Petkim

Net Income and EBITDA Below Expectations…

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Petkim (PETKM) reported net loss of TRY 817 mn in 3Q26 under inflation-adjusted financials (TAS-29 impact). The result fell well short of our estimate of TRY 456 mn net income and the market median of TRY 1,440 mn net income. The company had posted a net loss of TRY 1,575 mn in 3Q25 and net income of TRY 4,303 mn in 2Q26. The quarterly deterioration was mainly driven by the near-complete erosion of operating profitability. The decline in the monetary gain from TRY 4,378 mn to TRY 2,939 mn and the swing in deferred tax from TRY 1,452 mn income to TRY 412 mn expense also weighed on net income. Equity-accounted income of TRY 2,734 mn from STAR Refinery limited the loss, while net financial expenses of TRY 3,603 mn continued to pressure the bottom line.

EBITDA came in at TRY 299 mn in 3Q26. The figure was below both our estimate of TRY 2,178 mn and the market median of TRY 592 mn. EBITDA margin declined to 0.9% from 9.3% in 2Q26. The key driver was the narrowing of the Petkim spread to USD 309/ton from USD 547/ton, as the impact of the Middle East supply shock faded and spreads returned to pre-war levels. The decline in sales volume to 516k tons from 584k tons and the fall in trading gross profit to USD 9.8 mn from USD 18.4 mn also limited profitability. A USD 1.4 mn inventory gain and cost savings were not sufficient to offset this pressure.

Petkim's net sales increased by 11% YoY and declined by 17% QoQ to TRY 32,001 mn in 3Q26. The figure was 4% below our estimate of TRY 33,340 mn and in line with the market median. Gross margin declined to 0.1% in 3Q26 from 8.6% in the previous quarter.

Operations and Sector: The company continued to idle or run uneconomical units at low rates, bringing capacity utilization down to 54% from 66%. With a stronger focus on the domestic market, the share of domestic sales in revenues rose to 61%, and LDPE and PP sales volumes reached record levels. Across the sector, the sharpest contraction was seen in PE margins, while aromatics proved more resilient on the back of gasoline blending demand. Unit margins improved month by month during the quarter, and the Petkim spread rose to USD 355/ton in October. Nevertheless, given global overcapacity and weak domestic demand, we do not expect a lasting recovery.

MARKET PERFORM
TP: 18,91 TRY
Previous TP: 18,91 TRY
Upside: 6%

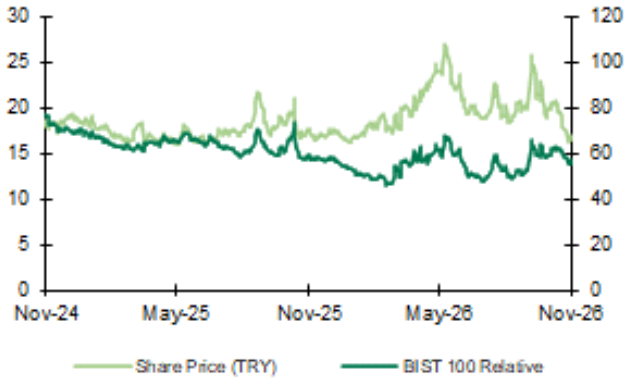
	TRY	US$
Close	17,77	0,36
BIST 100	11.478	230
US$/TRY (CB Bid Rate):	50,03	
52 Week High:	27,14	0,60
52 Week Low:	16,22	0,33
Bloomberg/Reuters Ticker:	PETKM.TI	/PETKM.IS

Number of Shares (Mn):	2.534,4	
	(TRY Mn)	(US$ Mn)
Current Mcap:	45.036	902
Free Float Mcap:	21.617	433

	1 M	YOY	YTD
TRY Return (%):	-9,1	2,0	9,5
US$ Return (%):	-10,9	-14,3	-6,0
BIST 100 Relative (%):	-2,8	-3,1	7,4
Avg. Daily Vol. (TRY Mn):	1.639,05		
Avg. Daily Vol. (US$ Mn):	35,98		

Beta	0,84
Volatility (Stock)	0,46
Volatility (BIST 100)	0,24

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



STAR Refinery and Balance Sheet: Operating at 99% capacity utilization, STAR Refinery contributed approximately USD 56 mn and was the sole pillar of consolidated profitability this quarter. Petkim's net debt declined marginally to USD 1.00 bn from USD 1.03 bn, and operating cash flow was USD 34 mn. However, most of the year-to-date cash generation came from working capital release. The concentration of debt maturities in 2027 keeps refinancing risk on the agenda.

