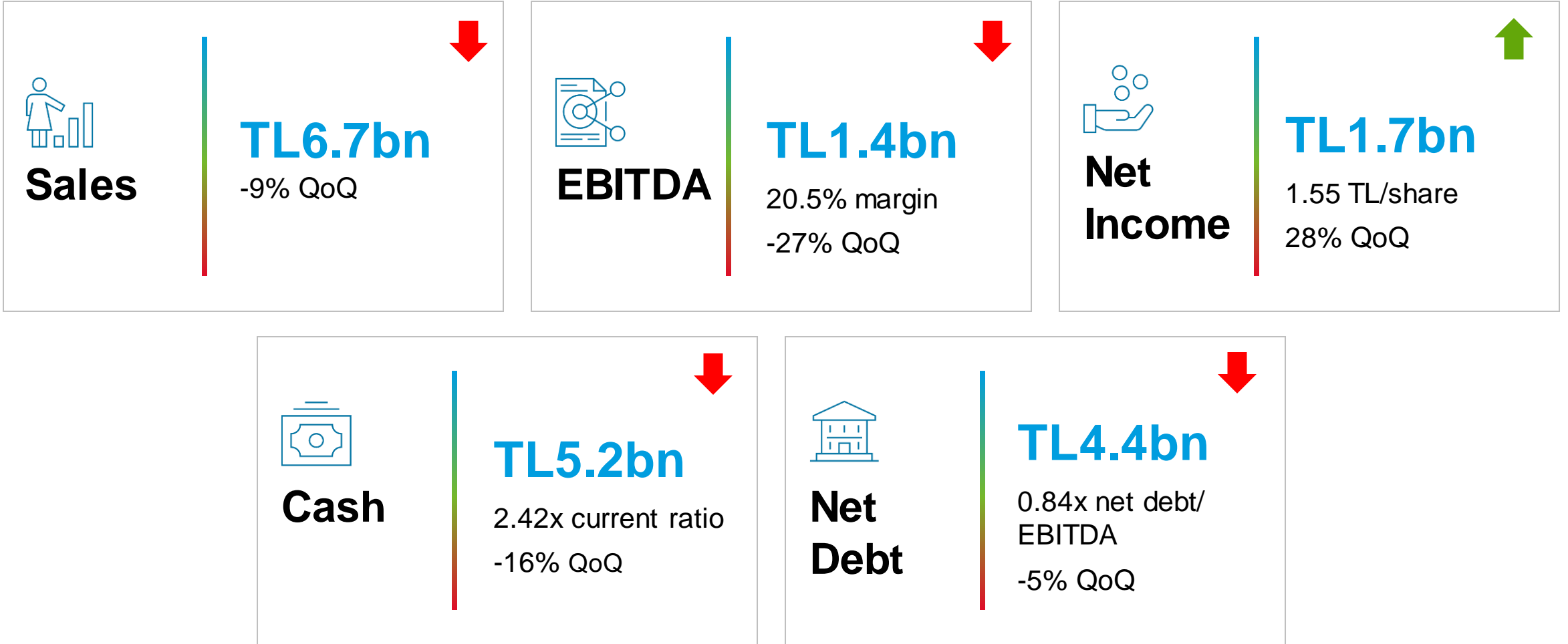


# 3Q21 Results Investor Presentation



# A strong set of results reflecting the strength of Petkim's positioning



# Profitability remained the upper end range achieved in last four years

## Q321 highlights



Global supply chain disruptions have been still continuing, while margins are likely to moderate due to increasing feedstock prices

**Petkim margin declined to USD322/ton by 33% from historical high in Q2**



Petkim announced its sustainability strategy and decarbonization roadmap in order to meet the Net Zero emission targets by 2050

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



Petkim ratings upgrade reflects strong progress on deleveraging strategy

**Fitch Upgrades Petkim to 'B+'; Outlook Stable**



Cost savings and integrated production significantly supported earnings

**USD13mn inventory gain in Q3**



Strong progress on deleveraging and EBITDA generation allowed us to reduce our leverage

**0.84X net debt/EBITDA**



# Industry Environment

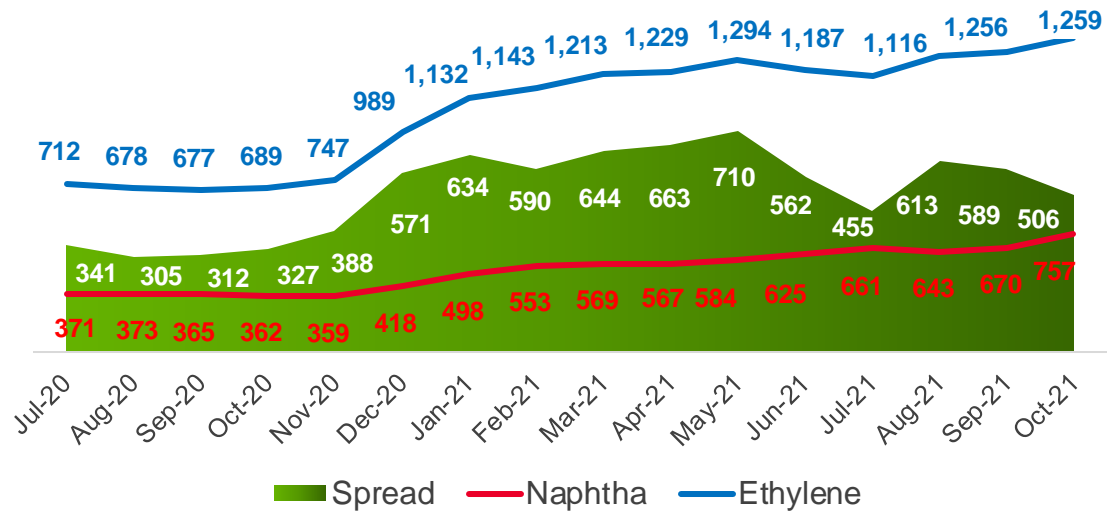
Global petrochemical market  
Petrochemical market in Turkey



# Industry environment

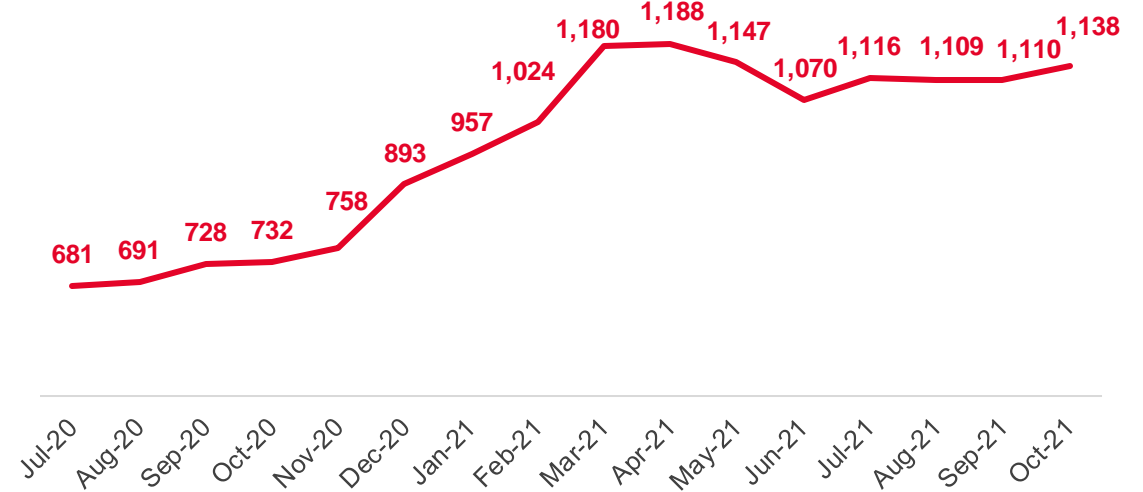
## Monthly naphtha - ethylene spread (CIF MED spot prices)

USD/tonne



## Monthly average Platts index

USD/tonne



Ethylene-naphtha spread decreased by **19%** from USD646/ton in 2Q21 to USD545/ton in 3Q21



Naphtha prices in 3Q21 increased by **13%** from 2Q21 to rebounding above US\$750 per ton from the beginning of October



