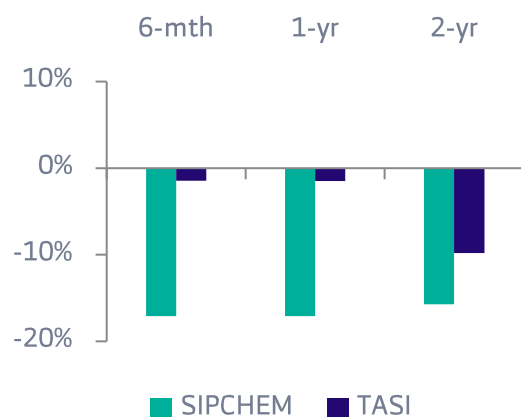


Market Data	
52-week high/low	SAR 21.2 / 13.1
Market Cap	SAR 12,078 mln
Shares Outstanding	733.3 mln
Free-float	88.95%
12-month ADTV	2,002,055
Bloomberg Code	SIPCHEM AB



Tougher Market Conditions and Logistics a Genuine Hurdle

April 14, 2026

Upside to Target Price	(17.00%)	Rating	Neutral
Expected Dividend Yield	4.86%	Last Price	SAR 16.47
Expected Total Return	(12.14%)	12-mth target	SAR 13.67

SIPCHEM	4Q2025	4Q2024	Y/Y	3Q2025	Q/Q	RC Estimate
Sales	1,568	1,739	(10%)	1,366	15%	1,292
Gross Profit	21	309	(93%)	(20)	-	(19)
Gross Margins	1%	18%		(1%)		(1%)
Operating Profit	(152)	46	-	(211)	28%	(191)
Net Profit	(418)	20	-	(469)	11%	(266)

(All figures are in SAR mln)

- SIPCHEM recorded revenues of SAR 1.6 bln in 4Q25 (-10% Y/Y, +15% Q/Q), higher than our estimate, driven mostly by our lack of visibility of the true effect of the previous shutdown at IMC in 3Q2025. We also note the many impairments and provisions in FY2025 made it difficult to isolate the effects that prices of key products, such as methanol, could have on the Company's 4Q25 topline results. As stated in our 1Q2026 preview, most price jumps Q/Q are driven by shortages caused by logistical issues via Hormuz. These conditions are not normal, especially with liquids (methanol), which have unique transport challenges.
- Net loss during 4Q25 was SAR (418) mln, greater than our estimates. We highlight that the IMC shutdown in 2025 could have distorted the basic segment financials in 2025. The gross profits of the intermediate segment tell a clear story. Within quarterly statement notes released by SIPCHEM, this segment has produced a negative gross profit from 2Q24 to 4Q25, consistently. The polymers segment also produced negative gross profit in 3Q25 and 4Q25, making basic chemicals imperative. Given transport realities, we identify methanol (and its chain products) as vulnerable to Hormuz shipment challenges, especially those moving over land, which if done with solids (like PP) is easier and more straightforward. We also believe Aramco, with (assumed) limited vehicles, will prioritize SABIC's methanol, and despite the chemical and mining transport business for companies like Aldrees having grown, it might be unprepared for this in 1Q26.
- FCFF (PPE capex only, excl. intangibles) dropped -3% Y/Y, which contrasts with EV/FCFF ratios of (TTM) 20.3x for 2025, versus 19.24x in 2024 (+5.4%). The FCFF divided by dividend payments for both years also declined from 0.99x to 0.96x, from 2024 to 2025. We lower our target price and dividend estimate, while cautiously maintaining our rating. We caveat: these potential logistical challenges for the Company could cause the share price to come under significant pressure in the short term, while noting our target price is fundamentally long-term.

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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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