

**PETKİM MANAGEMENT UPDATE:  
IMPACT OF GEOPOLITICAL  
DEVELOPMENTS ON BUSINESS**  
**INVESTOR WEBCAST**

30 MARCH 2026





# Industry Gulf Disruptions Tighten Core Export Flows

## Red Sea Routes Deliver Limited Offset Environment

- + The Arabian Gulf is a critical global export corridor for energy and petrochemicals
- + Rising security risks and operational constraints disrupted normal container flows
- + Loadings to Asia from Jubail, Dammam, and Jebel Ali were significantly reduced
- + Redirection to Saudi Red Sea ports provided only limited relief
- + Inland trucking requirements created additional bottlenecks
- + Suez Canal routes to Europe remain open but face congestion
- + Access to Asia is more challenging via the Red Sea and Bab el-Mandeb Strait
- + Sharp decline in Middle Eastern polymer exports to Asia
- + Asian production has been disrupted, widening the US-Asia arbitrage
- + Delivery times to Türkiye have extended significantly

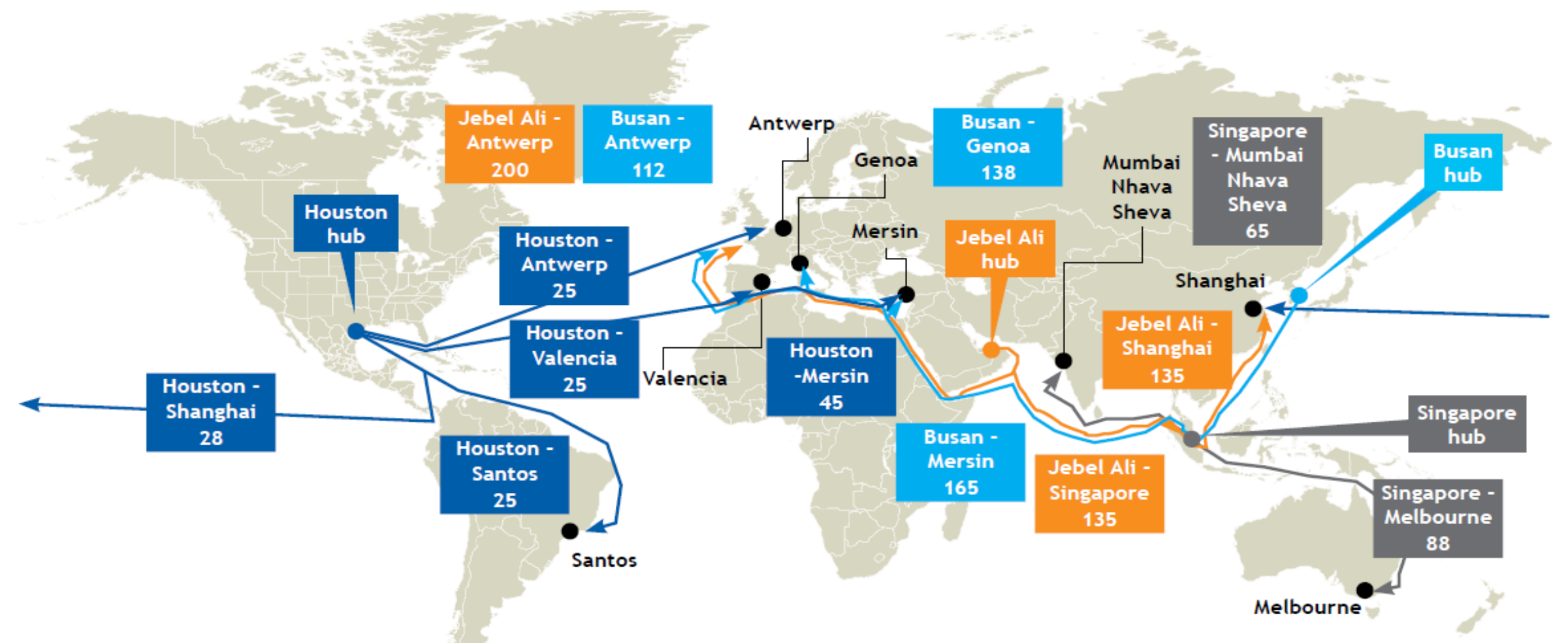
Sources: Argus, ChemOrbis

### Middle East container routing disruptions – March 2026

Hormuz crisis, Red Sea risks and Saudi landbridge alternatives



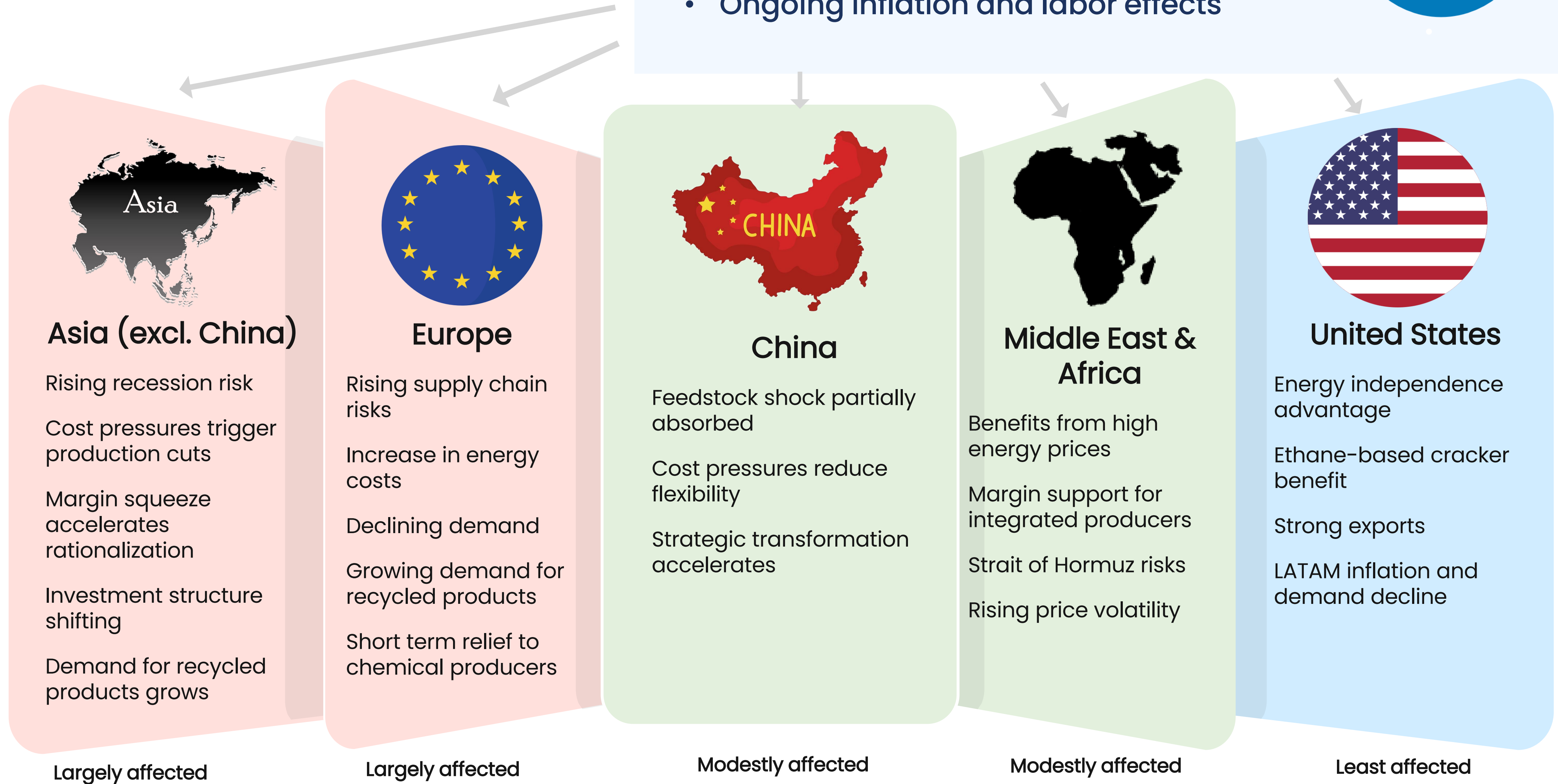
### PE Trade Routes by Export Port





# Middle East Conflict Market Impact

- Trade disruptions impact supply chains
- Rising feedstock costs pressure margins
- High oil prices
- Weak demand, slowing growth
- Ongoing inflation and labor effects



Sources: ICIS



# Three Weeks into the Conflict

## Asia and Türkiye Hit Hardest

Price difference from late Feb to March 20 (cumulative)



Markets	PP	PE	PVC
<b>China</b>	35-40%	25-32%	38%
<b>SEA</b>	48%	46-49%	50%
<b>India</b>	48%	46-55%	51%
<b>Türkiye</b>	56%	42-60%	40%
<b>NWE/Italy</b>	36-45%	40-46%	8-10%
<b>Africa/Egypt</b>	30-42%	30-40%	35%

