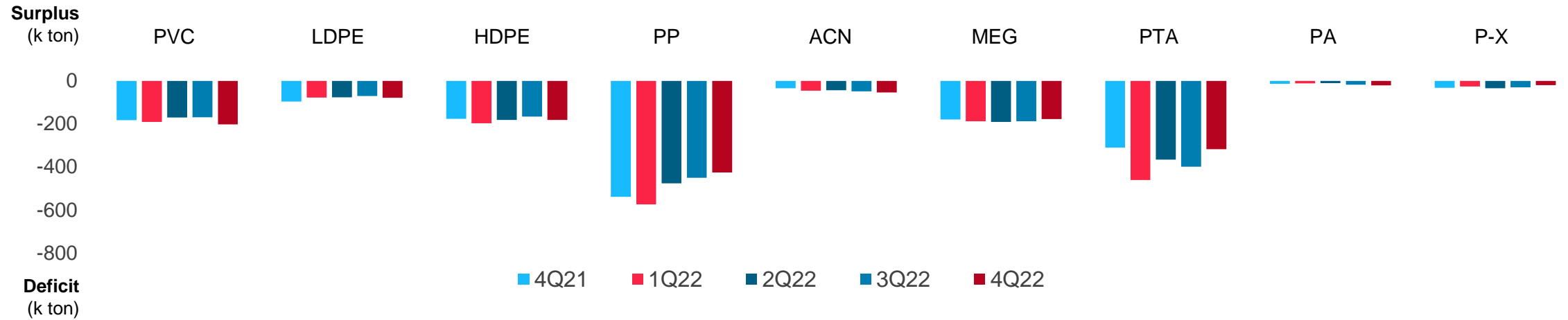
Product groups spread (over naphtha CIF MED), USD/MT



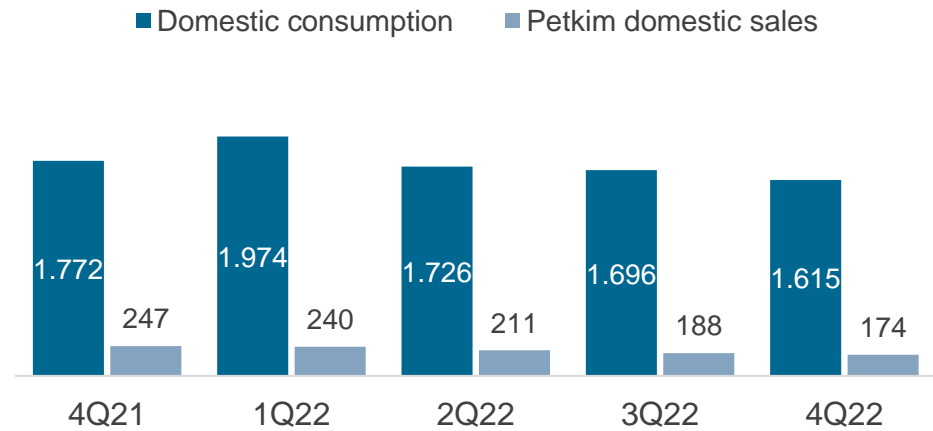
Source: S&P Global Commodity Insights

# Turkey's petrochemical sector overview

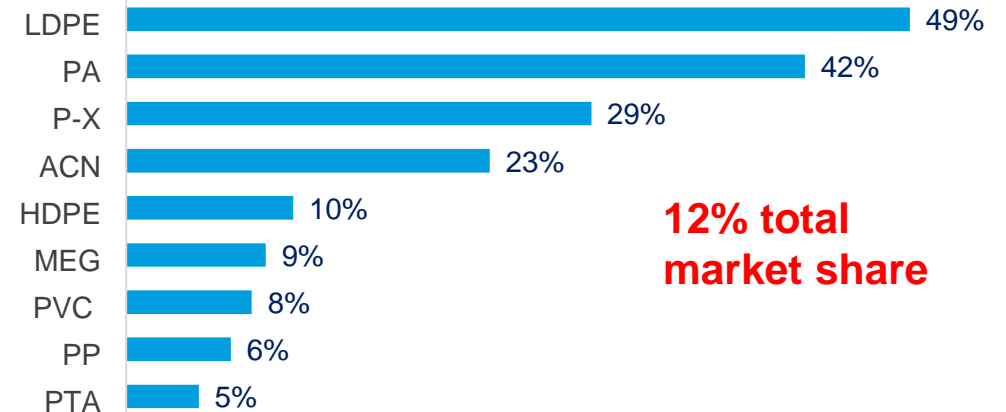
Turkey domestic demand is primarily met by imports



