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Petkim

Net Income Above Expectations...

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Petkim (PETKM) reported a net income of TL 306mn in 1Q26 under inflation-adjusted financials (TAS-29 impact). The reported net income came in positive, contrary to our expectation, and exceeded the market median expectation of TL 79mn. We believe that the company's return to net profit was mainly driven by the TL 4,654mn net monetary position gain and the contribution from STAR Refinery, while operational profitability remained limited. Indeed, the company recorded an operating loss of TL 1,609mn in 1Q26, while elevated financial expenses also continued to weigh on net profitability.

EBITDA came in at TL 163mn in 1Q26. The reported figure pointed to positive EBITDA, contrary to our expectation, while remaining below the market median expectation of TL 303mn. Petkim recorded positive EBITDA in 1Q26 after six consecutive quarters of negative numbers. That said, the EBITDA margin of 0.6% and EBITDA per ton of approximately TL 280/ton indicate that the operational recovery remained quite limited. The company recorded a USD 14mn inventory gain during the quarter, supported by the rapid increase in feedstock prices, while also generating USD 8.8mn gross profit from trading activities. However, weak product margins, capacity optimization in low-profitability products and operating expenses continued to limit operational profitability.

Petkim's net sales revenues increased by 16.7% YoY to TL 26,995mn in 1Q26. The reported net sales figure came in above our expectation of TL 22,421mn, while remaining broadly in line with the market median expectation of TL 26,705mn. The company's total sales volume increased by 31% YoY to 583k tons in 1Q26. Domestic sales accounted for 52% of total revenues, while exports represented 47%, with export revenues reaching TL 12,645mn. The strong increase in sales volume and the contribution from trading activities supported the top-line performance.

MARKET PERFORM
TP: 18,91 TL
Previous TP: 18,91 TL
Upside: -20%

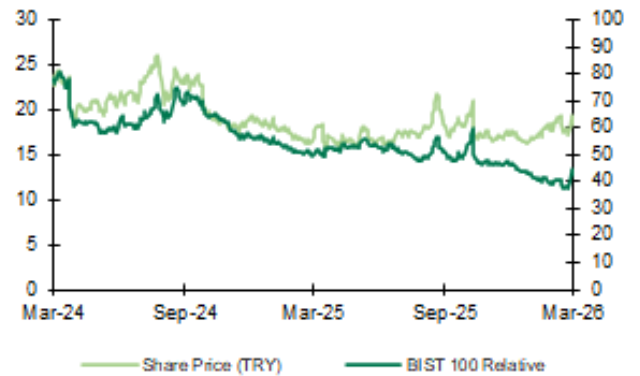
	TRY	US\$
Close	23,76	0,53
BIST 100	15.040	333
US\$/TRY (CB Bid Rate):	45,24	
52 Week High:	24,82	0,55
52 Week Low:	16,16	0,38
Bloomberg/Reuters Ticker:	PETKM.TI /PETKM.IS	

	2.534,4	(TRY Mn)	(US\$ Mn)
Number of Shares (Mn):			
Current Mcap:	60.217		1.334
Free Float Mcap:	28.302		627

	1 M	YOY	YTD
TRY Return (%):	8,4	46,7	46,4
US\$ Return (%):	6,9	25,2	39,0
BIST 100 Relative (%):	-6,9	-11,5	9,6
Avg. Daily Vol. (TRY Mn):	1.403,54		
Avg. Daily Vol. (US\$ Mn):	33,02		

Beta	0,84
Volatility (Stock)	0,37
Volatility (BIST 100)	0,23

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



Production and Capacity Utilization: Petkim recorded 601k tons of gross production in 1Q26 and operated with a capacity utilization rate of 65.5%. While gross production came in above the 576k tons recorded in 4Q25, the company continued to limit production in low-profitability or uneconomical products, maintaining relatively high capacity utilization in more profitable product groups. Management indicated that the company acted cautiously in certain production decisions due to the lagged pass-through of higher feedstock prices into product prices. In this context, we believe that a more supportive production outlook may emerge in the short term if price pass-through becomes more visible. Nevertheless, the current capacity utilization structure indicates that the company continues to follow a profitability-oriented and selective production strategy.