### Asia

- +** Disruptions extended beyond price increases, triggering operational challenges across the petrochemical chain
- +** High dependency on Middle Eastern feedstock and energy
- +** Sudden supply shock led to:
  - Production cuts at crackers and downstream units
  - Force majeure declarations
- +** Reduced shipments and rising feedstock costs drove sharp polymer price increases

### Türkiye

- +** Strongly impacted as a net importer of polymers
- +** Highly sensitive to supply disruptions and cost inflation
- +** Limited access to Middle Eastern supply and higher feedstock costs led to:
  - Rapid increase in domestic polymer prices



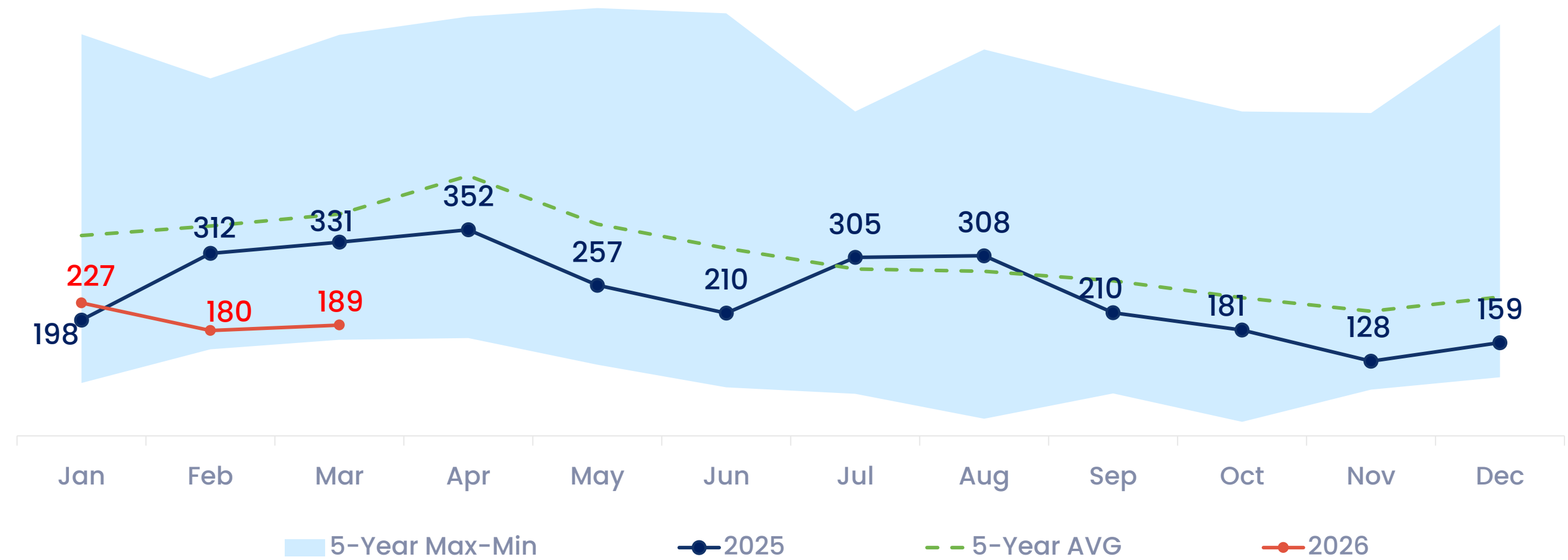
# Industry Environment

+ Ethylene-naphtha spread increased by about %28 from USD158/ton in 4Q25 to USD202/ton in 1Q26