## Petrochemical consumption in Turkey (k ton)



## Products market share (cumulative)



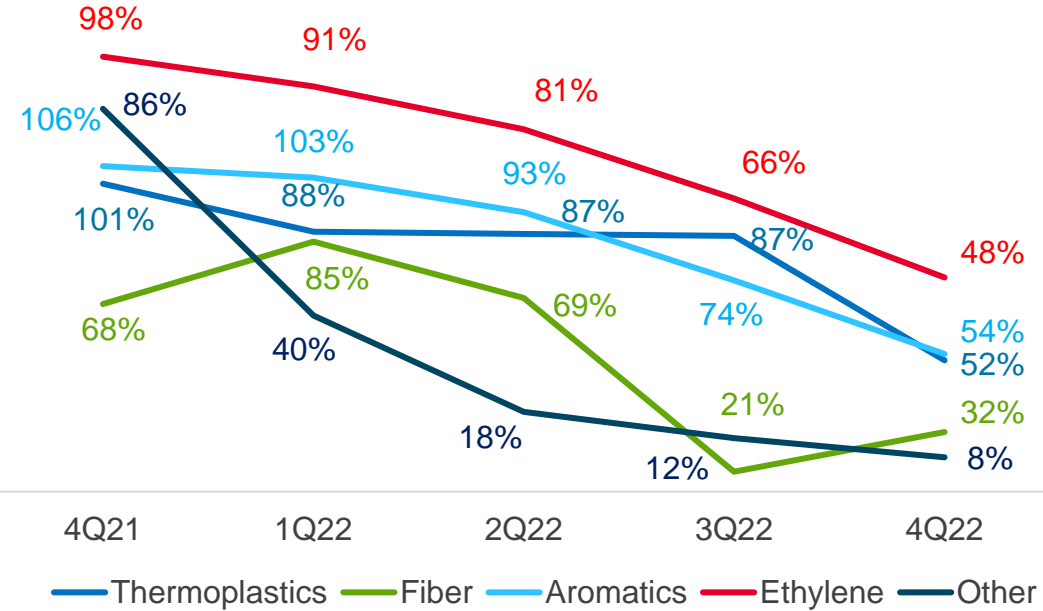


# Operating and Financial Results

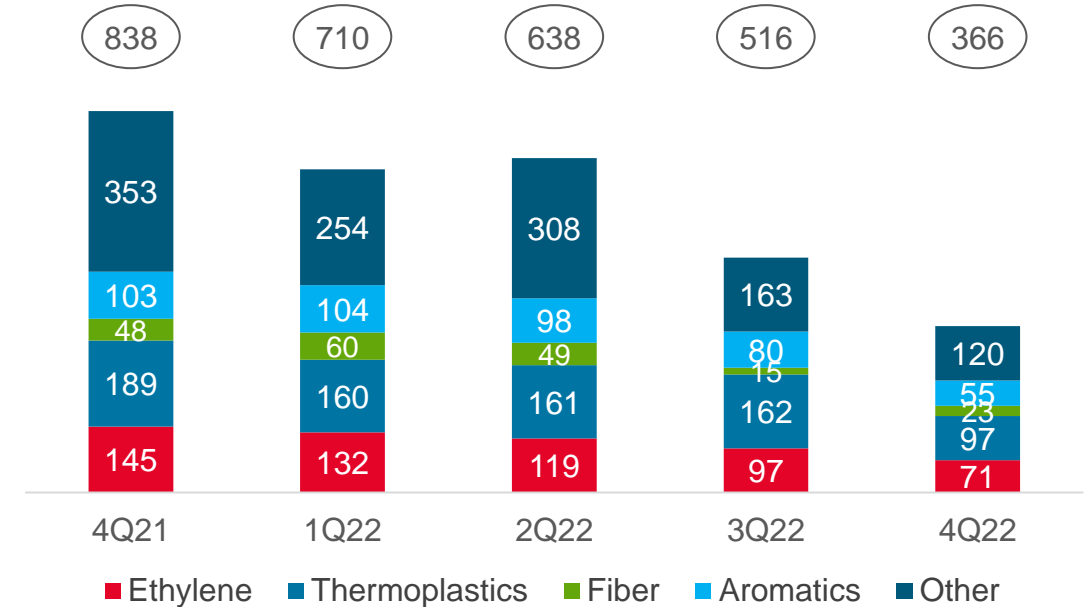


# Capacity utilization and gross production

Capacity utilization rates (%)



Gross production (k ton)

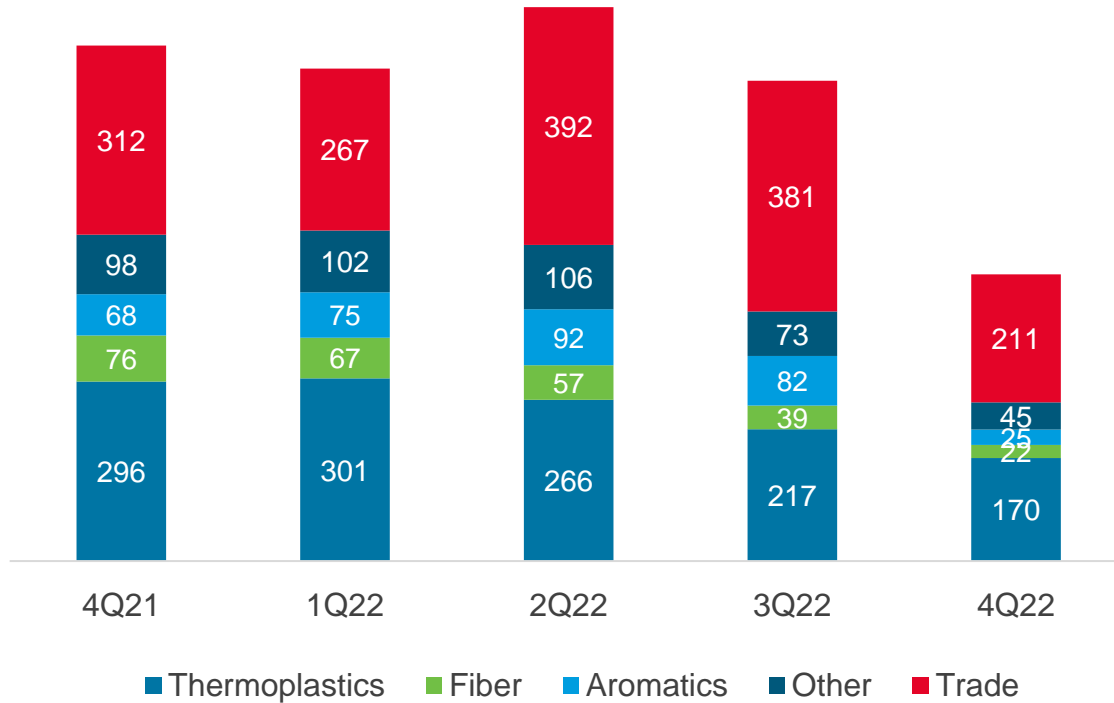


Petkim's major maintenance has been completed and ethylene plant resumed its operations on November 2<sup>nd</sup>

