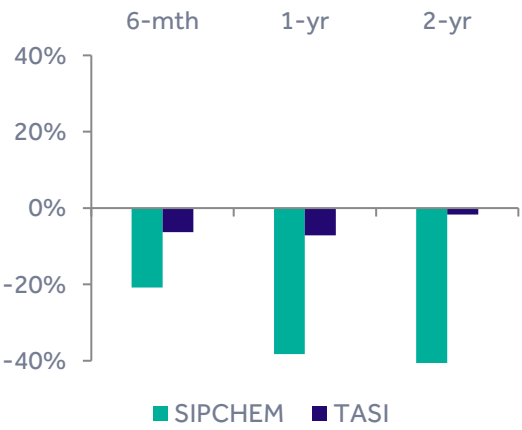


| Market Data        |                   |
|--------------------|-------------------|
| 52-week high/low   | SAR 31.30 / 17.88 |
| Market Cap         | SAR 13,992 mln    |
| Shares Outstanding | 733.3 mln         |
| Free Float         | 88.95%            |
| 12-month ADTV      | 1,434,462         |
| Bloomberg Code     | SIPCHEM AB        |



Margins Down, Gross Profits Down, Time To Wait

May 26, 2025

|                         |       |               |           |
|-------------------------|-------|---------------|-----------|
| Upside to Target Price  | 4.80% | Rating        | Neutral   |
| Expected Dividend Yield | 5.24% | Last Price    | SAR 19.08 |
| Expected Total Return   | 10.0% | 12-mth target | SAR 20.00 |

| SIPCHEM          | 1Q2025 | 1Q2024 | Y/Y   | 4Q2024 | Q/Q   | RC Estimate |
|------------------|--------|--------|-------|--------|-------|-------------|
| Sales            | 1,970  | 1,925  | 2%    | 1,739  | 13%   | 1,709       |
| Gross Profit     | 160    | 480    | (67%) | 309    | (48%) | 273         |
| Gross Margins    | 8%     | 25%    |       | 18%    |       | 16%         |
| Operating Profit | (56)   | 294    | -     | 46     | -     | 61          |
| Net Profit       | 195    | 182    | 8%    | 20     | 877%  | 31          |

(All figures are in SAR mln)

- SIPCHEM recorded revenues of SAR 1.9 bln in 1Q25 (+2% Y/Y, 13% Q/Q), higher than our estimate of SAR 1.7 bln, driven by Y/Y increases in sales volumes and product prices. Market price changes were mostly positive, VAM prices moved higher Q/Q (+3%), but dropped -16% Y/Y. Notably, Methanol prices increased this quarter, by +2% Q/Q and +3% Y/Y, while EVA prices increased Q/Q (+4%), but decreased Y/Y; down -6%. Both gross margin and gross profit decreased Y/Y and Q/Q in 1Q25, as gross profits declined Y/Y by -67% and Q/Q by -48%. The decrease in gross margin and gross profit in 1Q25 on a Q/Q and Y/Y basis was driven by increases in feedstocks, specifically Armco’s increase in Ethane Costs in 1Q2025, by 20%.
- Net profit came in at SAR 195 mln (+8% Y/Y and +877% Q/Q), significantly higher than our estimate of SAR 31 mln. These results were driven by an operating loss of SAR (56) mln, which was reversed by strong results from SIPCHEM’s share of profits from joint ventures and associates. The results from joint ventures and associates, according to management, was lifted by a debt restructuring for the Acrylic Complex, with the share of this impact being SAR 429 mln.
- With the margins moving lower as expected, an increase in the cost of Ethane, we maintain our neutral stance on the market in general and prefer to wait to see genuine signs of market recovery. However, we shift our overall view to focus on the generation of cash, balance sheet strength, and cautiously wait for the results of the Company’s debottlenecking initiatives; for the Al Waha and the EVA plants. We maintain our target price and rating at this time.

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## ■ Stock Rating

| Buy  | Neutral  | Sell                                 | Not Rated                |
|--|--|--------------------------------------|--------------------------|
| Expected Total Return<br>Greater than +15% | Expected Total Return<br>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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