

Petkim

2024 closes with negative EBIT

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According to Petkim's inflation accounting provisions (IAS-29 impact), the company saw a TRY 6,208mn loss in 4Q24 (4Q23: TRY 20,810mn net profit). Our estimate was a TRY 1,817mn net loss and the market's was a TRY 1,883mn net loss. Net TRY 4,912mn other expenses, up due to fixed asset impairment (TRY 4,653mn from revaluation of Petkim Port Operations) deviated the results from the estimates. The company booked TRY 1,859mn of net financial expenses, TRY 4,501mn tax expenses, and a TRY 2,069mn monetary gain.

Including the IAS-29 impact, the company's net sales revenue in 4Q24 decreased by 23% year-on-year to TRY 16,639mn compared to our TRY 18,000mn expectation and the market's TRY 17,122mn estimate. Weak demand and excess supply suppressed product price, plus low sales volume due to planned production halts had suppressed revenues. Total sales volume reached 443k tons, while production volume dropped by 11% year-on-year to 521k tons. The capacity utilization rate remained at 58% from the previous quarter. This quarter, an inventory loss of USD 2mn was recorded.

4Q24 was the weakest quarter in recent years by product margins. The ethylene-naphta spread fell to 175\$/ton at 4Q24 from 217\$/ton at 3Q24. The company posted a negative EBITDA of TRY 855mn in 4Q24 including the IAS-29 impact (4Q23: TRY -444mn), somewhat worse than our TRY -181mn expectation and better than the market's TRY -570mn estimate.

Debt levels remain high: The net debt position of TRY 35,967mn at the end of 09/024, remained high at TRY 35,724mn at the end of 2024.

2024 Performance: Petkim printed TRY 77,381mn of revenues on an 11% annual decrease. For 2024, TRY -1,083mn EBITDA was posted compared to TRY -3,063mn in 2023. The company printed a loss of TRY 6,344mn. (All numbers include the IAS-29 effect).

Details of the Master Plan: Petkim Master Plan final investment decision is expected to be evaluated in 2026. According to the results of the Feasibility and Technical Feasibility Study conducted by KBR, Petkim aims to build a new Ethylene Plant (1.2 MTA), PP Plant (550 KTA), and HDPE/LLDPE Plant (827 KTA).

2025 Guidance: Petkim expects to generate USD30-50mn EBITDA in 2025 (including the IAS-29 effect).

Weak demand for petrochemical products persists globally and domestically. We expect demand and product prices to remain under pressure until a global recovery is observed. In 2025 Petkim is foreseen to continue its strategic production orientation in the fiber segment throughout the year. Meanwhile, we believe that improved expectations for the refining sector will help mitigate Petkim's weak results, thanks to the contributions from STAR Refinery. Furthermore, the outlook for the European economy, where Petkim generates around 35% of its sales, is expected to be another key factor determining company performance.

In line with the 4Q24 financials and our expectations we maintain our 12-month target price of TRY 25.45/share for PETKM. We also maintain our "MARKET PERFORM" recommendation as our target price represents 42% upside potential compared to the latest closing price.

OUTPERFORM
TP: TRY 25.42
Previous TP: TRY 25.42
Upside potential: 45%

	TRY	US\$
Close	17,55	0,48
BIST 100	10.459	288
US\$/TRY(CB Bid Rate):	36,37	
52 Week High:	25,98	0,79
52 Week Low:	16,32	0,45
Bloomberg/Reuters Ticker:	PETKM.TI / PETKM.IS	

Number of Shares (Mn):	2.534	
	(TRY Mn)	(US\$ Mn)
Current Mcap :	44.479	1.223
Free Float Mcap:	20.905	575

	1 M	YOY	YTD
TRY Return (%):	3,8	-22,6	-3,0
US\$ Return (%):	2,4	-32,8	-6,1
BIST 100 Relative (%):	-2,3	-35,2	-8,9
Av g. Daily Vol. (TRY Mn):	1.396,0		
Av g. Daily Vol. (US\$ Mn):	41,8		

Beta	1,11
Volatility (Stock)	0,36
Volatility (BIST 100)	0,23

Shareholder Structure	%
Socar Turkey Petrokimya	51,0
Free Float	49,0
Total	100,0

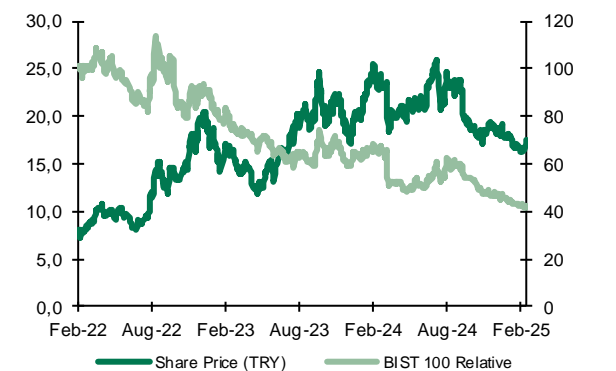


Figure 1: Summary P&L (Including IAS-29)