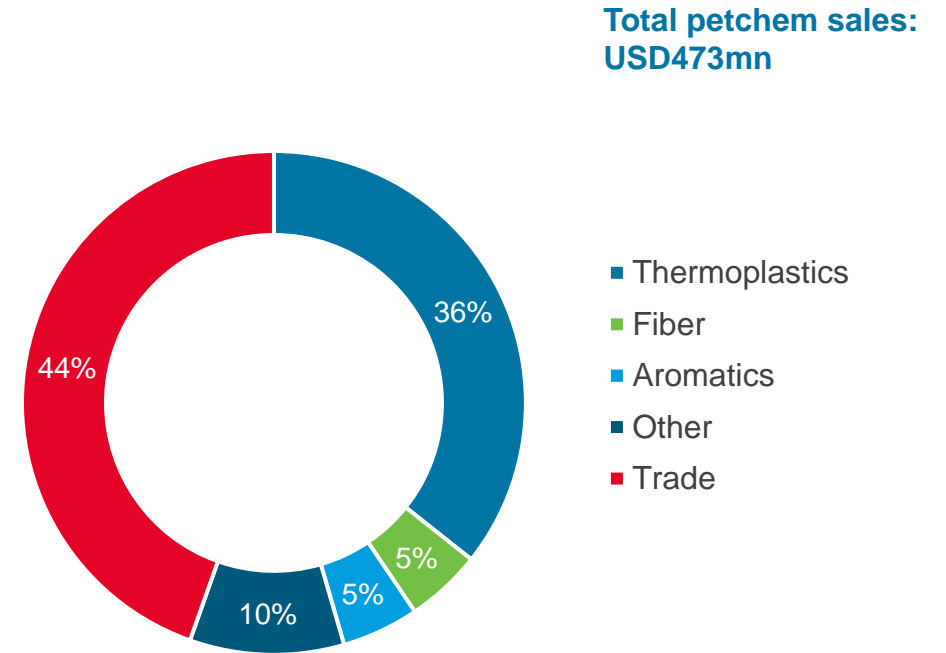
Petkim generated **366kton** gross production and capacity utilization rate was **41%** in 4Q22

# Petrochemical product sales

Breakdown of petchem sales (mn USD)



