

# Petkim

## Ongoing weak demand and low product margins sustained pressure on the financial results

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According to inflation accounting provisions (IAS-29 impact), Petkim saw a TRY 2,576mn loss in 1Q25 (1Q24: TRY 1,202mn net profit). Our estimate was a TRY 1,971mn net loss and the market's was a TRY 1,736mn net loss. Due to costs exceeding revenues, Petkim recorded a gross loss and an operating loss of TRY 2,217mn. Other expenses of TRY 413mn, financial expenses of TRY 2,716mn, and tax expenses of TRY 518mn also contributed to deepening the loss. In addition, a loss of TRY 158mn was reflected from STAR Refinery this quarter. A monetary gain of TRY 3,328mn helped to partially offset the overall loss.

Including the IAS-29 impact, the company's net sales revenue in 1Q25 decreased by 23% year-on-year to TRY 17,671mn somewhat in parallel with our TRY 17,761mn expectation and the market's TRY 17,922mn estimate. Strategically, the company continued with production shutdowns in unprofitable units during this quarter. Production volume increased by 19% YoY to 599k tons, with a capacity utilization rate of 66%. Despite ongoing pressure on demand and product prices, sales volume was recorded at 444k tons. A stock loss of USD 1mn was recorded in the quarter.

The ethylene-naphtha spread, which was USD 175/ton in 4Q24, rose by 57% to USD 274/ton in 1Q25. The company posted a negative EBITDA of TRY 957mn in 1Q25 including the IAS-29 impact (1Q24: TRY 3mn), somewhat worse than our TRY -732mn expectation and the market's TRY -515mn estimate.

**Debt levels remain high:** Following a decline in the cash position, net debt rose from TRY 39,318mn at the end of 2024 to TRY 46,983mn as of 2025/03.

**STAR Refinery:** STAR Refinery reached a capacity utilization rate of 121% in 1Q25. While revenue reached TRY 88,582mn, margin compression in diesel products and inventory effects negatively impacted profitability. Despite recording a positive EBITDA, tax expenses led to a net loss. The company posted a net loss of TRY 1,315mn. As Petkim holds an indirect 12% stake in STAR Refinery A.Ş., it recorded a TRY 158mn loss through its equity investment in 1Q25.

**2025 EBITDA guidance to be reviewed:** Petkim plans to review its 2025 EBITDA guidance of USD 30-50mn due to rising downside risks that have become more pronounced across the sector.

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 some product segments throughout the year. On the other hand, given our more positive expectations on the refinery side for 2025, we believe the contribution from STAR Refinery could offset Petkim's weak performance in the upcoming periods. 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 1Q25 financials and our expectations we maintain our 12-month target price of TRY 21.53/share for PETKM. We also maintain our "MARKET PERFORM" recommendation as our target price represents 31% upside potential compared to the latest closing price.

**MARKET PERFORM**  
**TP: TRY 21.53**  
Previous TP: TRY 21.53  
Upside potential: 31%

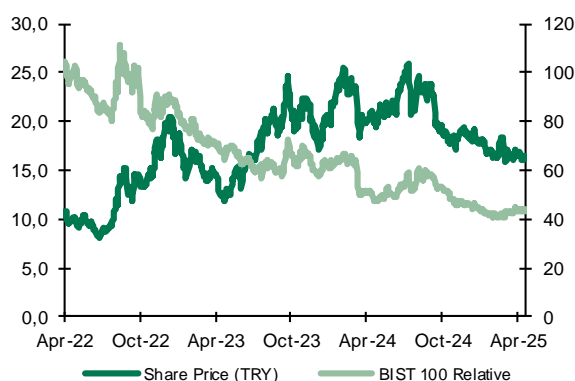
	TRY	US\$
Close	16,37	0,42
BIST 100	9.279	241
US\$/TRY(CB Bid Rate):	38,55	
52 Week High:	25,98	0,79
52 Week Low:	15,81	0,42
Bloomberg/Reuters Ticker:	PETKM.TI / PETKM.IS	

Number of Shares (Mn):	2.534	
	(TRY Mn)	(US\$ Mn)
Current Mcap :	41.488	1.076
Free Float Mcap:	19.499	506

	1 M	YOY	YTD
TRY Return (%):	-1,3	-17,7	-9,6
US\$ Return (%):	-2,9	-31,3	-17,4
BIST 100 Relative (%):	0,8	-9,2	-4,2
Avg. Daily Vol. (TRY Mn):	1.232,7		
Avg. Daily Vol. (US\$ Mn):	36,1		

Beta	1,09
Volatility (Stock)	0,35
Volatility (BIST 100)	0,25

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



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

TRY Million	1Q24	1Q25	YoY	4Q24	QoQ
<b>Revenues</b>	<b>22.881</b>	<b>17.671</b>	<b>-22,8%</b>	<b>16.639</b>	<b>6,2%</b>
<b>Gross Profit</b>	<b>-157</b>	<b>-989</b>	<b>n.m.</b>	<b>-524</b>	<b>n.m.</b>
<i>Gross Profit Margin</i>	<i>-0,7%</i>	<i>-5,6%</i>		<i>-3,2%</i>	
<b>EBIT</b>	<b>-1.616</b>	<b>-2.217</b>	<b>.m.</b>	<b>-1.887</b>	<b>n.m.</b>
<i>EBIT Margin</i>	<i>-7,1%</i>	<i>-12,5%</i>		<i>-11,3%</i>	
<b>EBITDA</b>	<b>3</b>	<b>-957</b>	<b>n.m.</b>	<b>-855</b>	<b>n.m.</b>
<i>EBITDA Margin</i>	<i>0,0%</i>	<i>-5,4%</i>		<i>-5,1%</i>	
<b>Net Profit</b>	<b>1.202</b>	<b>-2.576</b>	<b>n.m.</b>	<b>20.810</b>	<b>n.m.</b>
<i>Net Profit Margin</i>	<i>5,3%</i>	<i>-14,6%</i>		<i>125,1%</i>	

