

Corporate Credit Rating

New Update

Sector: Petrochemical

Publishing Date: 24/10/2025

Team Leader

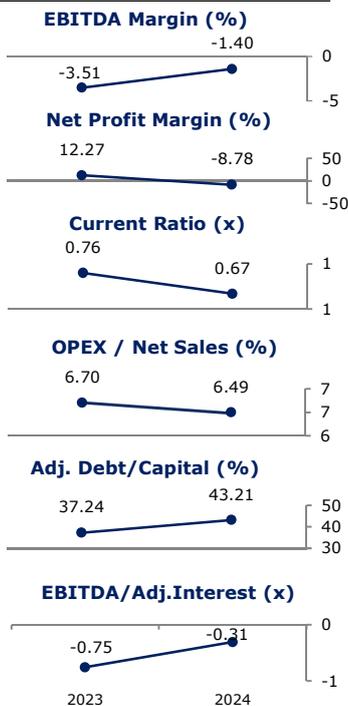
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA-(tr)	J1+(tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
	National ISR	-	-
Sovereign*	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 18, 2024



Petkim Petrokimya Holding A.Ş.

JCR Eurasia Rating has evaluated the "Petkim Petrokimya Holding A.Ş." in the investment grade category with very high credit quality and revised the Long-Term National Issuer Credit Rating from 'AA (tr)' to 'AA- (tr)' and affirmed the Short-Term National Issuer Credit Rating as 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were affirmed as 'BB/Stable' as parallel to sovereign ratings and outlooks of Republic of Türkiye.

Petkim Petrokimya Holding A.Ş. (referred to as 'the Company' or 'Petkim'), with a foundation dating back to 1965, started its production activities in 1970 with 5 facilities in the Yarımca Complex in İzmit/Türkiye. Following additional investments carried out in the Yarımca Complex, the Aliğa Complex was brought into operation in 1985. With the privatization in 2008, Petkim has joined SOCAR Group, and as of the report date, 51% of the Company's shares are owned by SOCAR Turkey Petrokimya A.Ş., which is ultimately controlled by SOCAR Turkey Enerji A.Ş. As of the report date, the ultimate controlling party of Petkim is State Oil Company of Azerbaijan Republic (SOCAR). The rest of Petkim's shares (49%) have been traded on Borsa İstanbul Index (BIST) since 1990 under the ticker-name of 'PETKM'. Currently, with an annual average gross production capacity of 3.6 mn tonnes and nearly 60 petrochemical products in its 15 main production facilities and 6 auxiliary facilities. Petkim provides inputs to a wide range of industries such as plastic, chemical, packaging, piping, paint, construction, agriculture, automotive, electricity, electronics and textiles as well as the pharmaceuticals, detergents and cosmetics sectors. In addition to its core petrochemical business, the Company also operates in wind-generated electricity generation. The Petkim wind power plant operates with 17 turbines and a capacity of 51 MW. Petkim ranked 42nd in Fortune 500 Türkiye and 48th in the list of Türkiye's Top 1000 Exporters list published by the Turkish Exporters Assembly (TIM) in 2024.

The total number of employees in the Company was 2,430 as of 1H2025 (FYE2024: 2,433).

Key rating drivers, as strengths and constraints, are provided below:

Strengths

- Strong shareholder structure with the SOCAR Group and a successful history in the sector,
- Mitigating exposure to exchange rate fluctuations despite the presence of foreign currency-denominated costs, thanks to export revenues and FX-linked domestic sales,
- Asset structure supported by the high collection capability provided by guarantees received from diversified customer portfolio,
- Strong synergy among Group companies and the integrated structure of the Aliğa Petrochemical Complex ensure supply security and cost efficiency,
- Revenue structure supported by trade of certain products in addition to production,
- Compliance with corporate governance practices and quality standards as a publicly traded company.

Constraints

- Ongoing pressure on net sales revenue and profit margins due to ongoing global weak demand/oversupply conditions, increasing geopolitical risks and changing customs tariffs in 1H2025,
- Continuing increase in net debt level in the analysed years,
- Deterioration in liquidity ratios and cash flow metrics in the analysed years,
- Price fluctuations in petroleum products stemming from global market dynamics, reducing predictability,
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been revised from 'AA (tr)' to 'AA- (tr)'. The Company's asset size, shareholder structure, leverage ratios and geopolitical risks driven price fluctuations have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are assigned as 'Stable'. The Company's profitability performance, asset quality, equity structure and debt level together with the industry specific developments will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.