

Market Data	
52-week high/low	SAR 48.85 / 18.88
Market Cap	SAR 33,440 mln
Shares Outstanding	733.3 mln
Free Float	91.20%
12-month ADTV	3,444,225
Bloomberg Code	SIPCHEM AB

## ■ Margins Expand Further in 4Q

Upside to Target Price	7.5%
Expected Dividend Yield	5.5%
Expected Total Return	13.0%

February 28, 2022

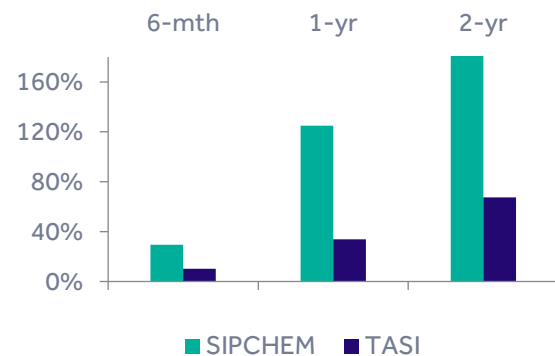
Rating	Neutral
Last Price	SAR 45.60
12-mth target	SAR 49.00

SIPCHEM	4Q2021	4Q2020	Y/Y	3Q2021	Q/Q	RC Estimate
Sales	3,082	1,607	92%	2,506	23%	2,706
Gross Profit	1,777	519	243%	1,369	30%	1,339
Operating Profit	1,452	299	386%	1,140	27%	1,069
Net Profit	1,321	318	316%	1,030	28%	917

(All figures are in SAR mln)

- Revenues exceeded SAR 3 bln for the quarter (+92% Y/Y, +23% Q/Q) and beat our estimates. The main reason for the increase in topline was higher product prices. Methanol, Acetic Acid and VAM prices went up by +26%, +22% and +40% respectively on a quarterly basis.
- Gross margin came in at 57.6% versus 54.7% in the preceding quarter and beat our forecast despite the fact that feedstock butane and propane prices inclined by +22% and +26% Q/Q respectively. Gross profit went up by +30% Q/Q to SAR 1.78 bln.
- Net profit of SAR 1.32 bln for the quarter is up +28% Q/Q and +316% Y/Y. It is worth noting that this is a record quarterly profit post-merger. The Company also managed to reduce long-term loans at 2021-end by SR 2.1 bln compared to the previous year.
- Sipchem reported share of profit from JVs & associate of SAR 531 mln in 2021 versus a loss of SAR (34) mln in 2020.
- The Company distributed a DPS of SAR 2.25 for 2021. We maintain our target price of SAR 49.00.

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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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