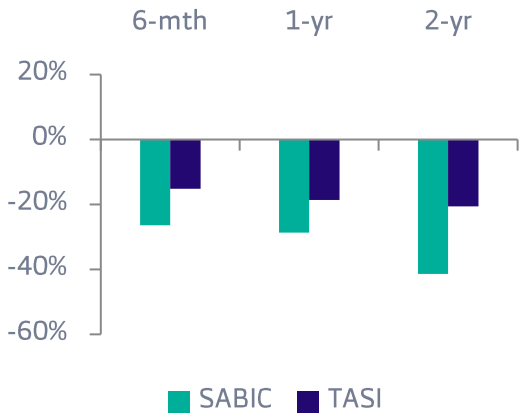
Saudi Basic Industries Corporation (SABIC) 3Q2026 First Look

Volumes Return Through Both Coasts, Mix Gives Back as Expected

October 27, 2026

Upside to Target Price	8.5%	Rating	Neutral
Expected Dividend Yield	4.8%	Last Price	SAR 46.10
Expected Total Return	13.3%	12-mth target	SAR 50.00

Market Data	
52-week high/low	SAR 62.5 / 42.6
Market Cap	SAR 138,300 mln
Shares Outstanding	3,000 mln
Free-float	30.00%
12-month ADTV	1,696,544
Bloomberg Code	SABIC AB



SABIC	3Q2026	3Q2025	Y/Y	2Q2026	Q/Q	RC Estimate
Sales	28.17	29.08	(3%)	24.81	14%	24.79
Gross Profit	6.43	5.86	10%	4.35	48%	4.14
Gross Margins	23%	20%		18%		17%
Operating Profit	2.06	2.28	(10%)	0.71	190%	0.20
Net Profit	0.50	0.43	16%	(0.83)	-	(0.67)

(All figures are in SAR bln)

- SABIC reported sales of SAR 28.17 bln (-3% Y/Y on the restated 3Q25 base; +14% Q/Q), above our SAR 24.79 bln estimate. Petrochemicals sales volumes rose to 6.71 mmt (+24% Q/Q from 5.43 mmt), confirming our view that 2Q26 marked the volume trough, while revenue per ton fell around -9% Q/Q to roughly $910/ton for the petchem segment, in line with the ~-8% mix give-back we assumed as lower-value liquids returned. The surprise was volume, not price: chemicals volumes rose +24% alongside polymers +23%, with management citing shipments through the Strait of Hormuz as well as west-coast ports; volumes remain ~18% below 1Q26. Agri-Nutrients contributed SAR 3.22 bln (+68% volumes, -20% prices Q/Q) and Specialties SAR 2.00 bln on flat volumes and better mix. Fujian's three core units have completed trial runs ahead of start-up, and the 54% urea expansion reached FID.
- Gross profit was SAR 6.4 bln (+10% Y/Y, +48% Q/Q), a 23% margin against our 17% and 18% in 2Q26, as lower liquid feedstock costs reached cost of sales faster than we modeled and, in our view, the fixed-cost under-absorption that held 2Q26 petrochemicals EBITDA flat reversed with higher throughput: segment adjusted EBITDA rose to SAR 3.9 bln from 2.4 bln (+65% Q/Q) on +24% volume. Group adjusted EBITDA was SAR 4.75 bln (+40% Q/Q), a 16.9% margin from 13.6% in 2Q26. The margin squeeze we flagged in August came from one end only: selling and distribution expenses rose about SAR 0.76 bln Q/Q, which management attributes to higher volumes, while the feedstock side eased with propane and butane prices down -19% and -22% Q/Q. Income from operations was SAR 2.06 bln (-10% Y/Y, +189% Q/Q) vs. our SAR 0.40 bln (same basis). Capex guidance was lowered to USD 3.0 to 3.3 bln from USD 3.5 to 4.0 bln.
- SABIC reported net income of SAR 0.50 bln (+16% Y/Y vs. 3Q25: 0.43 bln), vs. our estimate of a SAR (0.67) bln loss. Non-cash items largely offset each other: a reversal of impairment on the Clariant stake was the main driver of a ~SAR 1.75 bln Q/Q increase in results from associates and JVs, while discontinued operations carried ~SAR (2.0) bln (SAR 0.50 bln attributable less SAR 2.53 bln continuing), mainly foreign-currency reserves reclassified to the income statement on closing the ETP sale. Stripping both, adjusted net income from continued operations was SAR 0.84 bln vs. our SAR (0.47) bln. Free cash flow of SAR 5.6 bln reflects the working-capital release we expected after 2Q26's build; net debt was ~SAR 3.0 bln. We maintain our Neutral rating and target price. The oscillation regime framework in our 25 August sector update holds: 3Q26 shows what the logistics reconfiguration window delivers once both coasts load; the next test is whether Hormuz transits hold.

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Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors

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