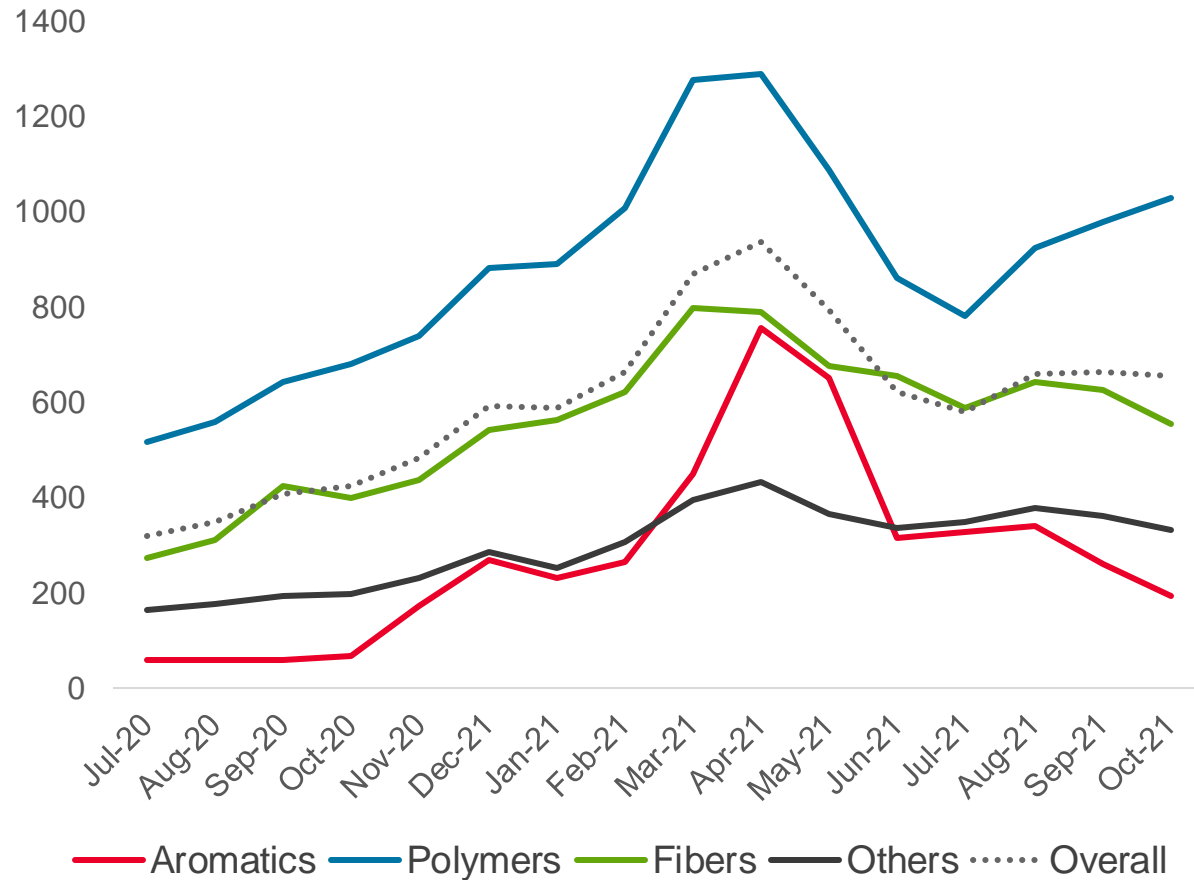
Firming upstream costs and tight markets led ethylene prices to a six years high in the August



Ethylene producers remained well shielded from steady increase in upstream costs, benefiting from consistently strong co-product values

# Industry environment

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



Source: Platts, Company

Strong margins achieved in the second quarter were broadly maintained, holding margins upper end of range achieved over last four years



Global supply chain disruption



Rising feedstock costs

The sharp downturn in profitability restored margins towards a more balanced position in the third quarter



Thermoplastics prices briefly firmed from lows in June on persistently tight supply



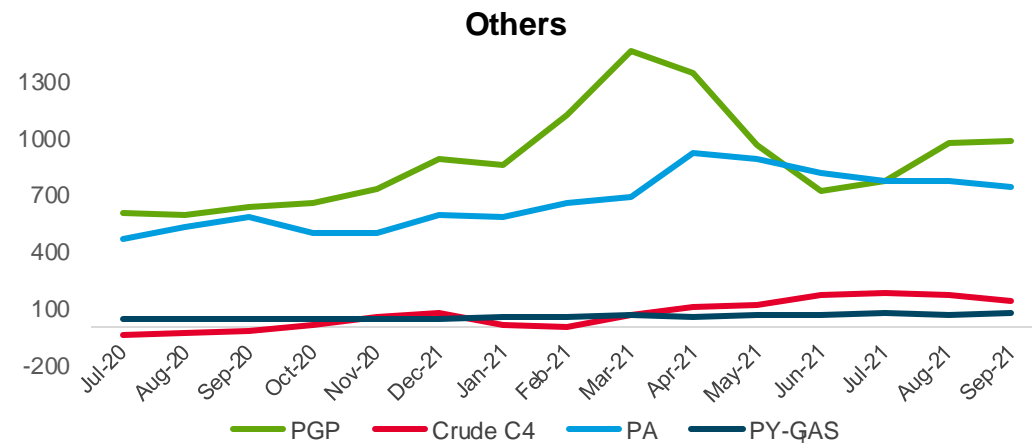
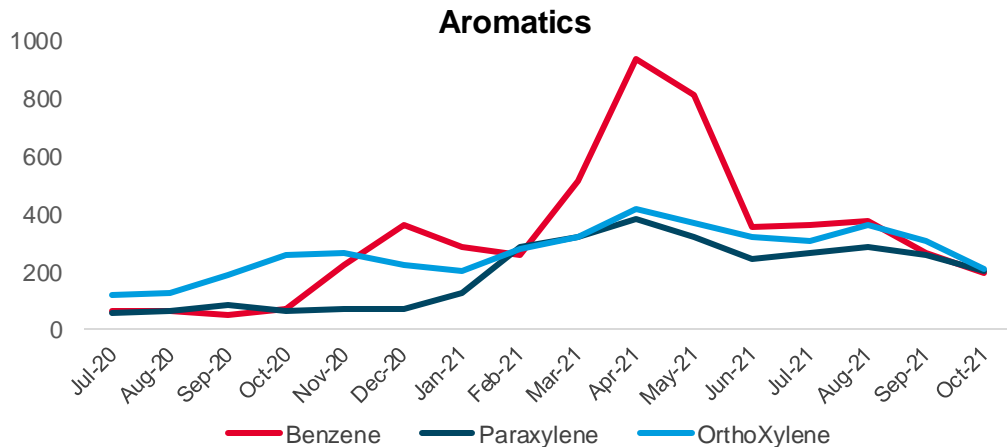
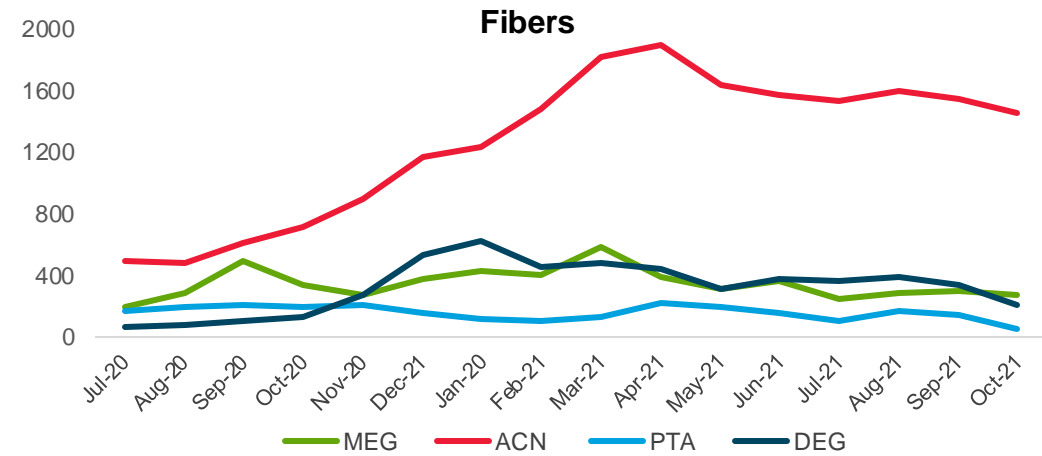
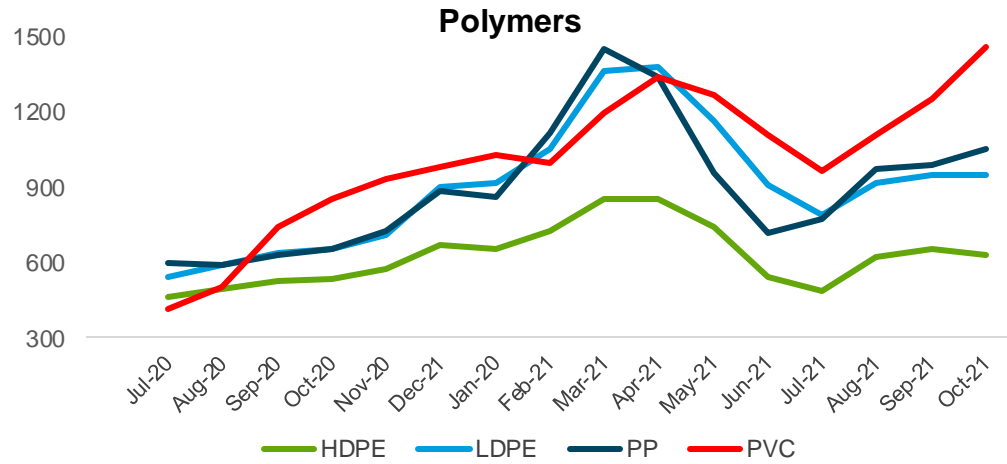
Benzene prices slumped from the sharp peak in May as aromatics market was shaped by supply chain constraints in the third quarter



