

February 06, 2022

■ Non-recurring Items Impact 4Q Bottomline

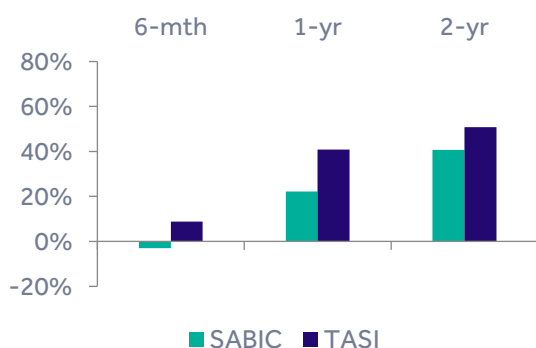
Upside to Target Price	2.1%	Rating	Neutral
Expected Dividend Yield	2.8%	Last Price	SAR 121.40
Expected Total Return	4.9%	12-mth target	SAR 124.00

Market Data	
52-week high/low	SAR 136.60 / 99.0
Market Cap	SAR 364,200 mln
Shares Outstanding	3,000 mln
Free-float	30.00%
12-month ADTV	1,701,468
Bloomberg Code	SABIC AB

SABIC	4Q2021	4Q2020	Y/Y	3Q2021	Q/Q	RC Estimate
Sales	51.28	32.84	56%	43.70	17%	46.32
Gross Profit	14.12	8.13	74%	12.29	15%	12.97
Operating Profit	8.63	3.79	128%	7.70	12%	7.94
Net Profit	4.93	2.25	119%	5.59	(12%)	5.58

(All figures are in SAR bln)

- SABIC reported a +56% Y/Y and +17% Q/Q increase in revenues to SAR 51.3 billion, one of its highest quarterly topline. The growth in revenues, both on a quarterly and yearly basis, is driven by an increase in volumes and product prices. While volumes were up +10% Q/Q, product prices increased by +7% Q/Q.
- Feedstock prices have continued to climb in 4Q as well, resulting in a decline in gross margins from 28.6% in 3Q to 27.5% in 4Q. Net margins have contracted from 12.8% to 9.6% for the same period, affected by certain one-off items as well.
- Net income was recorded at SAR 4.93 billion, up +119% Y/Y but down -12% Q/Q as the Company recorded SAR 0.76 billion in restructuring provisions in certain capital assets as well as a SAR 0.59 billion charge for re-measurement of derivatives equity instruments for forward contracts related to certain JV agreements. This partially caused the deviation from our SAR 5.58 billion estimate and SAR 5.77 billion market consensus.
- Adjusting for non-recurring expenses, bottomline would have been SAR 5.69 billion as per management. We maintain our SAR 124.00 target price. DPS for 2H2021 was higher at SAR 2.25 versus SAR 1.75 in 1H2021.



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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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