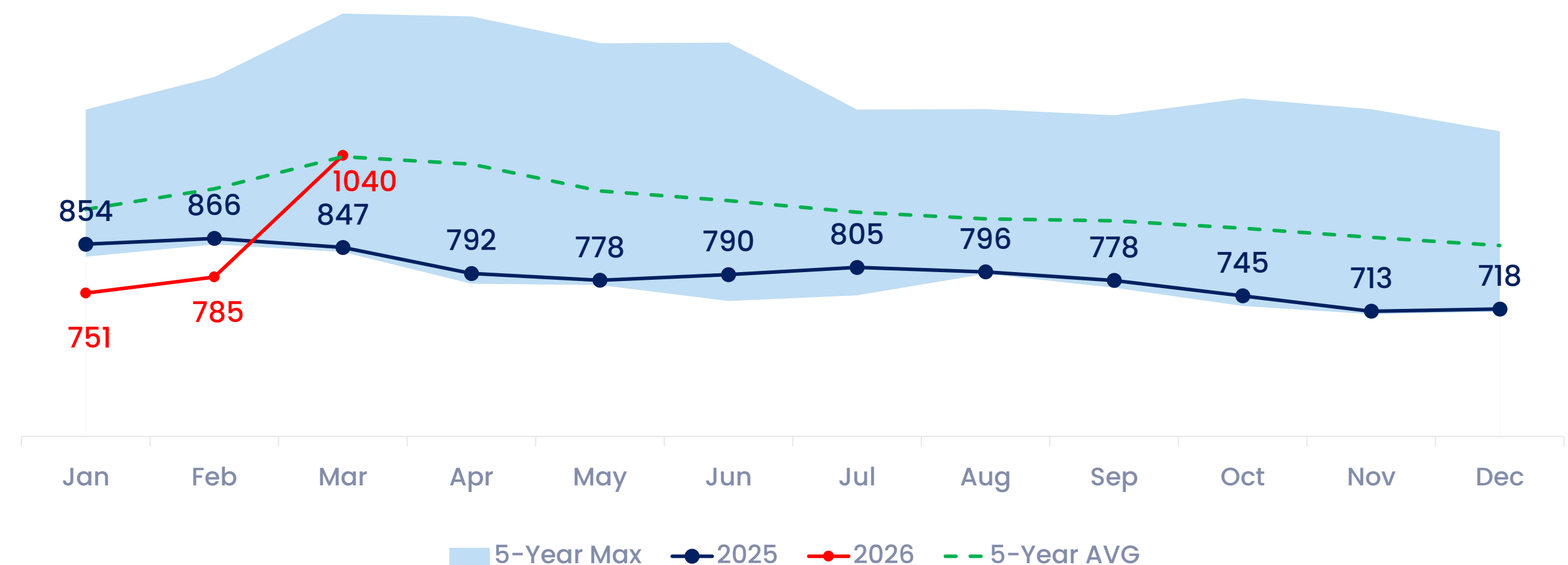
+ Supply disruption concerns driven by the Iran-Israel conflict have pushed the Platts index back into its 5-year average range

+ There was an 16% quarterly increase in the PLATTS index compared the previous quarter

Monthly ethylene - naphtha spread (CIF MED spot prices) USD/ton



Monthly average Platts index\* USD/ton



\*In this slide march data excludes the last week of the month

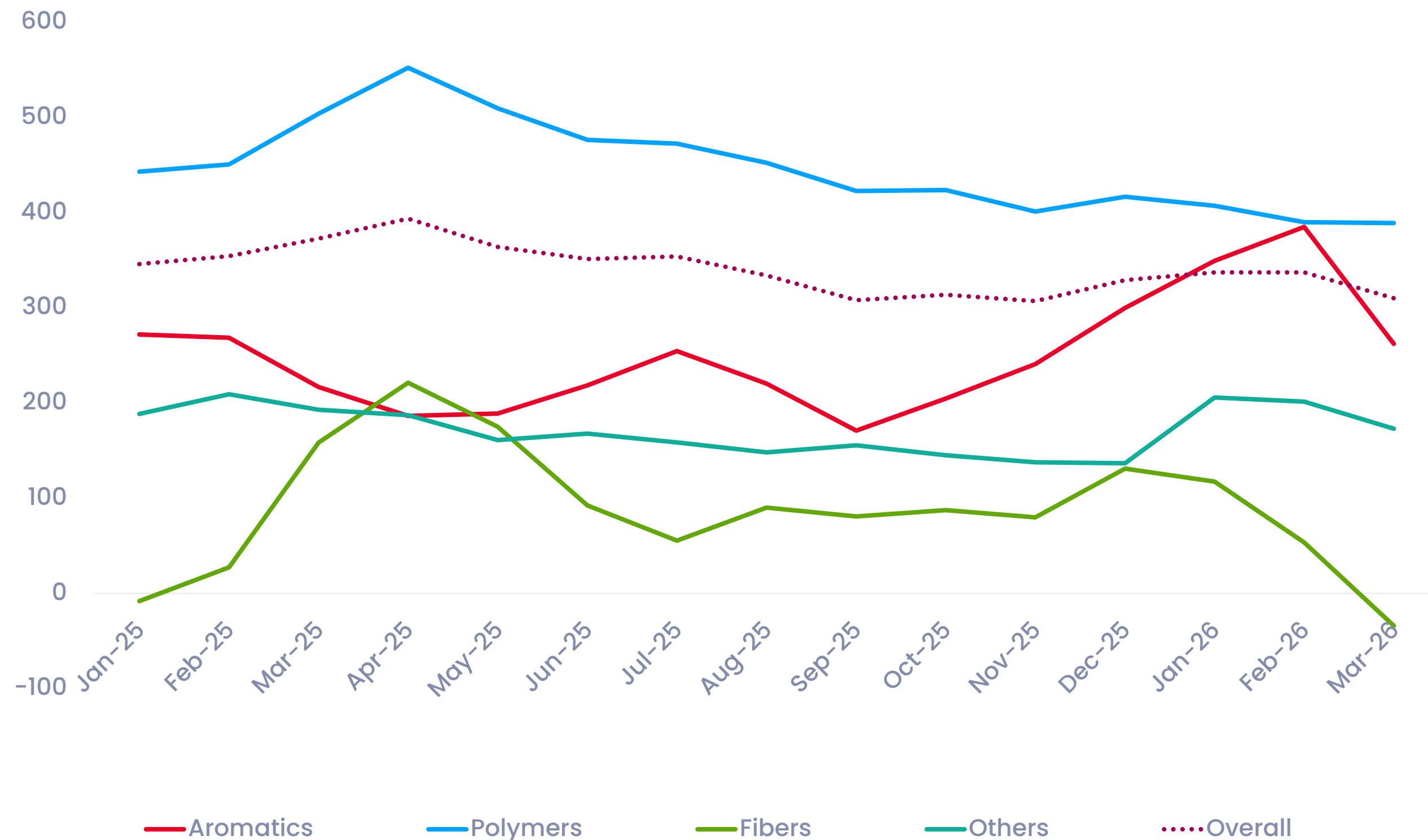
(\*) compilation of ethylene, propylene, benzene, toluene, PX, LDPE and PP



