

Corporate Credit Rating

New Update

Sector: Petrochemical

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

* Assigned by JCR on Aug 18, 2022

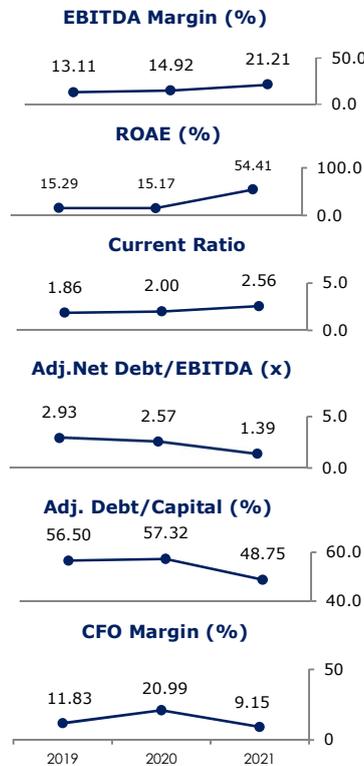
Petkim Petrokimya Holding A.Ş.

JCR Eurasia Rating, has evaluated the "Petkim Petrokimya Holding A.Ş." in the investment-level category and affirmed the Long-Term National Issuer Credit Rating as 'AAA (tr)' and the Short-Term National Issuer Credit Rating at 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Negative' as parallel to international 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. 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. 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 tons 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 operating field of petrochemical, the Company also engages in port operations and electricity generation from wind source. Petkim Limanlık Ticaret A.Ş. ("Petlim"), which is located in Aliğa, İzmir, has an annual container handling capacity of the port is 1.5 mn TEUs. Petkim WEPP commenced operations with an installed capacity of 51 MW in 2017. 38 MW of Petkim WEPP benefits from renewable energy resources supporting mechanism with determined price of 7.3 UScent/kWh until FY2027 and 0.48 UScent/kWh additional contribution until FY2022. As of June 30, 2022, the Company reached TRY 43.33bn in total asset size and TRY 16.97bn in equity in consolidated terms. The total number of employees in the Company was 2,346 (FYE2021: 2,355).

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



Strengths

- Notable revenue and profitability growth in 2021 via petrochemical prices surging to record highs,
- Sustainable financial leverage despite rising net debt position in 1H2022,
- Supported asset quality with high capability for receivable collection and low level of customer concentration,
- Supportive main shareholder, strong synergy between group companies along with ensuring supply security via Star Refinery,
- Over 50 years of experience in sector and successful track record,
- High compliance with corporate governance practices owing to listed status.

Constraints

- Increasing short-term liabilities pressuring liquidity in 1H2022 due to Eurobond due in January 2023,
- The volatility caused by the fact that the prices of petroleum products are determined in global markets reducing predictability,
- The geopolitical risks stemming from the Russia-Ukraine war and global recession concerns creating uncertainty.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed as 'AAA (tr)'. The Company's profitability indicators, asset size, solid equity structure, and cash position, as well as many years of experience in the sector, along with ongoing uncertainties arisen from geopolitical tensions as well as global interest rate hiking cycle, 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 determined 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.