Breakdown by percentage in 4Q22

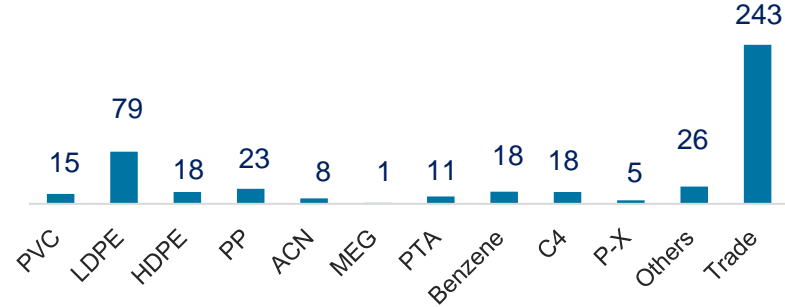




**In 4Q22, Petkim achieved TL 8,796mn sales via 465k ton sales volume**

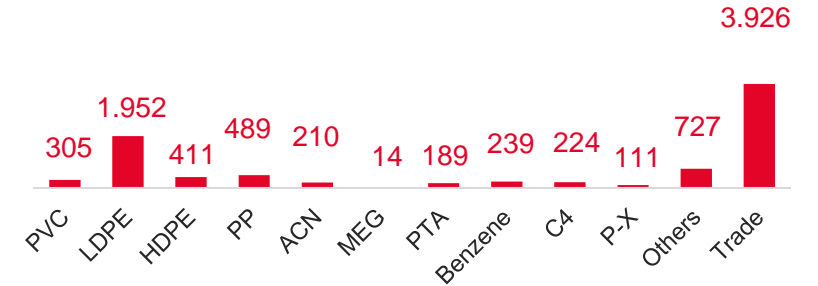
**Sales volume (ton k)**

**Total volume: 465k ton**



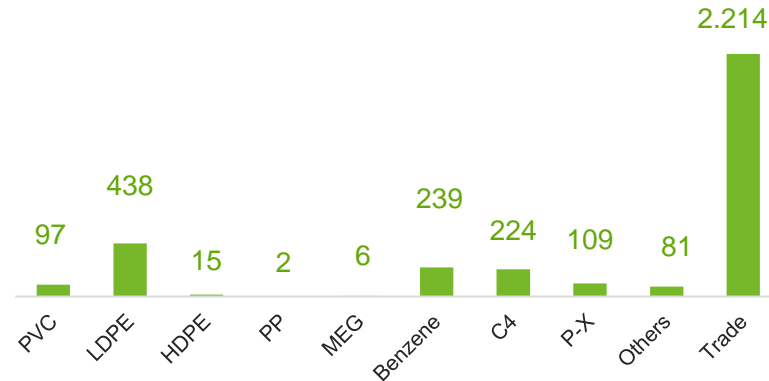
**Revenue (TL mn)**

**Total revenue: TL8,796mn**

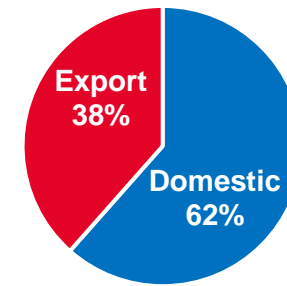


**Export Revenue (TL mn)**

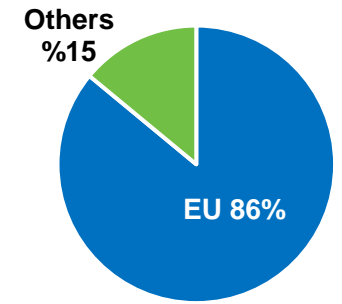
**Total export: TL3,427mn**



**Revenue breakdown (%)**



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

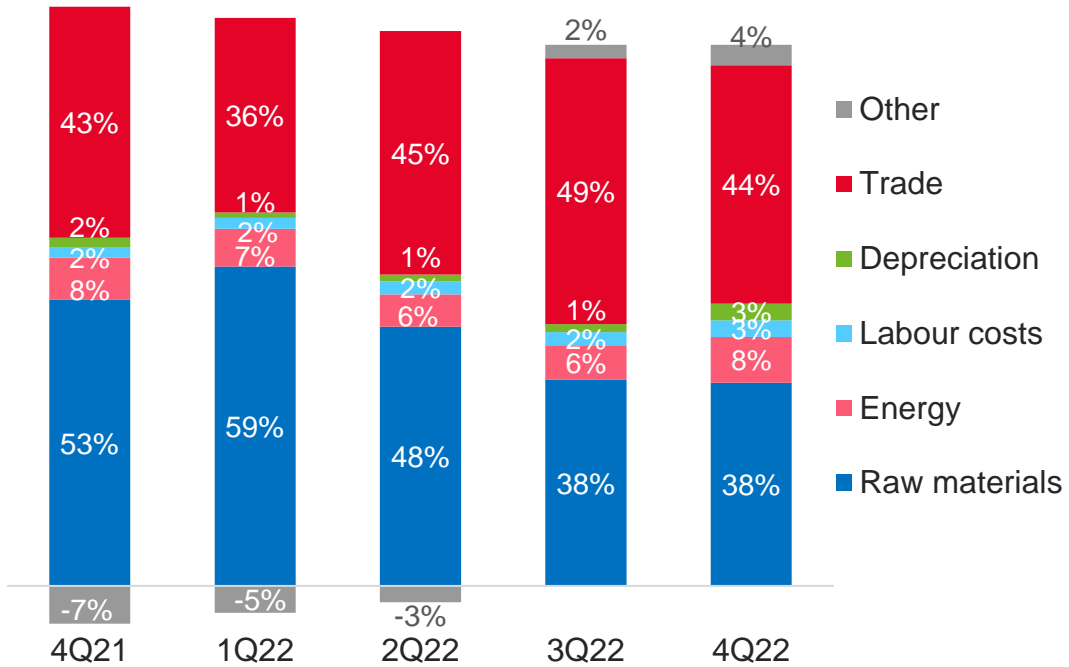




# Breakdown of total COGS

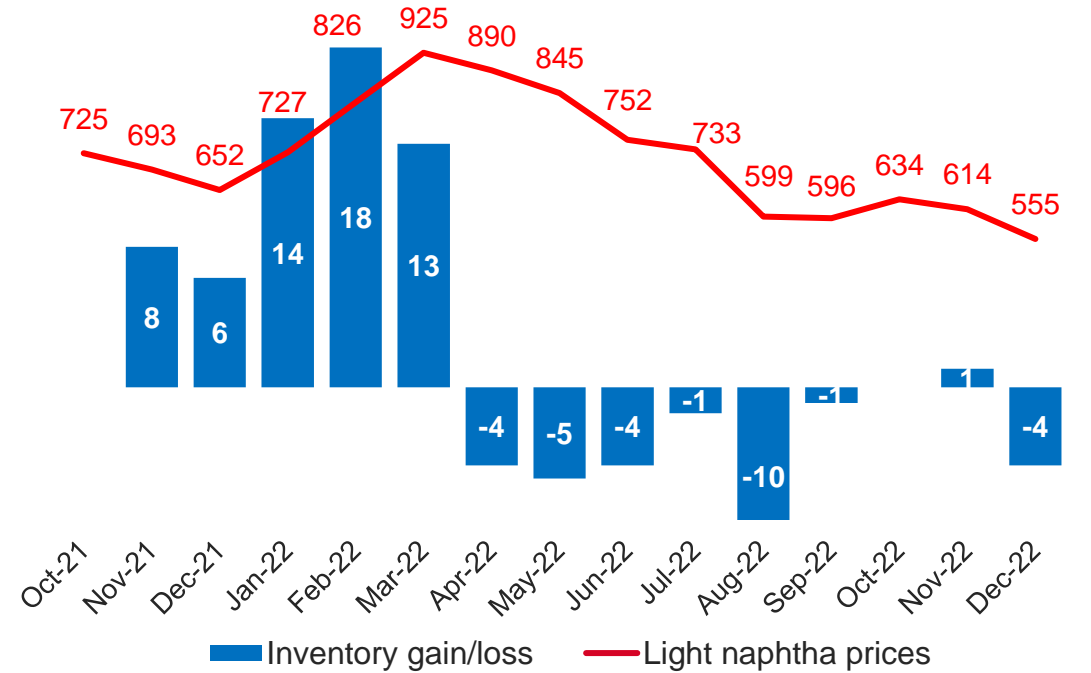
COGS breakdown (%)

4Q22 total COGS: TL8,846mn



Inventory gain/loss (mn USD)

