

August 02, 2023

## Return to Profitability in 2Q

Upside to Target Price	6.6%	Rating	Neutral
Expected Dividend Yield	4.1%	Last Price	SAR 24.40
Expected Total Return	10.7%	12-mth target	SAR 26.00

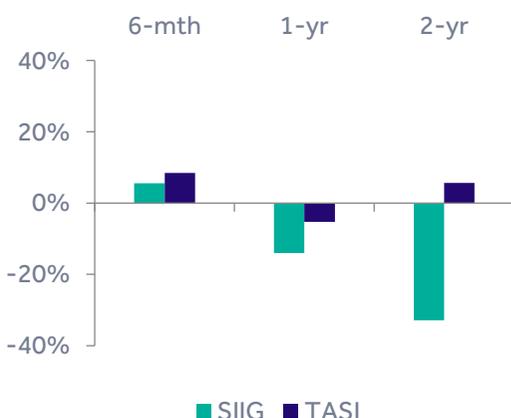
Market Data	
52-week high/low	SAR 29.00/18.88
Market Cap	SAR 18,417 mln
Shares Outstanding	754.8 mln
Free-float	81.40%
12-month ADTV	1,100,337
Bloomberg Code	SIIG AB

SIIG	2Q2023	2Q2022	Y/Y	1Q2023	Q/Q	RC Estimate
Sales	-	-	-	-	-	-
Gross Profit	-	-	-	-	-	-
Gross Margins	-	-	-	-	-	-
Operating Profit	119	299	(60%)	(237)	-	87
Net Profit	120	284	(58%)	(242)	-	81

(All figures are in SAR mln)

- SIIG returned to profitability with an operating profit of SAR 119 million, a decline of -60% Y/Y but reversing an operating loss of SAR (237) million in the preceding quarter. This improvement was attributed to a resumption of production, after unscheduled shutdowns, which led SIIG's share of profits from joint ventures to rise.
- For 2Q2023, feedstock prices decline Q/Q also helped profitability. We believe that the prices of end-products (PE and PP) are likely to gradually improve, which may push the company to record better results, although it is difficult to determine SIIG's margins. Management has also reported a decline in Zakat expenses as well as general and administrative expenses during the 9M2023.
- SIIG posted a net profit for the quarter at SAR 120 million, a decline of -58% Y/Y but reversing net losses of SAR (242) million last quarter. The decline Y/Y was mainly due to lower selling prices, as prices during the year 2022 were at their highest levels. On a quarterly basis, we are happy to note better results, which makes us optimistic about the second half of 2023.
- For 1H2023, SIIG declared a cash dividend of SAR 0.50 per share as compared to SAR 0.75 per share in 1H2022. Moving forward, as we mentioned in our previous report, we are positive about SIIG's prospects going forward. Thus, we raise our target price to SAR 26.00 but maintain a Neutral rating.

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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  
For any feedback on our reports, please contact [research@riyadcapital.com](mailto:research@riyadcapital.com)

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