Source: Finnet, Seker Invest Research

**Figure 2: Key financials (Including IAS-29)**

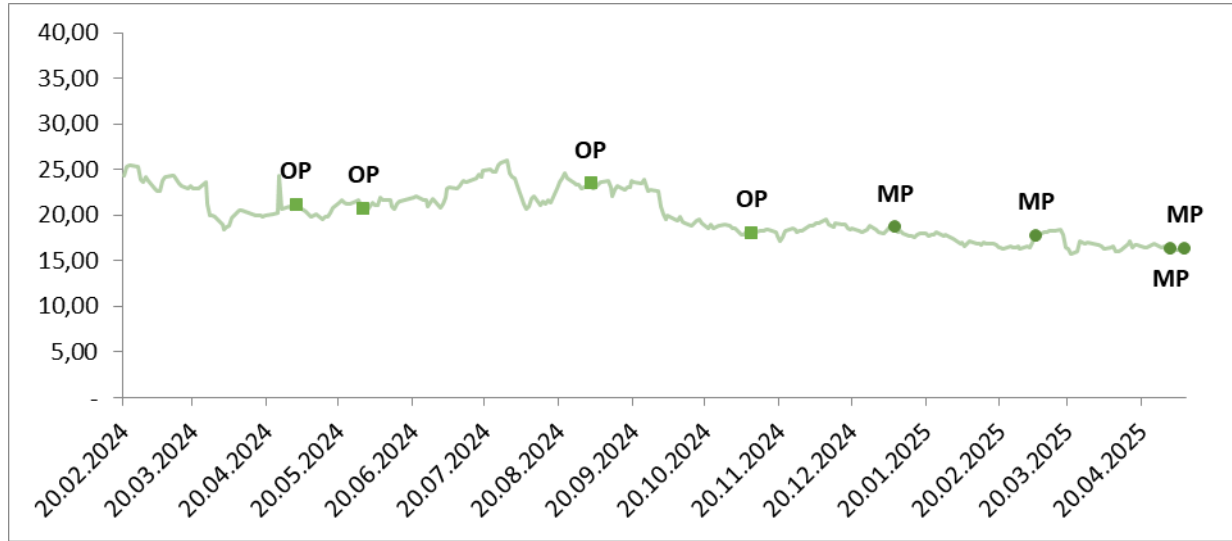
BALANCE SHEET (TRY Mn)	2024/12	2025/03	%
PP&E	44.089	43.361	-1,7%
Intangibles	580	562	-3,2%
Other Non-Current Assets	62.555	61.155	-2,2%
Trade Receivables	9.217	9.731	5,6%
Cash&Equivalents	8.991	3.634	-59,6%
Other Current Assets	11.654	15.468	32,7%
<b>Total Assets</b>	<b>137.086</b>	<b>133.911</b>	<b>-2,3%</b>
Long Term Debt	21.459	23.506	9,5%
Other Non current liabilities	6.694	6.252	-6,6%
Short Term Debt	20.274	24.217	19,5%
Trade Payables	14.844	14.032	-5,5%
Other Current Liabilities	9.623	6.091	-36,7%
Total Liabilities	72.894	74.098	1,7%
Total Equity	64.193	59.813	-6,8%
<b>Total Equity&amp;Liabilities</b>	<b>137.086</b>	<b>133.911</b>	<b>-2,3%</b>

INCOME STATEMENT (TRY Mn)	2024/12	2024/03	2025/03	%
Net Sales	85.168	22.881	17.671	(23)
COGS	86.535	23.038	18.659	(19)
Gross Profit/(Loss)	(1.368)	(157)	(989)	N.M.
Operating Expenses	5.531	1.459	1.229	(16)
Operating Profit/(Loss)	(6.899)	(1.616)	(2.217)	N.M.
Net Other Operational Gain/(Loss)	(5.173)	78	(414)	N.M.
Income/(Loss) from Investing Activities	738	159	95	(41)
Financial Income/(Expense)	(8.980)	(3.070)	(2.716)	N.M.
Monetary Gain / (Loss)	11.866	5.117	3.328	(35)
<b>Profit Before Tax (Loss)</b>	<b>(5.284)</b>	<b>1.590</b>	<b>(2.082)</b>	<b>N.M.</b>
Tax	2.193	439	518	18
<b>Net Profit/(Loss)</b>	<b>(7.477)</b>	<b>1.151</b>	<b>(2.600)</b>	<b>N.M.</b>
Minority Interest	(495)	(51)	(23)	N.M.
Parent Equity	(6.982)	1.202	(2.576)	N.M.

PETKM

Source: Seker Invest

#### Historical recommendations and target prices



Date	Recommendation	Target Price (TRY)
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
2-May-25	Market Perform (MP)	21.53
9-May-25	Market Perform (MP)	21.53

#### Basis for 12m equity ratings

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

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