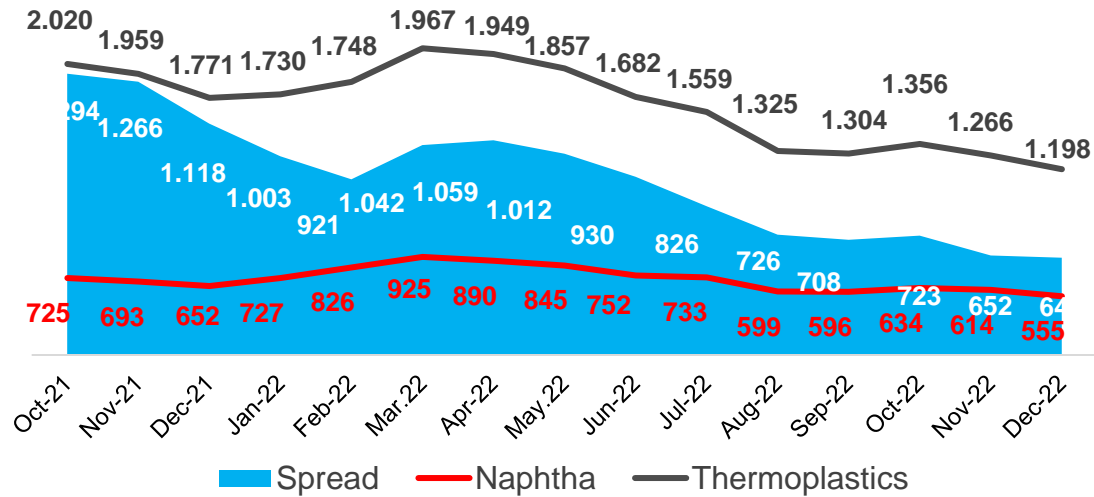
4Q22 inventory loss: USD3.2mn



# Feedstock vs. product prices of Petkim

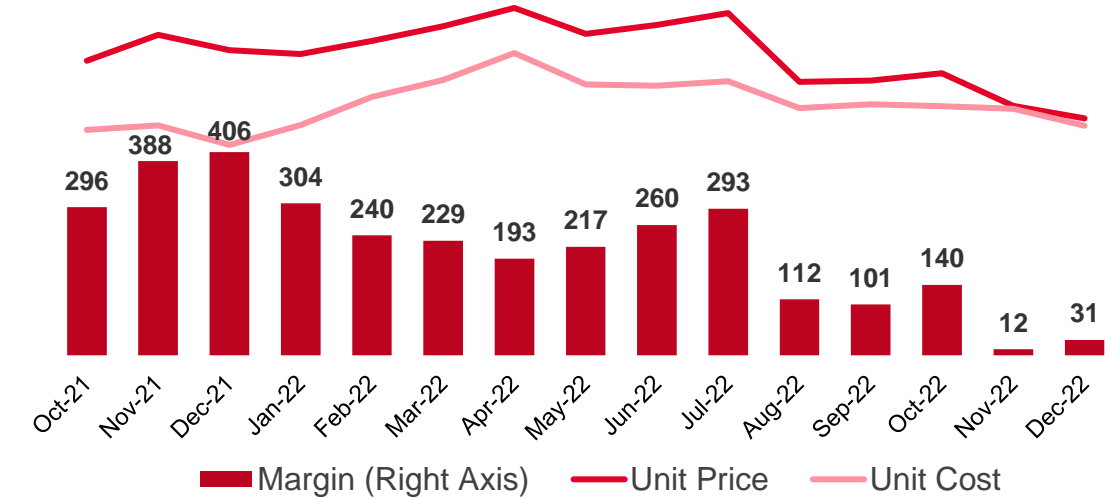
## Thermoplastics and naphtha spread

USD/tonne



## Petchem unit margins\*

USD/tonne



(\*) Excluding trade



Polyethylene margins were stable to soft as seasonal weak demand compounded persistent inflationary pressures



Competitiveness of ethylene production deteriorated as co-product revenue lost to weakening margins



Petrochemical unit margins bottomed out in November and firmed modestly into December with decline in the naphtha prices

# PETKIM 4Q22 income statement

TL mn	FY			Q4		
	Q4'21	Q4'22	YoY Δ (%)	Q3'22	Q4'22	QoQ Δ (%)
Sales	9,550	8,908	(7%)	14,201	8,908	(37%)
Cost of sales	(7,580)	(8,846)	17%	(13,277)	(8,846)	(33%)
<b>Gross profit</b>	<b>1,971</b>	<b>62</b>	<b>(97%)</b>	<b>924</b>	<b>62</b>	<b>(93%)</b>
<b>Gross profit %</b>	21%	1%		7%	1%	
Marketing and sales expenses	(156)	(166)	6%	(139)	(166)	19%
General administrative expenses	(275)	(371)	35%	(304)	(371)	22%
<b>Operating profit</b>	<b>1,540</b>	<b>(475)</b>	<b>(131%)</b>	<b>481</b>	<b>(475)</b>	<b>(199%)</b>
Other income/ (expenses)	1,108	829	(25%)	1,267	829	(35%)
Financial income	4,981	384	(92%)	1,705	384	(77%)
Financial expenses	(5,478)	(963)	(82%)	(2,256)	(963)	(57%)
<b>Profit before tax</b>	<b>2,150</b>	<b>(226)</b>	<b>(110%)</b>	<b>1,196</b>	<b>(226)</b>	<b>(119%)</b>
Income tax	(316)	-	(100%)	116	-	(100%)
Deferred tax	(227)	990	(537%)	196	990	405%
<b>Net profit / (loss)</b>	<b>1,608</b>	<b>765</b>	<b>(52%)</b>	<b>1,508</b>	<b>765</b>	<b>(49%)</b>
<b>Net profit %</b>	17%	9%		11%	9%	
Other	53	338	533%	73	338	366%
Depreciation	152	326	115%	206	326	58%
<b>EBITDA</b>	<b>1,745</b>	<b>189</b>	<b>(89%)</b>	<b>759</b>	<b>189</b>	<b>(75%)</b>
<b>EBITDA %</b>	18%	2,1%		5,3%	2,1%	

# PETKIM 2021-2022 FY income statement

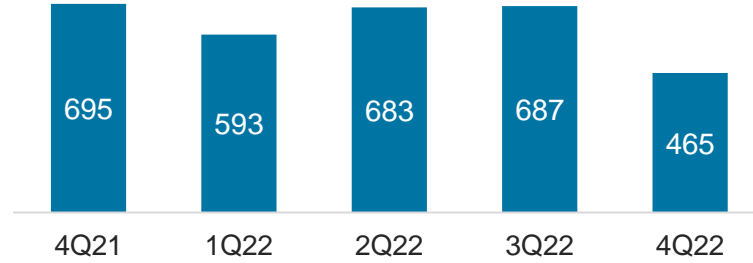
TL mn	FY		
	2021	2022	YoY Δ (%)
Sales	28,716	48,898	70%
Cost of sales	(22,298)	(44,779)	101%
<b>Gross profit</b>	<b>6,417</b>	<b>4,119</b>	<b>(36%)</b>
<b>Gross profit %</b>	<b>22%</b>	<b>8%</b>	
Marketing and sales expenses	(281)	(519)	85%
General administrative expenses	(586)	(1,116)	90%
<b>Operating profit</b>	<b>5,550</b>	<b>2,484</b>	<b>(55%)</b>
Other income/ (expenses)	1,761	4,292	144%
Financial income	7,628	5,574	(27%)
Financial expenses	(8,287)	(7,671)	(7%)
<b>Profit before tax</b>	<b>6,652</b>	<b>4,678</b>	<b>(30%)</b>
Income tax	(1,137)	-	(100%)
Deferred tax	1	1,867	nm
<b>Net profit / (loss)</b>	<b>5,517</b>	<b>6,545</b>	<b>19%</b>
<b>Net profit %</b>	<b>19%</b>	<b>13%</b>	
Other	152	558	267%
Depreciation	540	906	68%
<b>EBITDA</b>	<b>6,242</b>	<b>3,948</b>	<b>(37%)</b>
<b>EBITDA %</b>	<b>22%</b>	<b>8%</b>	