C4 prices increased through the third quarter, lifting the September settlement to a four year high

# Industry environment

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



Source: Platts, Company

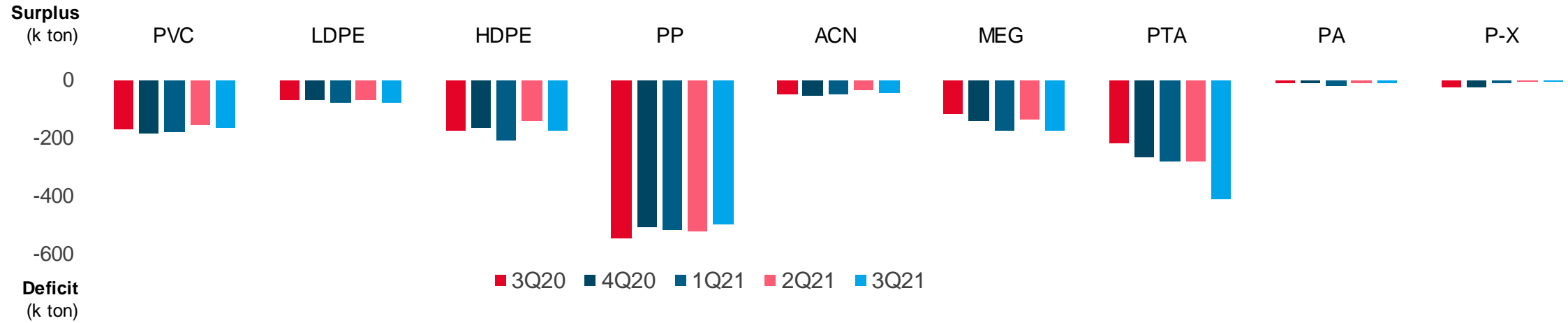
Hizmete Özel (Dış Taraflar)



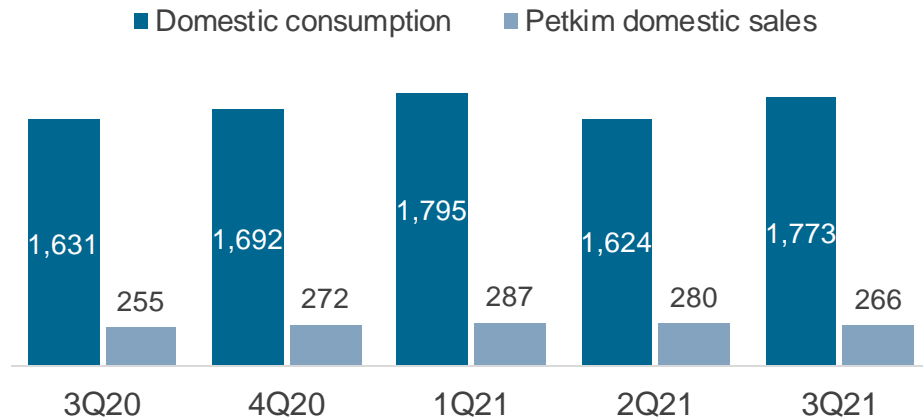


# Turkey's petrochemical sector overview

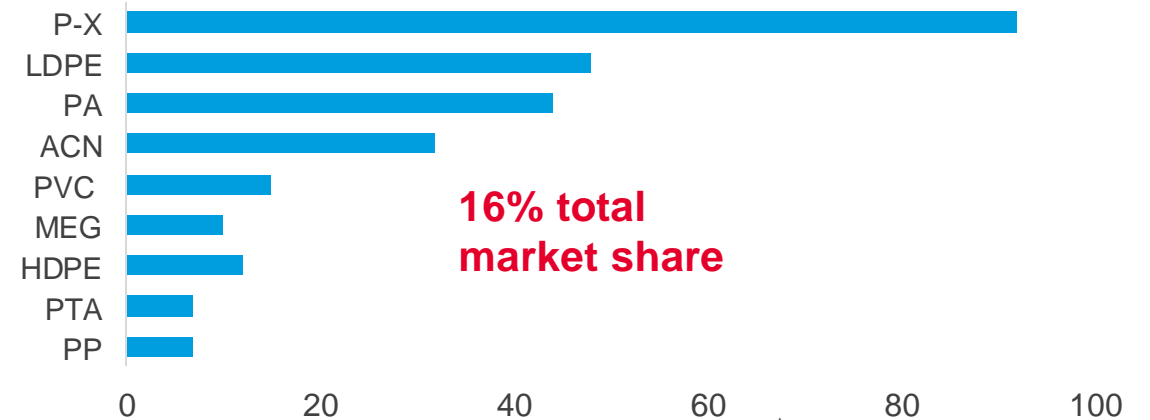
Turkey domestic demand is primarily met by imports