# Industry Environment



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



## Key trends in the industry

- + Iran-Israel-U.S. tensions
- + Weak demand and deepening supply crisis
- + Increasing feedstock and freight costs

## Europe PE contract margins fall despite rising product and coproduct prices

- + Since the outbreak of war, natural gas prices rose 97% and Naphtha CIF NWE increased 54% in EU
- + Ethylene-polyolefin and propylene-PP margins remaining stronger compared to the naphtha-aromatics chain
- + Latest PE and PP prices for March have now increased by a total of US500/tonne over February
- + Aromatics have a more limited impact, as price pass-through to end products is relatively constrained and fuel blending alternatives provide more attractive netbacks



# Margin Dynamics: Pandemic vs. Current Market



## Pandemic Period

- + Central banks
  - Cut interest rates to near zero
  - Injected massive liquidity (QE)
- + Margin growth driven by a post-lockdown “supercycle”
  - Customers boosted purchases using accumulated savings and revised spending habits
  - Feedstock prices remained moderate, widening spread between feedstock and petrochemical products
  - Profitability = strong demand + supply constraints + pricing power
- + Financials were reported without the application of inflation accounting during this period

## Current Geopolitical Tensions

- + Central banks
  - Cost-driven + tight financial conditions,
  - High inflation
- + Supply constraints still exist, but other supportive factors are missing
  - Feedstocks are expensive due to Strait of Hormuz disruptions → short-term product price increases
  - Demand is weak as inflation has eroded consumer purchasing power
  - Overall: opposite dynamics compared to the pandemic
- + Financials were reported in accordance with inflation accounting during this period



# Petkim's Positioning

- + Petkim maintains its role as a **reliable supplier**, supporting market stability
  - **Phased pricing strategy** to balance market conditions and long-term customer relationships
  - **Prioritizing the domestic market** for selected products (e.g., LDPE) by limiting export volumes
- + **Integration with STAR Refinery** ensures secure and flexible raw material sourcing for Petkim
  - Access to multiple supply sources and operational flexibility help manage supply risks
- + **Q1 capacity utilization** projected at **65–70%**, with March's favorable impact
  - Capacity utilization in March was pushed to the maximum achievable level
  - To benefit from favorable margins, the planned HDPE TA scheduled for April has been postponed to 2026 Q3
- + During 2025, approximately **25% of the gas cost volume** has been gradually hedged to mitigate exposure to commodity price volatility
  - The hedges were executed at average Brent levels of around **USD63.5**
- + Positive **inventory** valuation impact of around **USD 5–10mn** anticipated for Q1
- + Capitalizing on potential opportunities in the **trading** portfolio
  - A trading portfolio contribution of **USD 5–10mn** is expected in Q1 before IAS29 adjustments



- + **TIS process** has been successfully completed, and our **cost optimization** strategy continues with strong momentum
- + Naphtha-based cost increases are reflected in product prices with a **time lag** (weekly or monthly, depending on the product)
- + Positive margin impact expected to become more visible starting in **Q2**
- + **2026 guidance** is planned to be shared during the Q1 Earnings presentation webcast



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