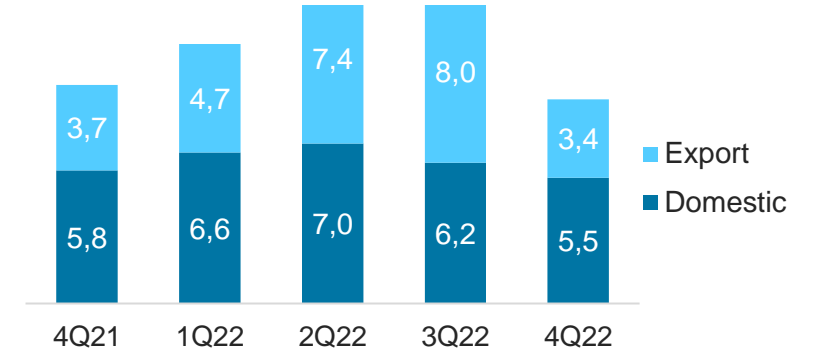


## Financial highlights

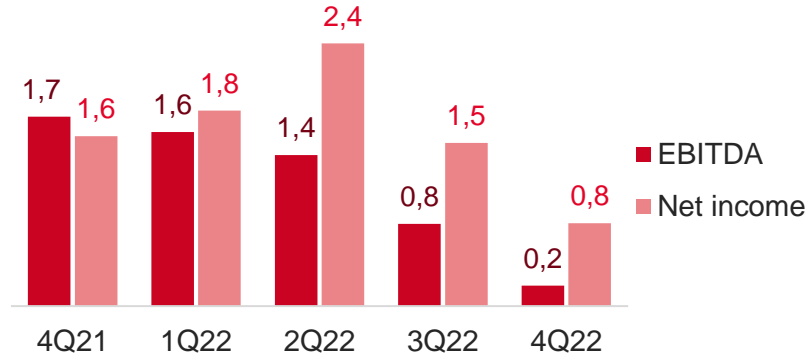
Sales tonnes (k ton)



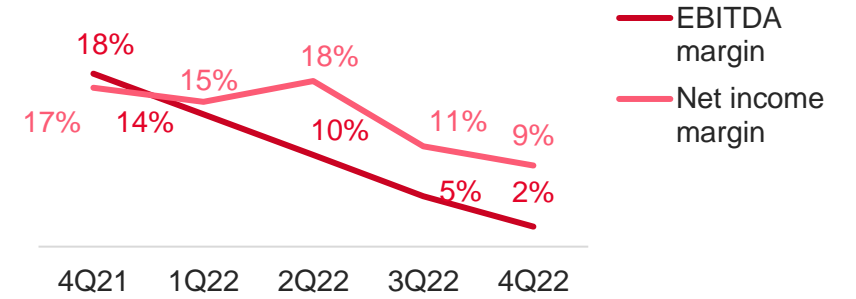
Revenue (bn TL)



EBITDA and net income (mn TL)

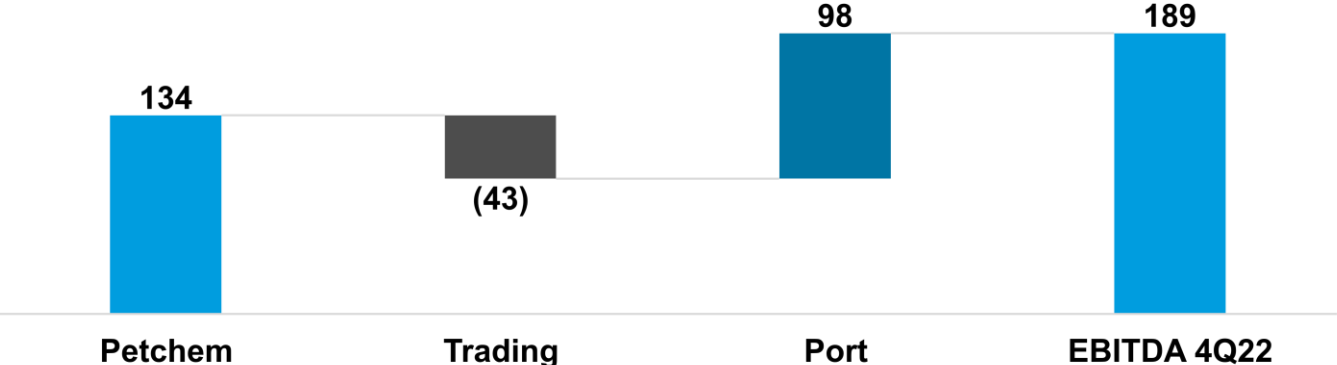


Margins (%)