## Petrochemical consumption in Turkey (k ton)



## Products market share (%)



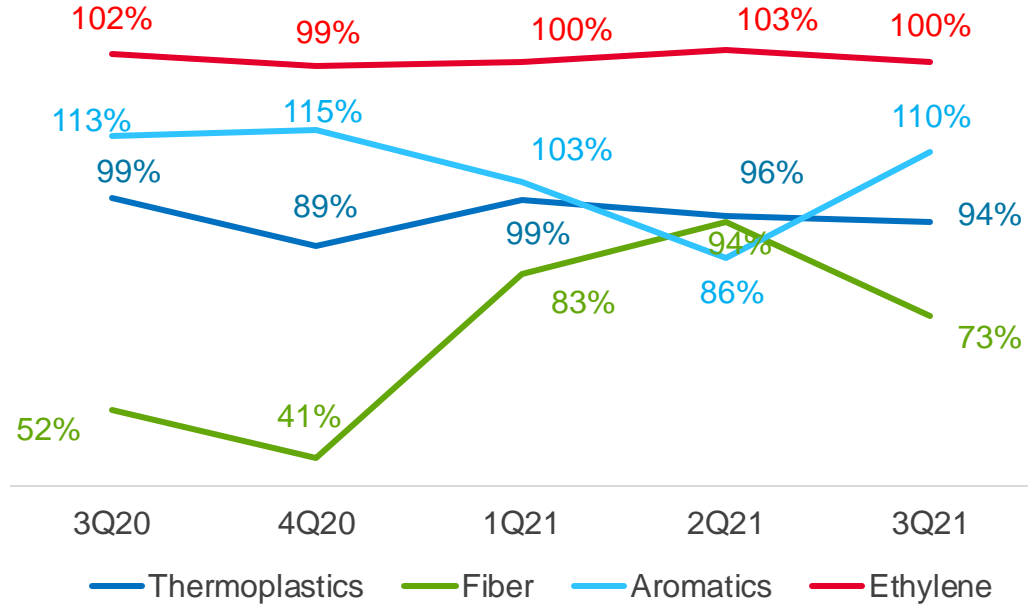


# Operating and Financial Results

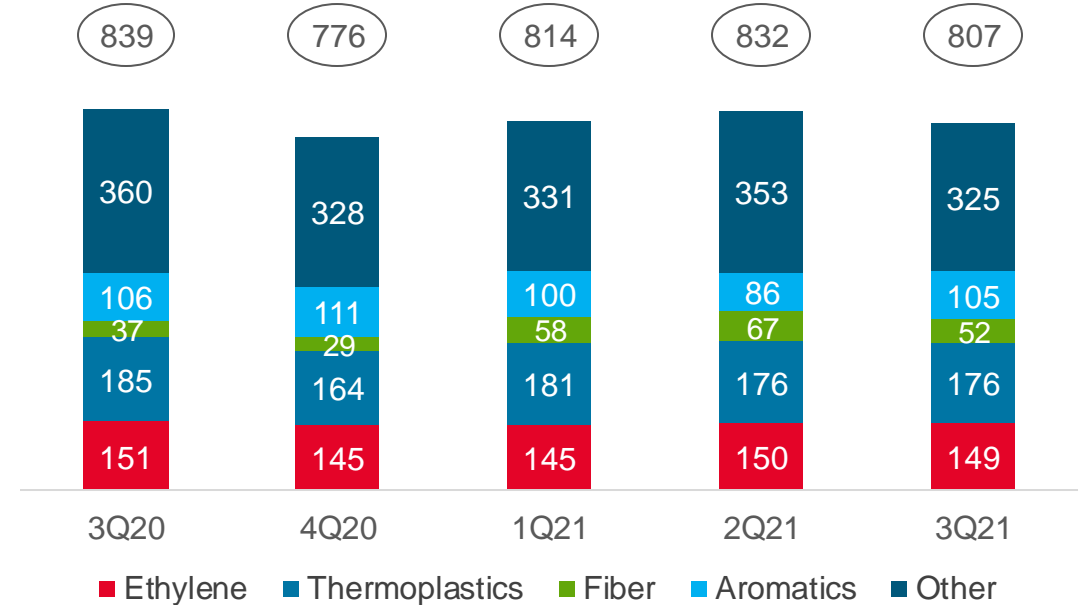


# Capacity utilization and gross production

Capacity utilization rates (%)



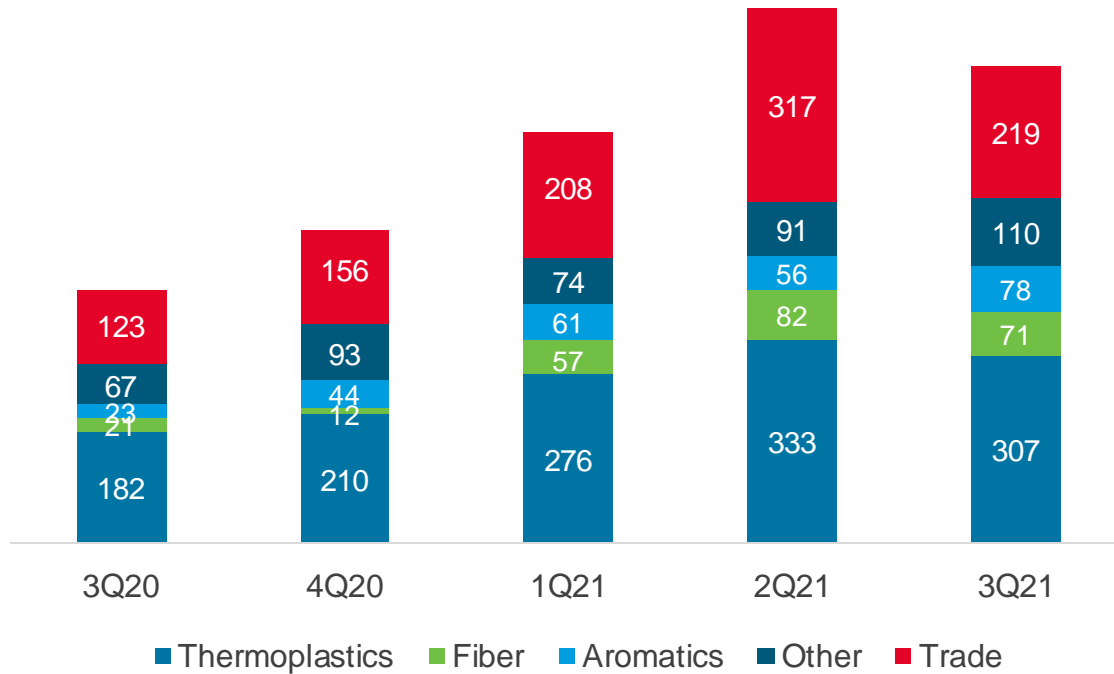
Gross production (k ton)



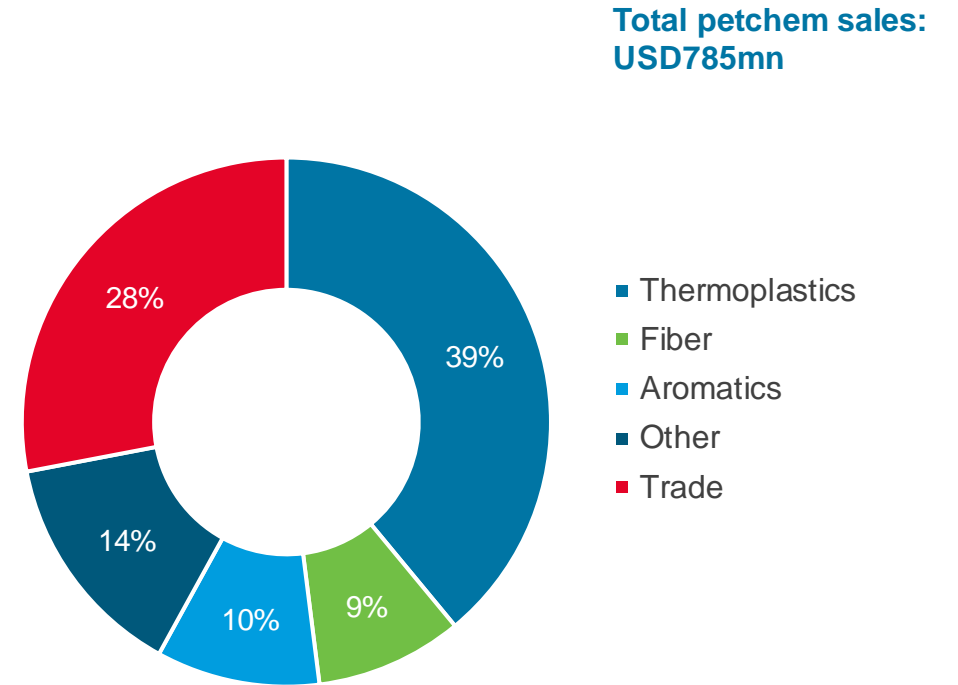
Thanks to the uninterrupted high quality feedstock procurement from STAR Refinery, Petkim generated **807kton** gross production and ethylene capacity utilization rate was **100%** in Q321

# Breakdown of petchem sales

Breakdown of petchem sales (mn USD)



Breakdown of petchem sales (%)

