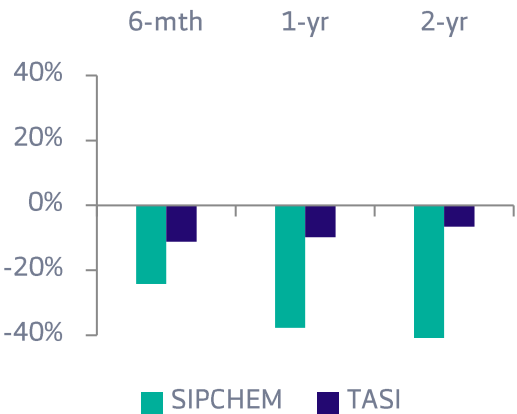


Market Data	
52-week high/low	SAR 29.6 / 17.7
Market Cap	SAR 13,127 mln
Shares Outstanding	733.3 mln
Free-float	88.95%
12-month ADTV	1,382,113
Bloomberg Code	SIPCHEM AB



■ Net Profit Drags, Margins Lower, Unsurprising

July 22, 2025

Upside to Target Price	6.15%	Rating	Neutral
Expected Dividend Yield	5.59%	Last Price	SAR 17.90
Expected Total Return	11.7%	12-mth target	SAR 19.00

SIPCHEM	2Q2025	2Q2024	Y/Y	1Q2025	Q/Q	RC Estimate
Sales	1,906	1,770	8%	1,970	(3%)	1,694
Gross Profit	293	321	(9%)	160	84%	266
Gross Margins	15%	18%		8%		16%
Operating Profit	87	190	(54%)	(56)	-	97
Net Profit	(169)	121	-	195	-	11

(All figures are in SAR mln)

- SIPCHEM recorded revenues of SAR 1.9 bln in 2Q25 (+8% Y/Y, -3% Q/Q), higher than our estimate of SAR 1.7 bln, driven by Y/Y increases in sales volumes, offsetting lower product prices. Market price changes were mostly negative, VAM prices traded roughly flat Q/Q, but dropped -9% Y/Y. Notably, Methanol prices decreased this quarter, by roughly -11%, both Q/Q and Y/Y, while EVA prices stayed flat Q/Q, but decreased Y/Y; down -2%. Gross profit decreased -9% Y/Y, while increasing Q/Q, but was influenced by a previous impairment that would be accounted for in 1Q25 cost of goods; an outlier. Our estimate for gross margin decline is in-line, as the decreases in product prices either matched or outstripped any feedstock price declines.
- Net loss during 2Q25 was SAR (169) mln, lower than our estimates, however, our estimates were by contrast to market consensus, much more accurate. These results were driven by an operating profit of SAR 87 mln, which was reversed by a substantial impairment charge of SAR (171) mln; which was an impairment on investment, from joint ventures and associates.
- Despite the reduction in several feedstock prices Q/Q, we maintain our neutral stance on the market in general and prefer to wait for genuine signs of market recovery. However, we also note that the drop in Methanol price Q/Q, after a steady increase over several quarters, appears to have had a lower negative impact to the Company’s revenues than expected. With the market suffering from oversupply, we are cautious, but the resiliency is noted. We lower our target price and maintain our 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

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