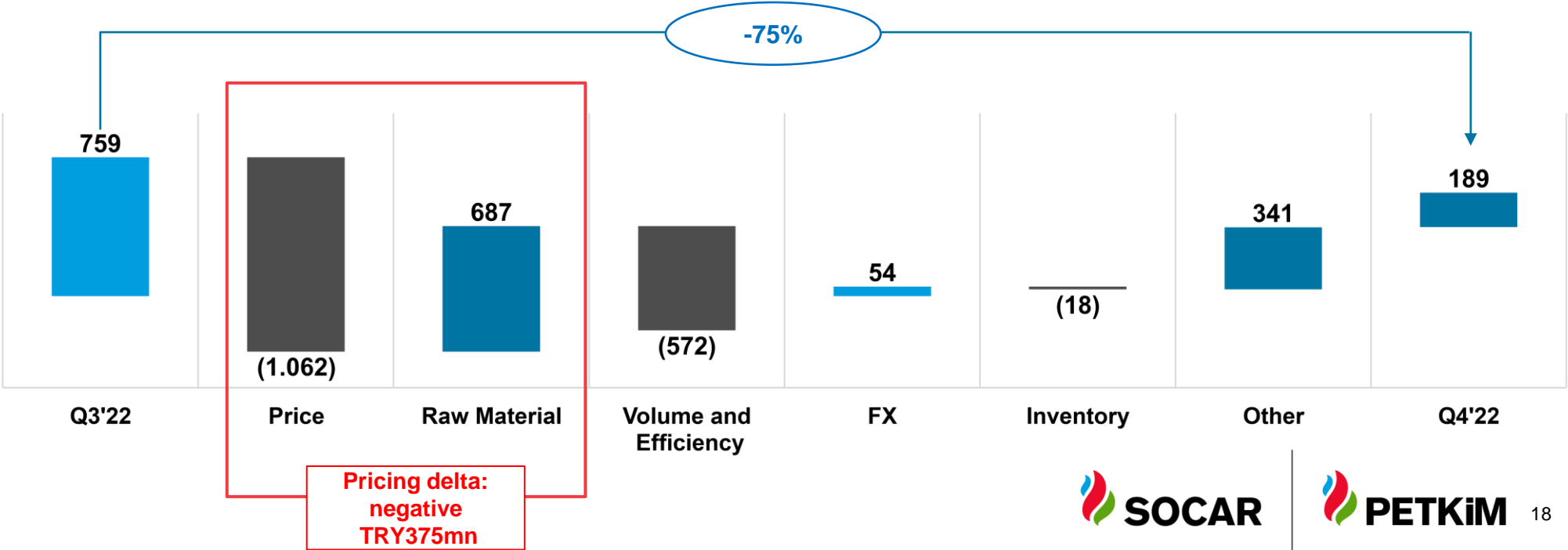


# Earnings decreased due to maintenance and negative pricing delta

4Q22 segments' results (mn TRY)



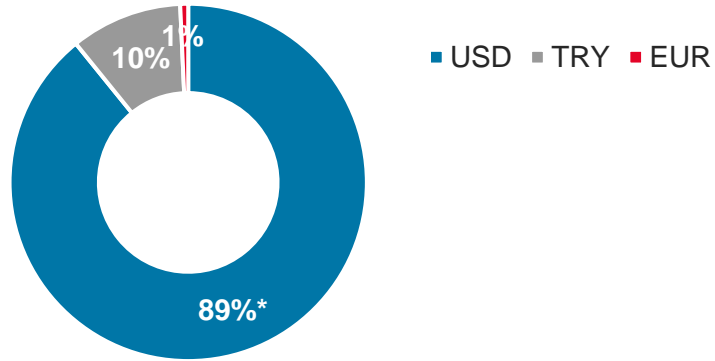
Quarterly change in EBITDA (mn TRY)



# Liquidity highlights

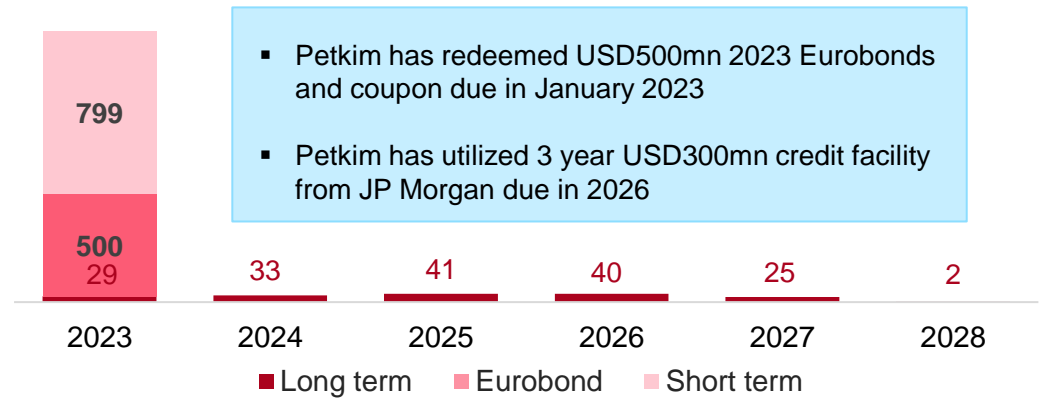
## Deposits\* (%)

USD761mn

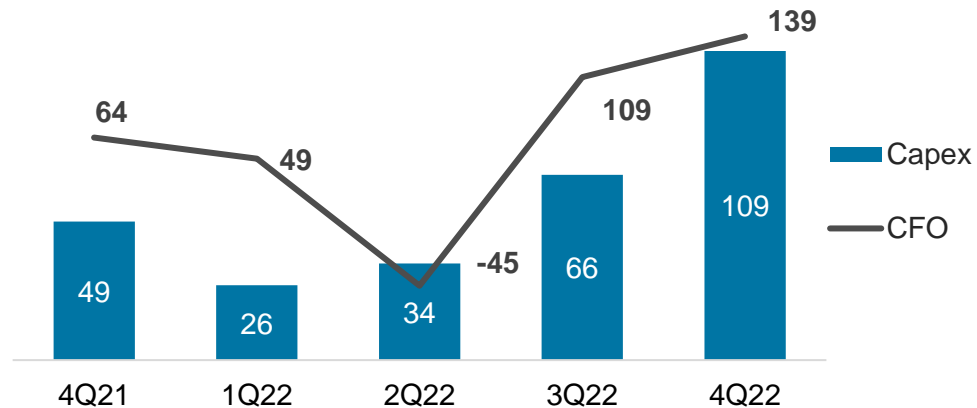


(\*) FX-protected deposits account for 8% of USD deposits

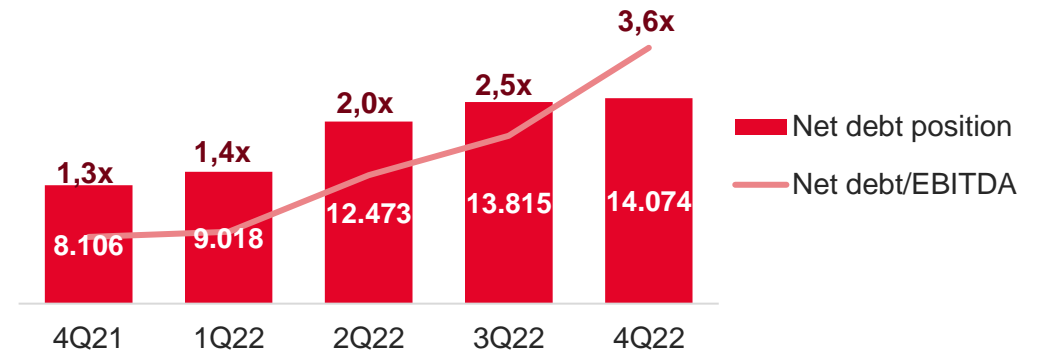
## Maturity profile (mn USD)