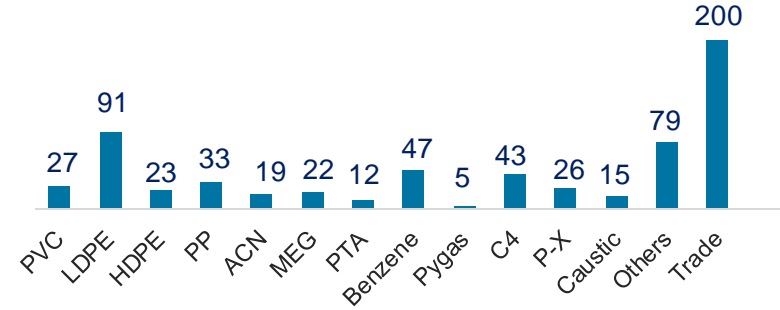




**In 3Q21, Petkim achieved TL 6,693 mn sales via 644k ton sales volume**

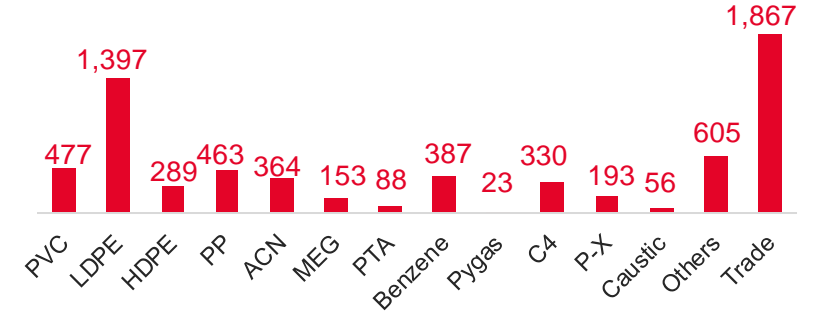
**Sales volume (ton k)**

**Total volume: 644k ton**



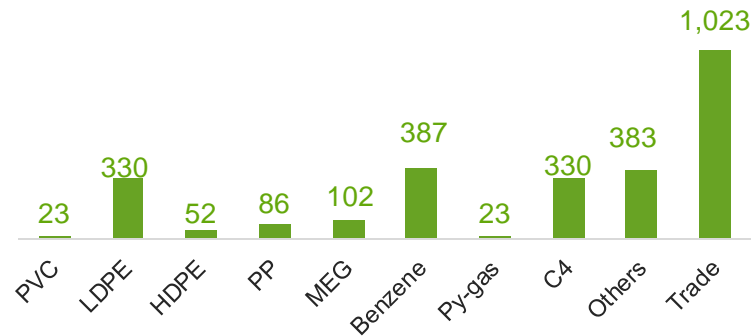
**Revenue (TL mn)**

**Total revenue: TL6,693mn**

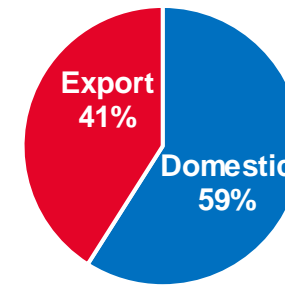


**Export Revenue (TL mn)**

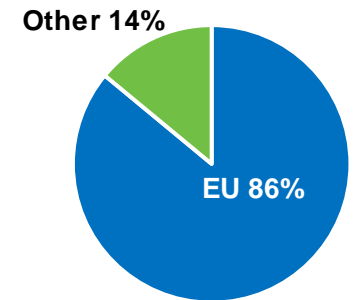
**Total export: TL2,740mn**



**Revenue breakdown (%)**



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

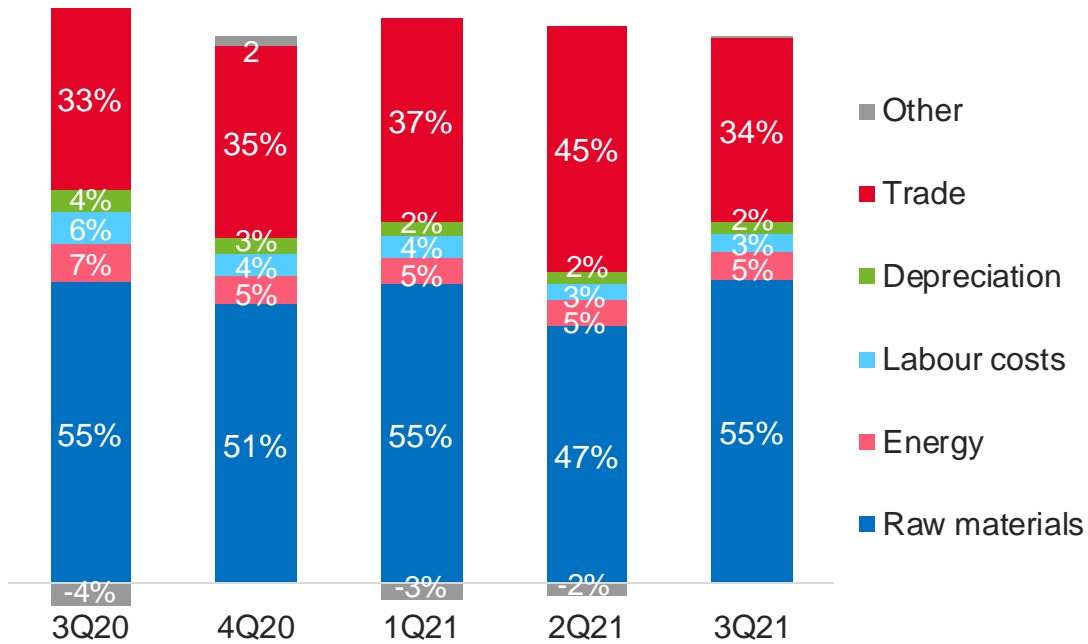




# Breakdown of total COGS

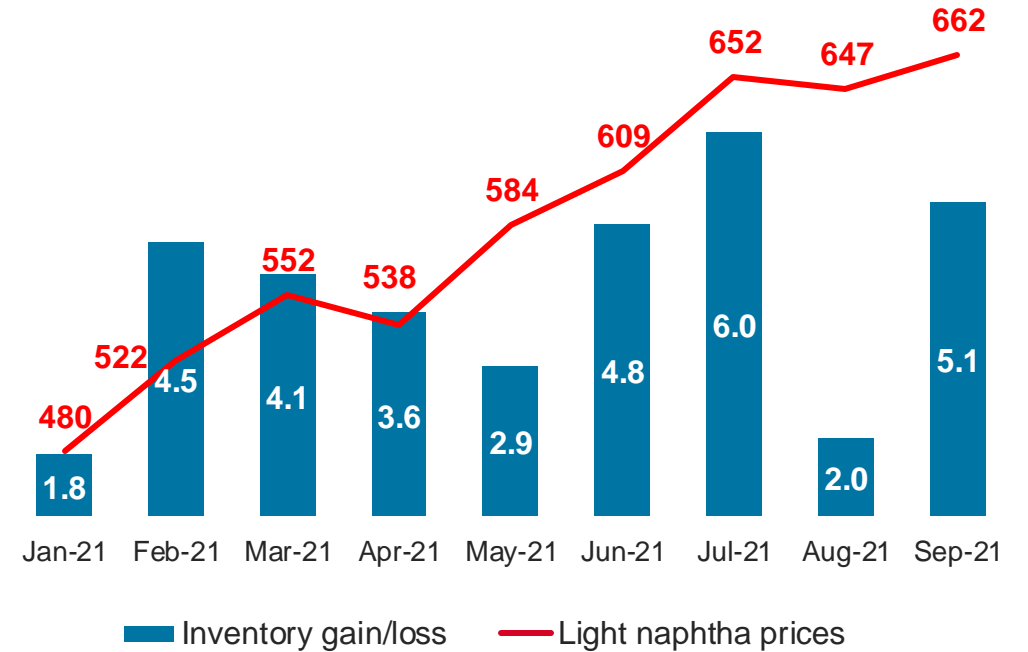
COGS breakdown (%)

3Q21 total COGS:  
TL5,383mn



Inventory gain/loss (mn USD)

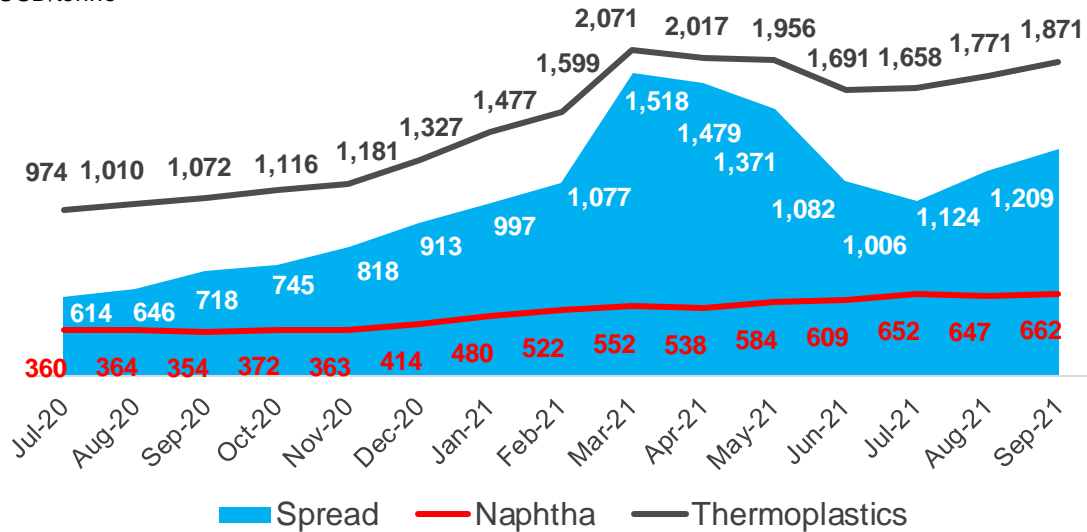
3Q21 inventory gain:  
USD13mn



# Feedstock vs. product prices of Petkim

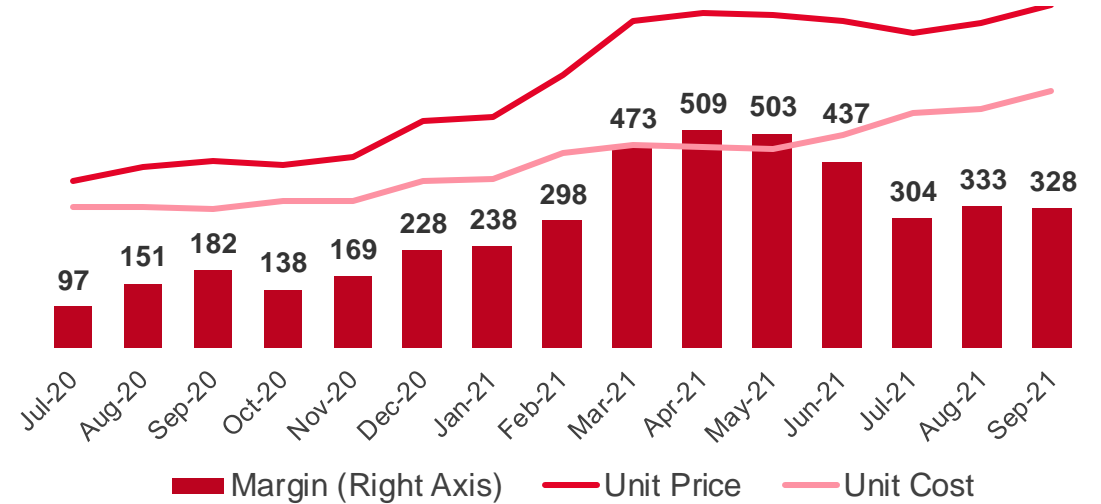
## Thermoplastics and naphtha spread

USD/tonne



## Petchem unit margins\*

USD/tonne



(\*) Excluding trade



Thermoplastics margins squeezed between firming feedstock costs and slightly falling prices, swiftly eroding the record highs achieved as markets were pinched tight in the second quarter



