

Market Data	
52-week high/low	SAR 39.10/20.60
Market Cap	SAR 16,545 mln
Shares Outstanding	7,548 mln
Free-float	81.40%
12-month ADTV	1,699,326
Bloomberg Code	SIIG AB



Net Profit Sharply Declines Q/Q

November 03, 2022

Upside to Target Price	9.5%	Rating	Neutral
Expected Dividend Yield	2.3%	Last Price	SAR 21.92
Expected Total Return	11.8%	12-mth target	SAR 24.00

SIIG	3Q2022	3Q2021	Y/Y	2Q2022	Q/Q	RC Estimate
Sales	-	-	-	-	-	-
Gross Profit	-	-	-	-	-	-
Operating Profit	58	339	(83%)	299	(81%)	266
Net Profit	55	204	(73%)	284	(81%)	245

(All figures are in SAR mln)

- SIIG reported an operating profit of SAR 58 million, (down -83% Y/Y and -81% Q/Q). The decline was driven by lower profit share from jointly managed projects, which came on the back of lower sales volumes and higher feedstock cost in addition to lower average product prices that had significantly impacted profits.
- For 3Q2022, feedstock Propane and Butane prices declined Q/Q but were higher Y/Y. On a quarterly basis, Propane declined by -13% Q/Q and Butane -17% Q/Q. At the same time, average product prices fell as Polyethylene and Polypropylene were lower by -16% Q/Q and -15% Q/Q, respectively.
- The Company posted a sharp decline in net income for the quarter (down -73% Y/Y and -81% Q/Q). Bottomline missed our SAR 245 million forecast and SAR 255 million market consensus. This was primarily attributed to higher feedstock cost in addition to lower volumes. However, management has reported an increase in the Zakat expenses as well as general and administrative expenses during the 9M2022.
- The company announced a new strategy which aims to increase the diversification of the company's current portfolio by continuing growth in its petrochemical projects, as well as forming strategic partnerships in new sectors.
- We reduce our target price to SAR 24.00 but maintain Neutral rating on upcoming headwinds.

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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

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