## 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



### 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<sup>3</sup>

##### 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



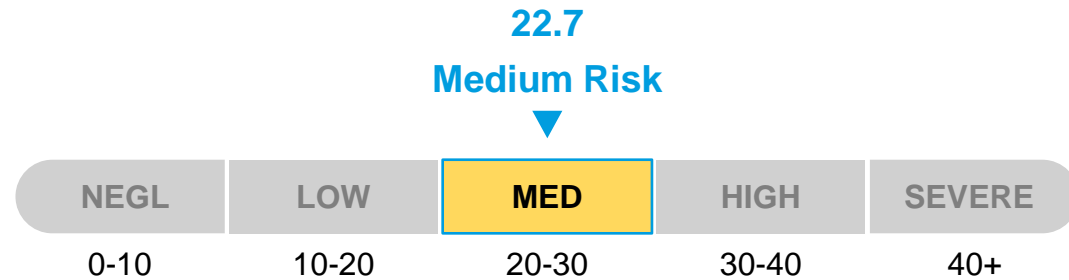
### Circular economy

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.



# Supporting Slides



# PETKIM 4Q22 balance sheet

TL mn	9M'22	12M'22	Financial highlights	9M'22	12M'22
Cash and cash equivalents	9,768	14,227	Net debt position	(13,815)	(14,074)
Trade receivable	4,691	4,735	Working capital	(2,912)	(7,613)
Inventory	4,715	4,383	Days sales outstanding	32	33
Other receivables	28	25	Days payable outstanding	65	89
Other current assets	11,239	11,035	Days sales of inventory	31	32
<b>Current assets</b>	<b>30,441</b>	<b>34,405</b>			
Non current assets	16,712	20,258			
<b>Total assets</b>	<b>47,153</b>	<b>54,663</b>			
Short term borrowings	20,939	25,727			
Trade payables	2,605	4,408			
Other payables	889	1,064			
<b>Current liabilities</b>	<b>24,433</b>	<b>31,198</b>			
Long term borrowings	3,075	2,997			
Other non-current liabilities	1,167	1,409			
<b>Shareholders' equity</b>	<b>18,477</b>	<b>19,059</b>			
<b>Total liabilities</b>	<b>47,153</b>	<b>54,663</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

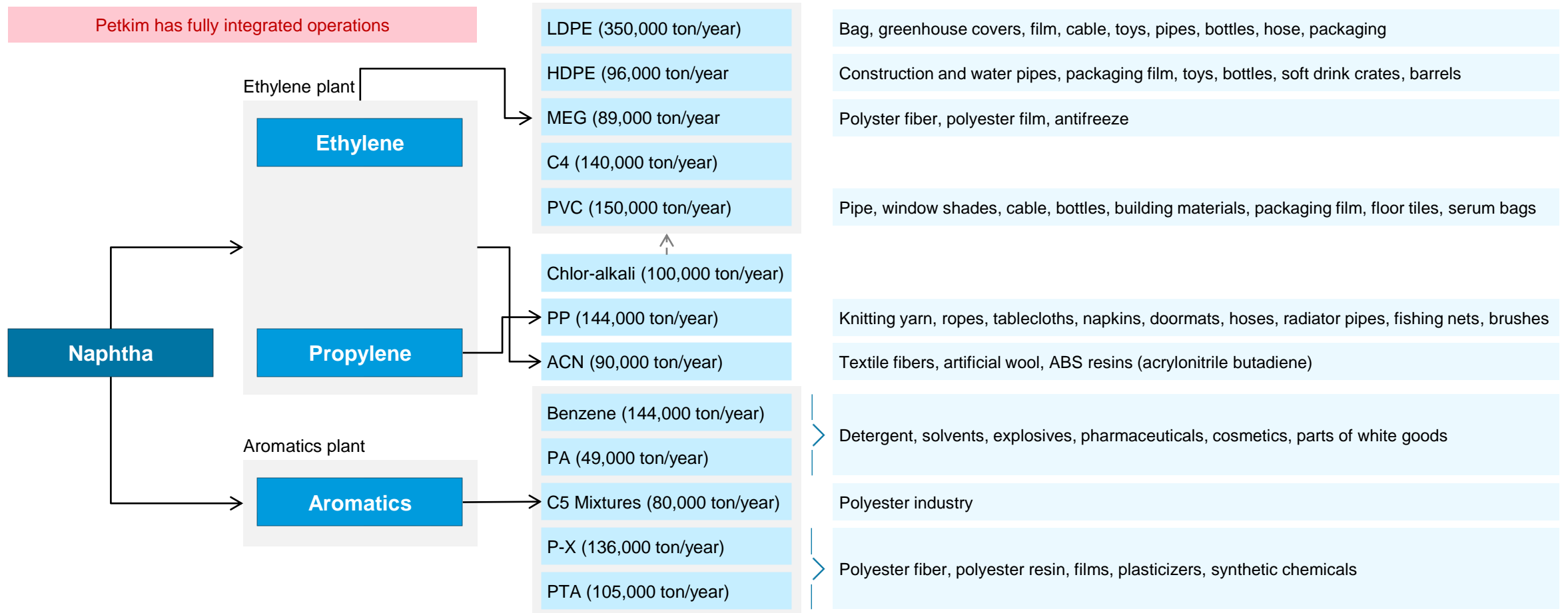
- Stable stream of income that is not correlated to Petkim's core business
- Savings on shipments for expansion projects



- 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)  
**16,84TL**

Market capitalization  
(TL mn)  
**TL 42,679**

Free float  
(%)  
**49.0%**

\*As the date of 23 Feb 2023

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