2026 Guidance: The company lowered its annual Petkim spread guidance to USD 380–400/ton from approximately USD 402/ton and its production guidance to 2.5 mn tons from 2.6 mn tons. It expects a Petkim spread of USD 320–340/ton in 4Q26. The EBITDA target of approximately USD 100 mn was maintained. Given that the company generated approximately USD 84 mn of EBITDA in 9M26, this target implies very limited operating profitability in 4Q26..

Overall Assessment: We view the 3Q26 results as negative. They confirm our view that the strong 2Q26 performance was driven by temporary supply conditions rather than a lasting demand recovery. At current spread levels, the petrochemical operations are close to breakeven, and consolidated profitability depends on the STAR contribution and on non-cash items such as the monetary gain. While STAR's strong performance and the start of the FEED phase under the Master Plan carry medium-term option value, high leverage and the financing uncertainty around the approximately USD 5 bn investment lead us to maintain our cautious stance.

Following the company's 3Q26 financial results, we maintain our 12-month target price for Petkim at TRY 18.91 per share. While our target price implies a 6.4% return potential compared to the current market price, we maintain our "Market Perform" recommendation.

Figure 1: Financials (Including IAS -29)

TRY Million	9M25	9M26	YoY	3Q25	3Q26	YoY
Revenues	**82.718**	**100.941**	**22,0%**	**28.839**	**32.001**	**11,0%**
Gross Profit	**-1.973**	**3.329**	**N.M.**	**106**	**27**	**-74,5%**
Gross Profit Margin	*-2,4%*	*3,3%*		*0,4%*	*0,1%*	
EBIT	**-8.147**	**-2.192**	**N.M.**	**-2.020**	**-1.803**	**N.M.**
EBIT Margin	*-9,8%*	*-2,2%*		*-7,0%*	*-5,6%*	
EBITDA	**-2.251**	**4.048**	**N.M.**	**-82**	**299**	**N.M.**
EBITDA Margin	*-2,7%*	*4,0%*		*-0,3%*	*0,9%*	
Net Profit	**-6.196**	**3.831**	**N.M.**	**-1.575**	**-817**	**N.M.**
Net Profit Margin	*-7,5%*	*3,8%*		*-5,5%*	*-2,6%*	

