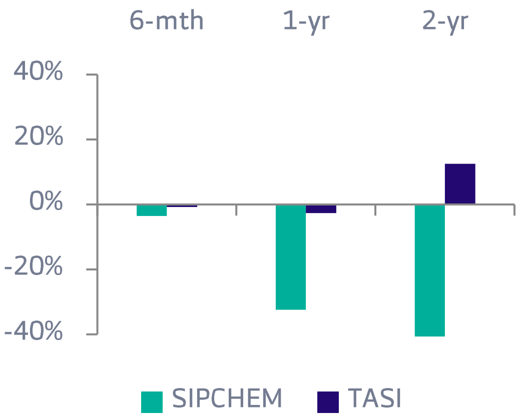
Sahara International Petrochemical Co. (SIPCHEM) 3Q2025 First Look

Adjusting To New Reality, Provisions & Impairments Continue

October 26, 2025

Upside to Target Price	1.39%	Rating	Neutral
Expected Dividend Yield	5.34%	Last Price	SAR 18.74
Expected Total Return	6.73%	12-mth target	SAR 19.00

Market Data	
52-week high/low	SAR 27.4 / 17.7
Market Cap	SAR 13,743 mln
Shares Outstanding	733.3 mln
Free-float	88.95%
12-month ADTV	1,598,897
Bloomberg Code	SIPCHEM AB



SIPCHEM	3Q2025	3Q2024	Y/Y	2Q2025	Q/Q	RC Estimate
Sales	1,366	1,627	(16%)	1,906	(28%)	1,687
Gross Profit	(212)	330	-	293	-	275
Gross Margins	(16%)	20%		15%		16%
Operating Profit	(403)	152	-	87	-	82
Net Profit	(469)	103	-	(169)	(177%)	55

(All figures are in SAR mln)

- SIPCHEM recorded revenues of SAR 1.4 bln in 3Q25 (-16% Y/Y, -28% Q/Q), lower than our estimate, driven by Y/Y and Q/Q decreases in sales volumes, lower product prices, and a turnaround of IMC. Market price changes were mostly negative, VAM prices moved lower -3% Q/Q and -1% Y/Y, while Methanol prices traded flat Q/Q this quarter and remained lower Y/Y (-7%). Notably, EVA prices dropped -2% Q/Q, but increased +3% Y/Y. Gross profit decreased significantly Y/Y and Q/Q, we speculate this was driven by a SAR 100 mln impairment loss in IDC's (International Diol Co.) CGU, a SAR ~92 mln provision for canceled capital projects, and increases in feedstock prices of Ethylene, Ethanol, and Natural Gas. Our estimates assumed a reduction in IMC output and sales, however, we did not expect IDC's provisions and other impairments.
- Net loss during 3Q25 was SAR (469) mln, lower than our estimates, driven by negative gross margins, which we note, have not occurred in the Company's financials, even going back as far as 2017. These negative gross margins, further influenced an operating loss of SAR (403) mln, which was previously a profit in 2Q25, driven lower by an impairment charge of SAR (171) mln on investment. We also note, this quarter there was no charge of this magnitude to associates and joint ventures.
- Despite the reduction in propane (feedstock) prices Q/Q, we maintain our neutral stance on the market in general and prefer to wait for genuine signs of market recovery. We also highlight the continued impairments and provisions recognized imply a period of adaption to a new market reality. We maintain 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

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