

May 12, 2022

Revenues Continue Climbing Q/Q

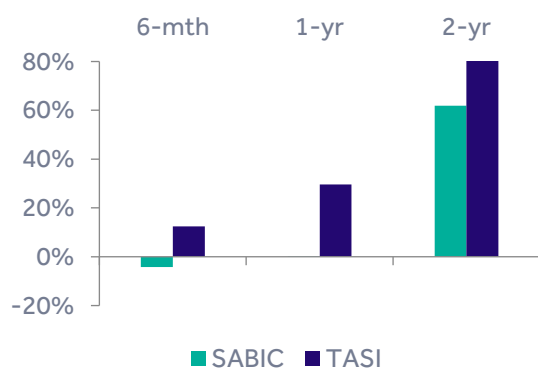
Upside to Target Price	0.8%	Rating	Neutral
Expected Dividend Yield	2.8%	Last Price	SAR 123.00
Expected Total Return	3.7%	12-mth target	SAR 124.00

Market Data	
52-week high/low	SAR 141.4 / 106.8
Market Cap	SAR 369,000 mln
Shares Outstanding	3,000 mln
Free-float	30.00%
12-month ADTV	2,102,447
Bloomberg Code	SABIC AB

SABIC	1Q2022	1Q2021	Y/Y	4Q2021	Q/Q	RC Estimate
Sales	52.64	37.53	40%	51.24	3%	50.25
Gross Profit	14.70	11.09	33%	14.05	5%	13.3
Operating Profit	9.32	6.98	34%	8.50	10%	7.94
Net Profit	6.47	4.86	33%	4.97	30%	5.31

(All figures are in SAR bln)

- Revenues were upbeat at SAR 52.6 bln, rising by +40% Y/Y and +3% Q/Q. On a quarterly basis, average product prices were up by +3% although volumes declined by -1%. Segment wise, Petrochemicals & Specialties (84% of revenues) witnessed a +3% Q/Q growth in revenues, Hadeed revenues were up +34% Q/Q while Agri-Nutrients topline dropped -21% Q/Q due to lower volumetric sales by -23% Q/Q.
- Gross margins slightly expanded to 27.9% versus 27.5% in the preceding quarter. As a result, gross profit increased by +5% Q/Q to SAR 14.70 bln. Net margins also expanded to 12.3% versus 9.7% in 4Q2021.
- Management reported lower financial charges of SAR 0.72 bln as well as lower impairment and restructuring provision amounting to SAR 0.59 bln (SABIC's share SAR 0.38 bln). The decrease was driven by the re-measurement of equity instruments for forward contracts related to certain JV agreements.
- SABIC posted a net income of SAR 6.47 bln, up +33% Y/Y and +30% Q/Q. The company reported an increase in S&D expenses Y/Y. Bottomline beat our SAR 5.31 bln forecast and market consensus estimates of SAR 5.36 bln primarily on the back of higher revenues and better margins. SABIC completed the purchase of Clariant's 50% stake in Scientific Design and now has full ownership. We maintain our SAR 124.00 target price and Neutral 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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