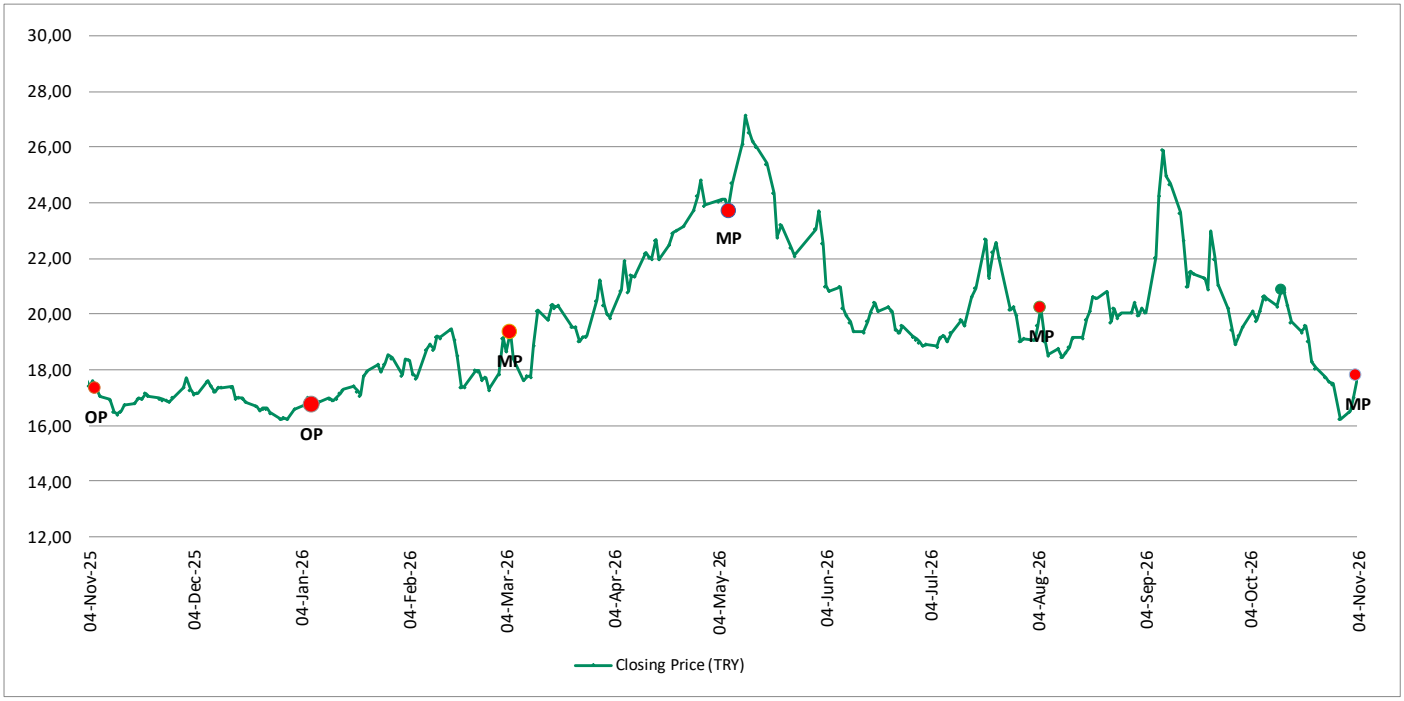
Source: Finnet, Seker Invest Research

Figure 2: Key Financials (Including IAS-29)

BALANCE SHEET (TRY Mn)	2025/12K	2026/09K	Chg%
PP&E	57.510	52.811	(8)
Intangibles	2.551	2.917	14
Other Non-Current Assets	89.737	92.947	4
Trade Receivables	16.638	14.607	(12)
Cash&Equivalents	5.291	7.340	39
Other Current Assets	16.404	14.106	(14)
Total Assets	**188.131**	**184.728**	**(2)**
Long Term Debt	22.547	23.413	4
Other Non current liabilities	17.685	17.197	(3)
Short Term Debt	41.373	34.940	(16)
Trade Payables	25.118	28.704	14
Other Current Liabilities	1.891	2.429	28
Total Liabilities	108.615	106.684	(2)
Total Equity	79.516	78.044	(2)
Total Equity&Liabilities	**188.131**	**184.728**	**(2)**
INCOME STATEMENT (TRY Mn)	**2025/09K**	**2026/09K**	**Chg%**
Net Sales	82.718	100.941	22
COGS	84.690	97.613	15
Gross Profit/(Loss)	(1.973)	3.329	N.M.
Operating Expenses	6.174	5.520	(11)
Operating Profit/(Loss)	(11.362)	(6.290)	N.M.
Net Other Operational Gain/(Loss)	(3.215)	(4.098)	N.M.
Income/(Loss) from Investing Activities	703	689	(2)
Financial Income/(Expense)	(11.029)	(9.875)	N.M.
Monetary Gain/Loss	16.089	12.574	(22)
Share of profit of equity accounted investments	803	6.301	685
Profit Before Tax (Loss)	**(4.796)**	**3.399**	**N.M.**
Tax	1.432	(432)	N.M.
Net Profit/(Loss)	**(6.228)**	**3.831**	**N.M.**
Minority Interest	(32)	-	N.M.
Parent Equity	(6.196)	3.831	N.M.

PETKM *Source: Finnet, Seker Invest*

Historical Recommendations and Target Price



Date	Recommendation	Target Price (TRY)
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
5-Aug-26	Market Perform (MP)	18,91
4-Nov-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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