TRY Million	YE23	YE24	YoY	4Q23	4Q24	YoY
Revenues	87.264	77.381	-11,3%	21.501	16.639	-22,6%
Gross Profit	-3.362	-1.243	-63,0%	-668	-524	-21,5%
<i>Gross Profit Margin</i>	<i>-3,9%</i>	<i>-1,6%</i>		<i>-3,1%</i>	<i>-3,2%</i>	
EBIT	-9.211	-6.268	-31,9%	-2.083	-1.887	-9,4%
<i>EBIT Margin</i>	<i>-10,6%</i>	<i>-8,1%</i>		<i>-9,7%</i>	<i>-11,3%</i>	
EBITDA	-3.063	-1.083	-64,6%	-444	-855	92,6%
<i>EBITDA Margin</i>	<i>-3,5%</i>	<i>-1,4%</i>		<i>-2,1%</i>	<i>-5,1%</i>	
Net Profit	10.670	-6.344	-159,5%	20.810	-6.208	-129,8%
<i>Net Profit Margin</i>	<i>12,2%</i>	<i>-8,2%</i>		<i>96,8%</i>	<i>-37,3%</i>	

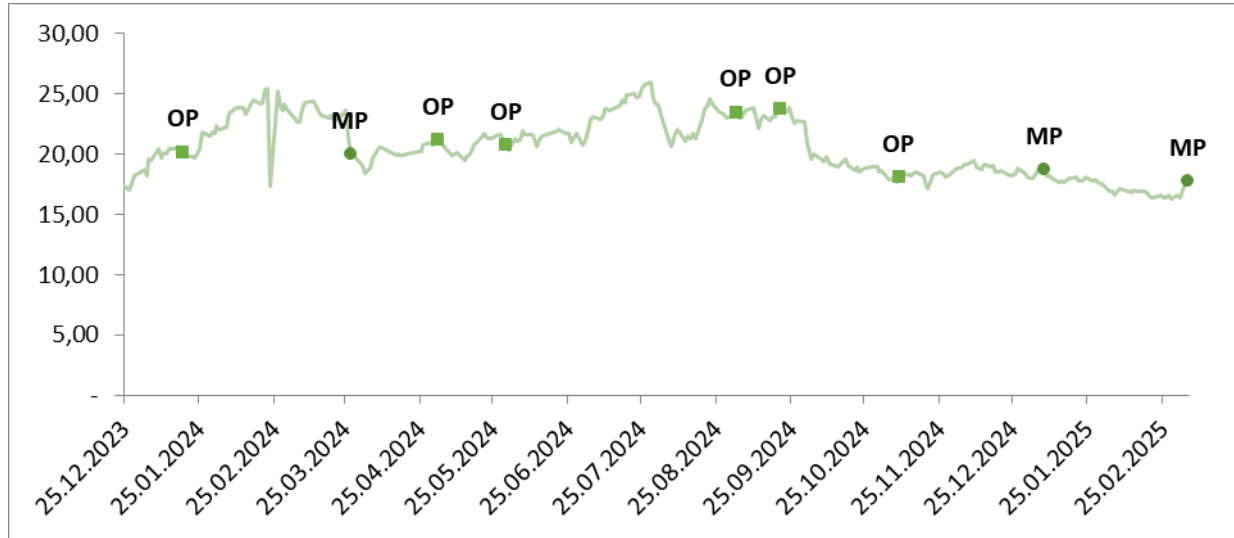
Source: Finnet, Seker Invest Research

Figure 2: Kev financials (Including IAS-29)

BALANCE SHEET (TRY Mn)	2023/12	2024/12	%
PP&E	46.691	40.058	-14%
Intangibles	452	527	17%
Other Non-Current Assets	61.801	56.836	-8%
Trade Receivables	10.895	8.375	-23%
Cash&Equivalents	5.832	8.169	40%
Other Current Assets	12.631	10.589	-16%
Total Assets	138.301	124.553	-10%
Long Term Debt	19.674	19.497	-1%
Other Non current liabilities	5.809	6.082	5%
Short Term Debt	19.196	18.420	-4%
Trade Payables	11.922	13.487	13%
Other Current Liabilities	7.508	8.743	16%
Total Liabilities	64.108	66.229	3%
Total Equity	74.194	58.324	-21%
Total Equity&Liabilities	138.301	124.553	-10%
INCOME STATEMENT (TRY Mn)	2023/12	2024/12	%
Net Sales	87.264	77.381	(11)
COGS	90.626	78.623	(13)
Gross Profit/(Loss)	(3.362)	(1.243)	N.M.
Operating Expenses	5.849	5.026	(14)
Operating Profit/(Loss)	(9.211)	(6.268)	N.M.
Net Other Operational Gain/(Loss)	(363)	(4.700)	N.M.
Income/(Loss) from Investing Activities	12.343	670	(95)
Financial Income/(Expense)	(9.595)	(8.159)	N.M.
Monetary Gain / (Loss)	5.892	1.764	(70)
Share of profit of equity accounted investments	14.329	1.790	(88)
Profit Before Tax (Loss)	13.395	(4.801)	N.M.
Tax	2.691	1.993	(26)
Net Profit/(Loss)	10.704	(6.794)	N.M.
Minority Interest	34	(450)	N.M.
Parent Equity	10.670	(6.344)	N.M.
PETKM			

Source: Seker Invest

Historical recommendations and target prices



Date	Recommendation	Target Price (TRY)
16-Jan-24	Outperform (OP)	29.68
27-Mar-24	Market Perform (MP)	28.30
2-May-24	Outperform (OP)	28.30
30-May-24	Outperform (OP)	28.30
2-Sep-24	Outperform (OP)	28.30
8-Nov-24	Outperform (OP)	26.00
7-Jan-25	Market Perform (MP)	25.44
7-Mar-25	Market Perform (MP)	25.44

Basis for 12m equity ratings

Outperform:	The total return is expected to exceed the return of the BIST 100 by more than 10%.
Underperform:	The total return is expected to fall below the return of the BIST 100 by more than 10%.
Market Perform:	The total return is expected to be in line with the return of the BIST 100.

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