STAR Refinery Impact: Petkim indirectly holds a 12% stake in STAR Refinery and accounts for this investment using the equity method. The company recorded TL 1,589mn income from STAR Refinery under the equity method in 1Q26. STAR Refinery's contribution was one of the key supporting factors behind Petkim's return to net profit. STAR Refinery's continued operations at high capacity utilization remain supportive for Petkim in terms of feedstock supply security, operational continuity and synergies from the integrated structure.

Balance Sheet and Liquidity Outlook: Petkim's net debt position declined to USD 1.04bn as of 1Q26 from USD 1.07bn at the end of 4Q25. While the quarterly decline in net debt is positive for the balance sheet outlook, we believe that the company's elevated leverage and financial expenses continue to weigh on net profitability. The company's cash portfolio of USD 117mn and its debt maturity profile, which is largely spread across the medium to long term, support the manageability of short-term liquidity risks.

Sector Outlook: Weak demand conditions and oversupply in the global petrochemical industry continue to pressure margins. Although higher feedstock prices and geopolitical developments supported upward movements in product prices in 1Q26, margin improvement remained limited due to the lagged pass-through across product groups. The ethylene-naphtha spread increased by 36% to USD 214/ton in 1Q26 from USD 158/ton in 4Q25, while its rise to USD 619/ton in April points to a more supportive margin outlook for 2Q26. However, given that management did not provide an additional strong demand signal during the conference call, together with the ongoing global oversupply and uncertainties regarding the sustainability of recent price increases, we maintain our cautious stance.

Overall Assessment: Petkim's 1Q26 financial results point to a limited recovery in operational profitability compared to previous quarters. While we find the company's return to positive EBITDA after six consecutive quarters of negative EBITDA supportive, we do not think the results point to a strong operational recovery, given the low EBITDA margin of 0.6% and the fact that net income was mainly supported by monetary position gains and STAR Refinery contribution. Although leading margin indicators for 2Q26 point to a more positive outlook, the sustainability of price pass-through, demand conditions and the impact of capacity optimization on profitability will be closely monitored.

Following the company's 1Q26 financial results, we maintain our 12-month target price for Petkim at TL 18.91 per share. While our target price implies a 20% negative return potential compared to the current market price, we maintain our "Market Perform" recommendation.

Figure 1: Financials (Including IAS -29)

TRY Million	1Q25	1Q26	YoY	4Q25	QoQ
Revenues	23.126	26.995	16,7%	24.802	8,8%
Gross Profit	-1.294	4	N.M.	-1.639	N.M.
<i>Gross Profit Margin</i>	<i>-5,6%</i>	<i>0,0%</i>		<i>-6,6%</i>	
EBIT	-2.902	-1.609	N.M.	-3.189	N.M.
<i>EBIT Margin</i>	<i>-12,5%</i>	<i>-6,0%</i>		<i>-12,9%</i>	
EBITDA	-1.252	163	N.M.	-1.831	N.M.
<i>EBITDA Margin</i>	<i>-5,4%</i>	<i>0,6%</i>		<i>-7,4%</i>	
Net Profit	-3.372	306	N.M.	-5.777	N.M.
<i>Net Profit Margin</i>	<i>-14,6%</i>	<i>1,1%</i>		<i>-23,3%</i>	