Ethylene producers remained well shielded from steady increase in upstream costs, benefitting from consistently strong co-product values



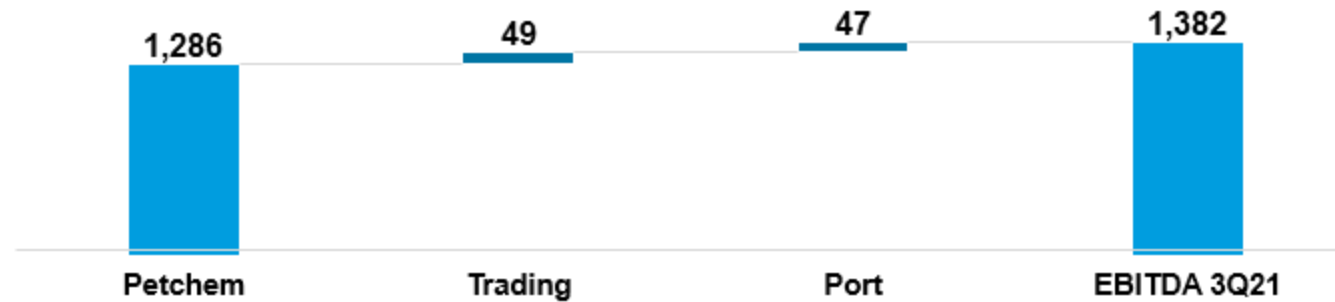
Thanks to integrated production with having diversified product portfolio, Petkim have benefited from increases in co-product prices mainly C4 due to tight global markets

# PETKIM 3Q21 income statement

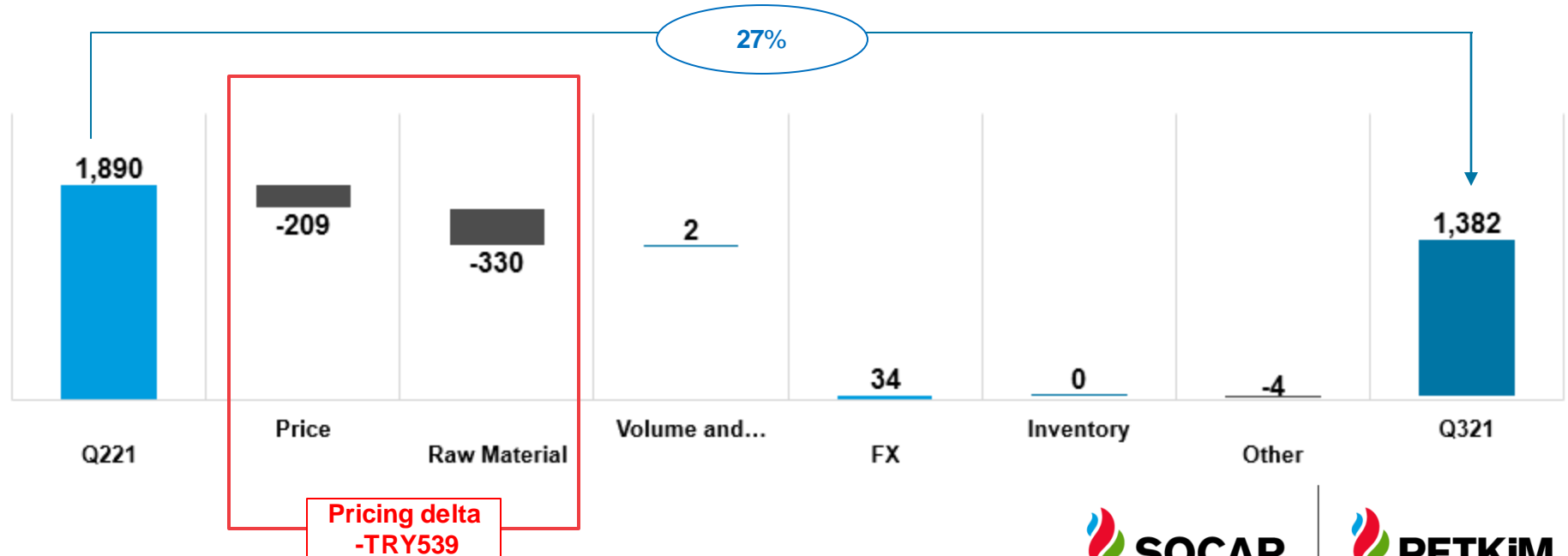
TL mn	FY			2Q		
	3Q'20	3Q'21	YoY Δ (%)	2Q'21	3Q'21	QoQ Δ (%)
Sales	3,038	6,735	122%	7,397	6,735	(9%)
Cost of sales	(2,536)	(5,383)	112%	(5,513)	(5,383)	(2%)
<b>Gross profit</b>	<b>502</b>	<b>1,352</b>	<b>169%</b>	<b>1,884</b>	<b>1,352</b>	<b>(28%)</b>
<b>Gross profit %</b>	16.5%	20.1%		25.5%	20.1%	
Marketing and sales expenses	(31)	(51)	66%	(42)	(51)	22%
General administrative expenses	(83)	(113)	36%	(105)	(113)	8%
<b>Operating profit</b>	<b>389</b>	<b>1,188</b>	<b>206%</b>	<b>1,737</b>	<b>1,188</b>	<b>(32%)</b>
Other income/ (expenses)	96	500	420%	47	500	960%
Financial income	1,156	479	-59%	690	479	(31%)
Financial expenses	(1,273)	(538)	-58%	(743)	(538)	(28%)
<b>Profit before tax</b>	<b>368</b>	<b>1,629</b>	<b>343%</b>	<b>1,731</b>	<b>1,629</b>	<b>(6%)</b>
Income tax	(55)	(228)	318%	(385)	(228)	(41%)
Deferred tax	(2)	291		(21)	291	
<b>Net profit / (loss)</b>	<b>311</b>	<b>1,692</b>	<b>444%</b>	<b>1,325</b>	<b>1,692</b>	<b>28%</b>
<b>Net profit%</b>	10.2%	25.1%		17.9%	25.1%	
Other	16	46	197%	20	46	127%
Depreciation	111	147	32%	132	147	11%
<b>EBITDA</b>	<b>516</b>	<b>1,382</b>	<b>168%</b>	<b>1,890</b>	<b>1,382</b>	<b>(27%)</b>
<b>EBITDA %</b>	17%	20.5%		25.6 %	20.5%	

# Strong positive pricing delta derives EBITDA growth

3Q21 segments' results (mn TRY)



Quarterly change in EBITDA (mn TRY)

