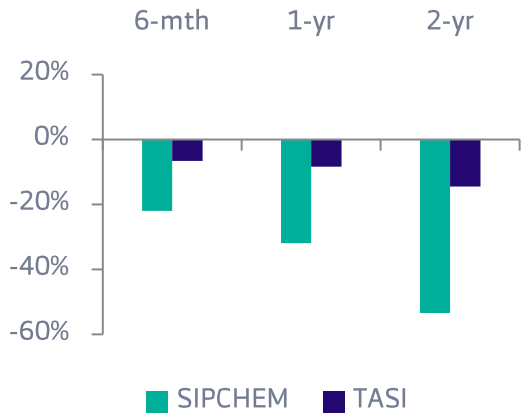
Sahara International Petrochemical Co. (SIPCHEM) 3Q2026 First Look

Debt Still Higher, Volume Increase Without Profit

November 12, 2026

Upside to Target Price	(26.2%)	Rating	Sell
Expected Dividend Yield	0.0%	Last Price	SAR 12.20
Expected Total Return	(26.2%)	12-mth target	SAR 9.00

Market Data	
52-week high/low	SAR 17.9 / 10.9
Market Cap	SAR 8,947 mln
Shares Outstanding	733.3 mln
Free-float	89.2%
12-month ADTV	1,829,931
Bloomberg Code	SIPCHEM AB



SIPCHEM	3Q2026	3Q2025	Y/Y	2Q2026	Q/Q	RC Estimate
Sales	1,435	1,366	5%	861	67%	760
Gross Profit	(29)	(212)	86%	(26)	(12%)	(132)
Gross Margins	(2%)	(16%)		(3%)		(17%)
Operating Profit	(178)	(403)	56%	(187)	5%	(286)
Net Profit	(402)	(469)	14%	(592)	32%	(287)

(All figures are in SAR mln)

- Sales of SAR 1.4 bln in 3Q26 (+5% Y/Y, +67% Q/Q) came in well above our SAR 760 mln estimate, which assumed no movement of liquids beyond the late-June methanol loadings. Sales volumes fell -36% Y/Y but increased +156% Q/Q as the Company sold part of the inventory accumulated in 2Q26, while revenue per unit of volume was roughly -35% Q/Q on lower selling prices and mix. The volume came from inventory, not from a restored route: the Company cites ongoing supply chain challenges in the Strait of Hormuz and Bab al-Mandab, and guides to selling the remaining inventory "as supply chain disruptions ease".
- Gross loss of SAR (29) mln and an operating loss of SAR (178) mln (2Q26: SAR (187) mln; our estimate: SAR (286) mln) show that volume did not restore profitability: the operating loss narrowed only +5% Q/Q on +67% revenue, as feedstock relief (propane -33% Q/Q) was absorbed by lower selling prices and logistics costs the Company says remained high. Net loss of SAR (402) mln was wider than our SAR (287) mln estimate, narrowing +14% Y/Y and +32% Q/Q. The quarter carried a SAR 171 mln impairment on the plant of an associate; excluding it, the loss was SAR (231) mln, narrower than our estimate.
- Borrowings rose to roughly SAR 4.7 bln, and finance costs to SAR 67 mln (2Q26: SAR 54 mln); 4Q26 starts with less inventory to sell, no new route, and the six-week Al Waha polypropylene shutdown announced on 1 October. We lower our target price to SAR 9.00 from SAR 11.09 and maintain our Sell rating. Our target applies 16.5x to normalized free cash flow to the firm of SAR 560 mln (SAR 635 mln behind our prior target): this quarter's margins on recovered volume, the Al Waha shutdown and no dated route for liquids push normalization beyond our 12-month horizon. We would revisit our view on a sustained recovery in Hormuz transits toward the 2025 high-water mark, accompanied by normalizing freight and insurance.

Brennan Eatough
brennan.eatough@riyadcapital.com
+966-11-203-6808

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Riyad Capital

Disclaimer

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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