Source: Finnet, Seker Invest Research

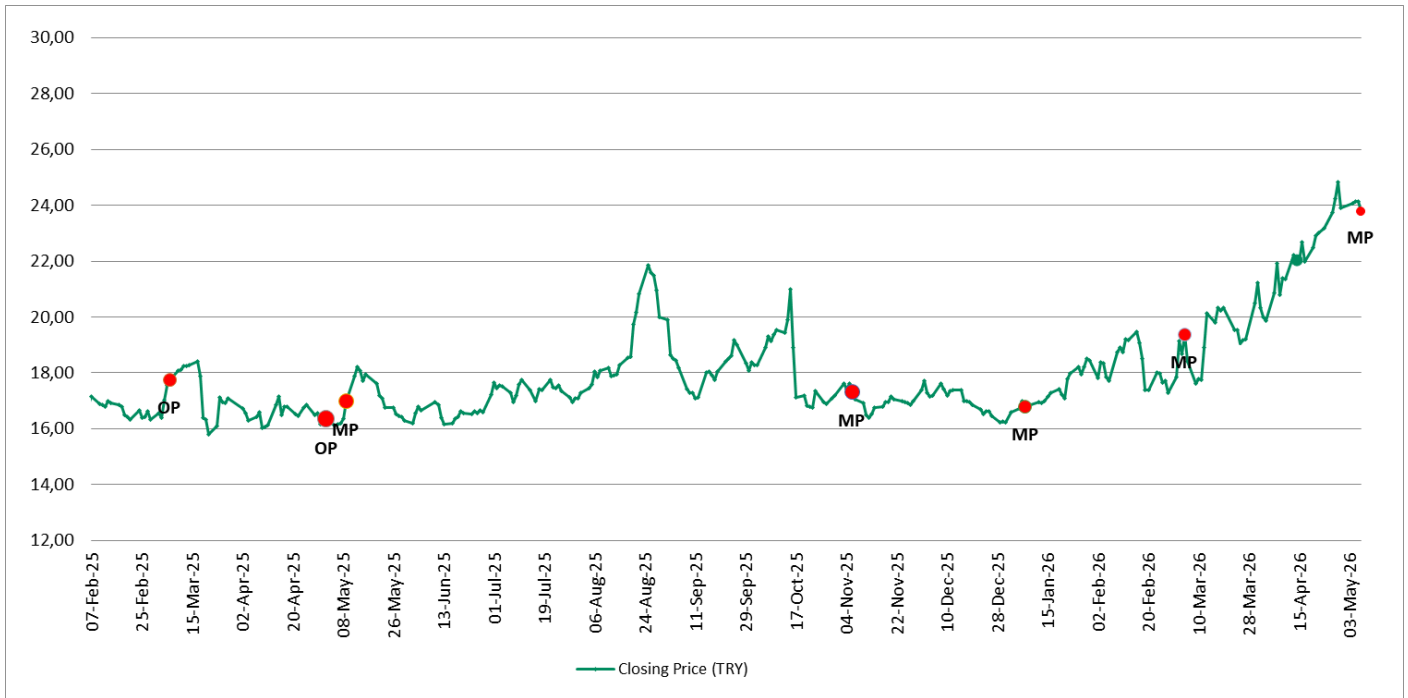
Figure 2: Key Financials (Including IAS-29)

BALANCE SHEET (TRY Mn)	2025/12K	2026/03K	Chg%
PP&E	50.907	49.664	(2)
Intangibles	2.258	2.383	6
Other Non-Current Assets	79.434	78.822	(1)
Trade Receivables	14.728	17.447	18
Cash&Equivalents	4.684	4.291	(8)
Other Current Assets	14.521	12.241	(16)
Total Assets	166.532	164.847	(1)
Long Term Debt	19.958	19.121	(4)
Other Non current liabilities	15.655	16.605	6
Short Term Debt	36.623	32.972	(10)
Trade Payables	22.234	25.474	15
Other Current Liabilities	1.674	2.755	65
Total Liabilities	96.145	96.927	1
Total Equity	70.387	67.920	(4)
Total Equity&Liabilities	166.532	164.847	(1)
INCOME STATEMENT (TRY Mn)	2025/03K	2026/03K	Chg%
Net Sales	23.126	26.995	17
COGS	24.419	26.991	11
Gross Profit/(Loss)	(1.294)	4	N.M.
Operating Expenses	1.608	1.613	0
Operating Profit/(Loss)	(3.443)	(2.997)	N.M.
Net Other Operational Gain/(Loss)	(541)	(1.388)	N.M.
Income/(Loss) from Investing Activities	124	172	39
Financial Income/(Expense)	(3.554)	(2.573)	N.M.
Monetary Gain/Loss	4.356	4.654	7
Share of profit of equity accounted investments	(207)	1.589	N.M.
Profit Before Tax (Loss)	(2.724)	844	N.M.
Tax	678	538	(21)
Net Profit/(Loss)	(3.402)	306	N.M.
Minority Interest	(31)	-	N.M.
Parent Equity	(3.372)	306	N.M.

PETKM

Source: Finnet, Şeker Invest

Historical Recommendations and Target Price



Date	Recommendation	Target Price (TRY)
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
6-Nov-25	Market Perform (MP)	15,75
7-Jan-26	Market Perform (MP)	15,90
5-Mar-26	Market Perform (MP)	18,91
7-May-26	Market Perform (MP)	18,91

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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