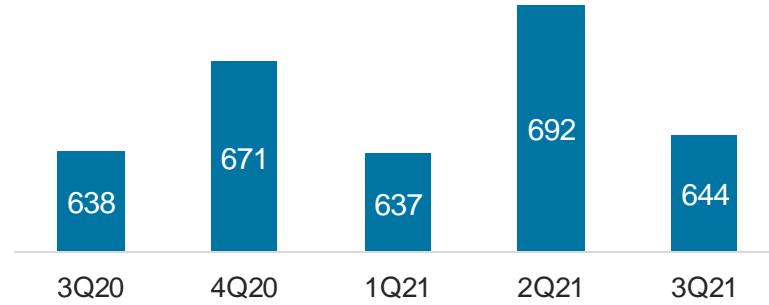




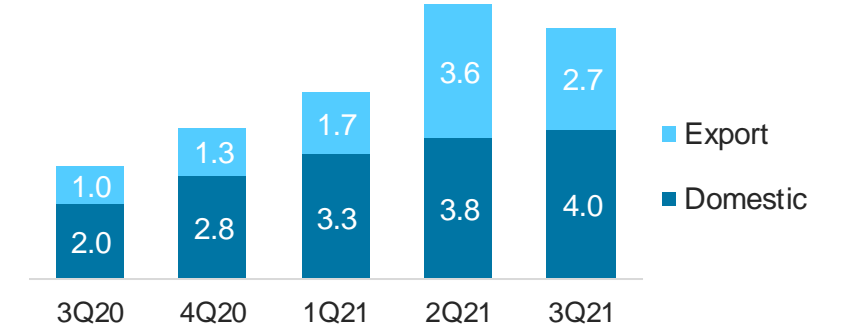


## Financial highlights

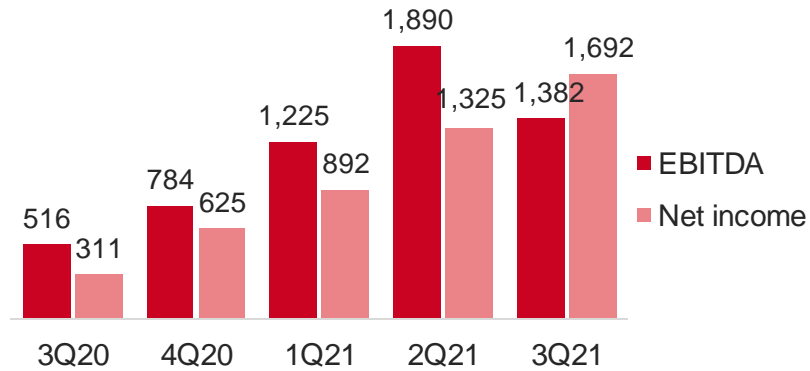
Sales tonnes (k ton)



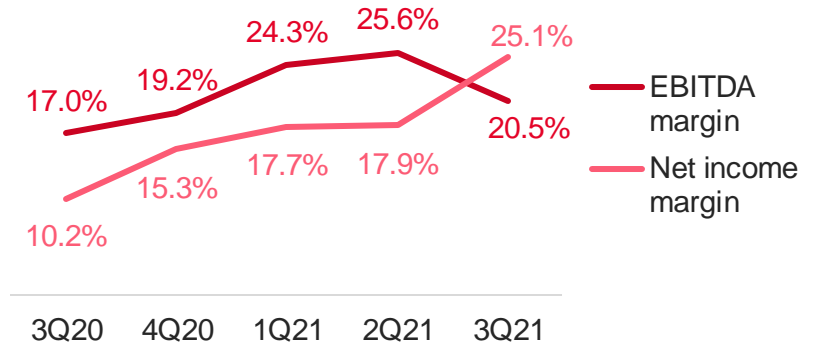
Revenue (bn TL)



EBITDA and net income (mn TL)



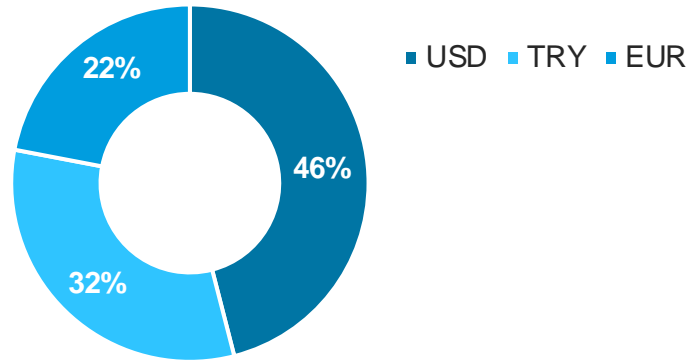
Margins (%)



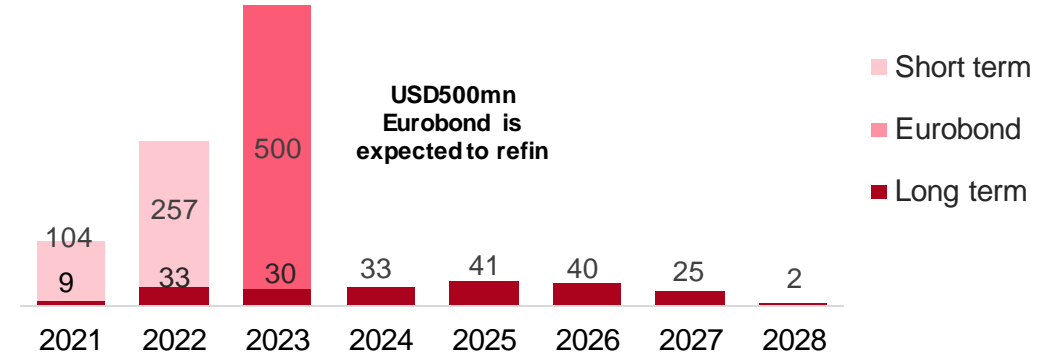
# Liquidity highlights

## Deposits (%)

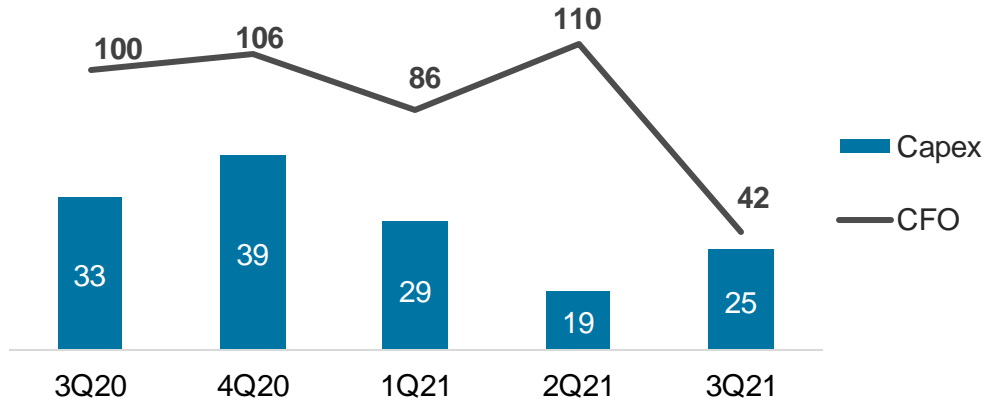
USD586mn



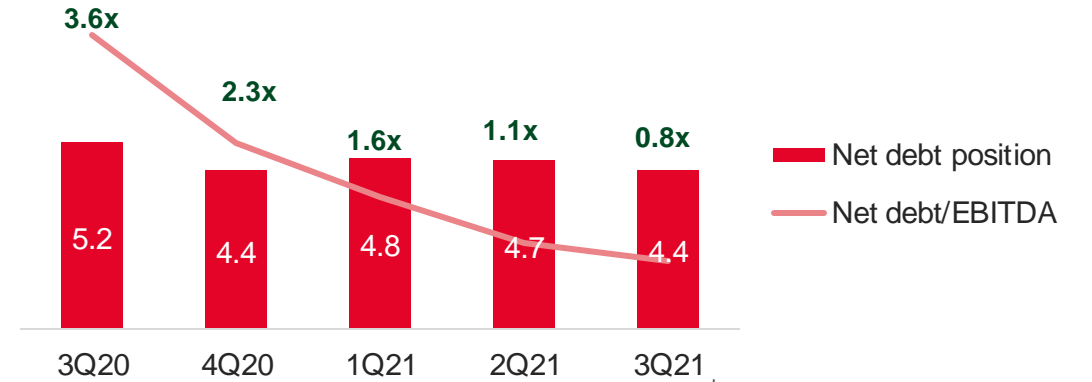
## Maturity profile (mn USD)



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



## Net debt position (bn 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 and electrification initiatives to decrease CO2 emission by **1%** per annum and carbon intensity by **1%**

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

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>
- **50%** reduction in carbon intensity for Scope 3<sup>1</sup> by 2050

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

Improve capabilities and know-how for potential alternative energies (e.g., hydrogen, biofuel, etc.)



### Circular economy

Develop relations and potentially partnerships with mechanical recycling players to address projected business opportunity and capture sustainability impact

Invest in plastic recycling to be one of the leading companies in Turkey recycling industry capacity

1. Scope 1: Direct emissions (e.g., production processes), Scope 2: Indirect emissions (e.g. electricity and heat), Scope 3: Indirect emissions in the value chain (e.g. emissions from combustion of products in an internal combustion engine)  
2. No major capex needed in the short term



# Petkim completed the assessment with a score of 22.7

ESG Risk Rating

22.7  
Medium Risk



## 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 performance indicators

Stakeholder related targets<sup>1</sup>

		2021 Targets	Actions
<b>Climate &amp; Environment</b>	<b>Decarbonization</b>	 <b>1%</b>	Implementation of energy efficiency and electrification initiatives to decrease CO2 emission
	<b>Energy Consumption per Ton of Product</b>	 <b>2.9 Gcal/ton</b>	Conducting Energy Audits Implementation of Energy Efficiency Projects ISO 50001 Energy Management System Standard Certificate
	<b>Water Consumption Reduction</b>	 <b>3%</b>	Implementation of water conservation projects and determining alternative sourcing and monitoring (per raw material)
<b>Health &amp; Safety</b>	<b>Total Recordable Incident Rate (TRIR)</b>	 <b>&lt;1.01</b>	Tracking and ensuring compliance with HSE Leading and Lagging KPIs Implementation of relevant programs in terms of leadership, employee engagement and ownership (Periodical Field Inspection, BBS, PPE) Implementation of relevant HSE initiatives (Annual Plan, contractor performance management, HARM, HAZOP & HAZID study, Golden Rules practices, Recognition system, Lessons Learnt, bulletins)

1. Our target related «People and Communities» are on going process.



# Supporting Slides



# PETKIM 3Q21 balance sheet

TL mn	6M'21	9M'21	Financial highlights	6M'21	9M'21
Cash and cash equivalents	6,174	5.178	Net debt position	(4,687)	(4,436)
Trade receivable	3,408	3,300	Working capital	(11)	1,238
Inventory	1,734	1,975	Days sales outstanding	45	38
Other receivables	26	12	Days payable outstanding	94	75
Other current assets	4,664	4,879	Days sales of inventory	30	30
<b>Current assets</b>	<b>16,006</b>	<b>15,344</b>			
Non current assets	8,602	9,248			
<b>Total assets</b>	<b>24,608</b>	<b>24,592</b>			
Short term borrowings	4,978	3,605			
Trade payables	2,197	2,018			
Other payables	699	715			
<b>Current liabilities</b>	<b>7,874</b>	<b>6.338</b>			
Long term borrowings	6,179	6,265			
Other non-current liabilities	840	607			
<b>Shareholders' equity</b>	<b>9,715</b>	<b>11,382</b>			
<b>Total liabilities</b>	<b>24,608</b>	<b>24,592</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 Goldman Sachs

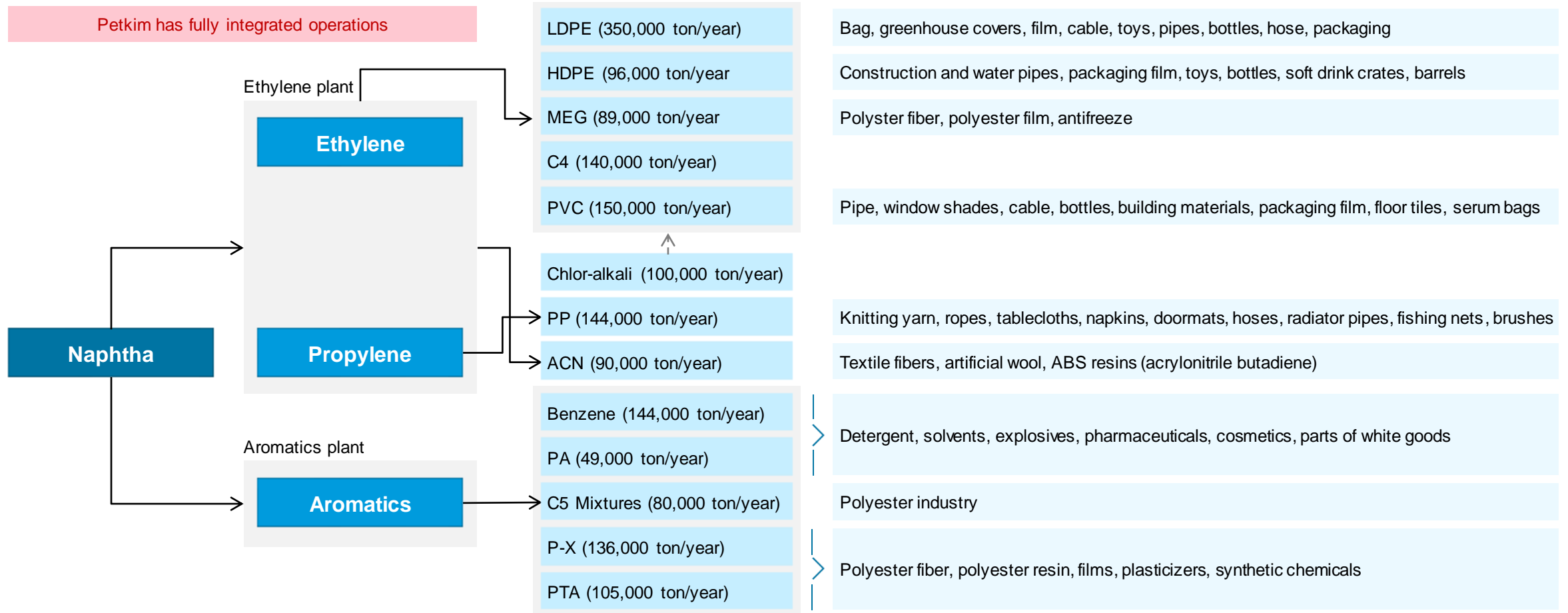
- Stable stream of income that is not correlated to Petkim's core business
- Savings on shipments for expansion projects



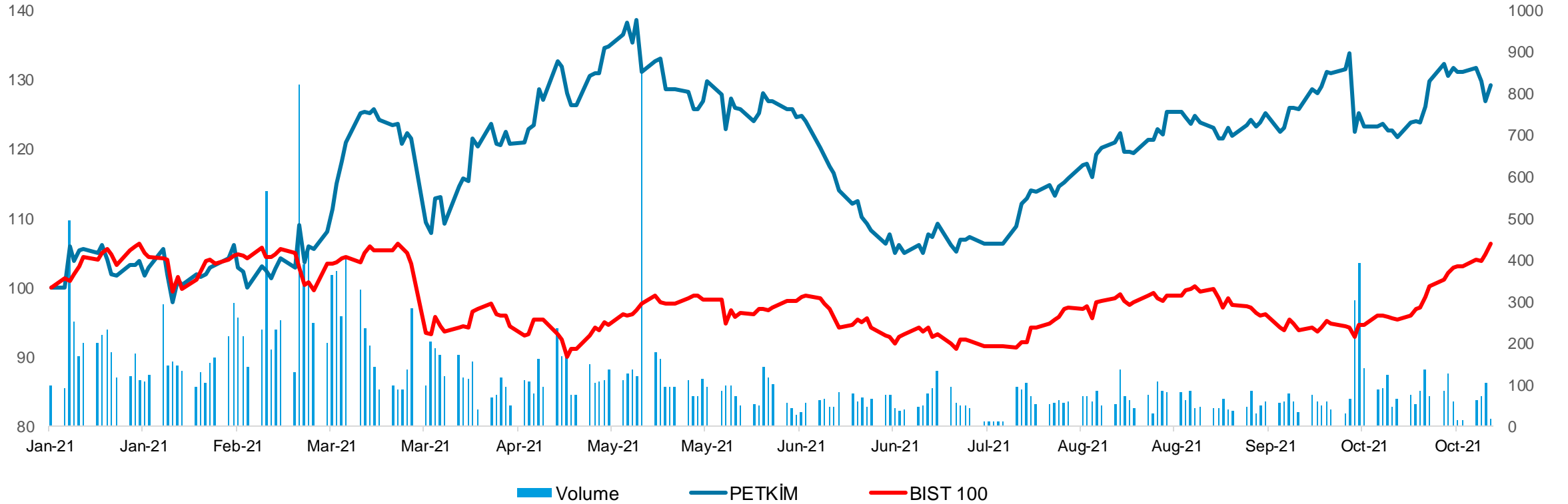
- Wind farm located in the Aliaga Peninsula licensed to generate 38 MW of electricity
  - Petkim has applied for a new license allowing generation at full capacity of 51 MW
- The construction of 17 new turbines, each able to generate 3 MW of electricity, was completed in Sep-2017
- Total investment in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



# PETKİM stock performance



Closing price as of 30 September  
2021 (TL/share)  
**6.53TL**

Market capitalization  
(TL mn)  
**TL 16,550**

Free float  
(%)  
**49.0%**

## Disclaimer

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