

November 2, 2023

## Profitability Continues in 3Q

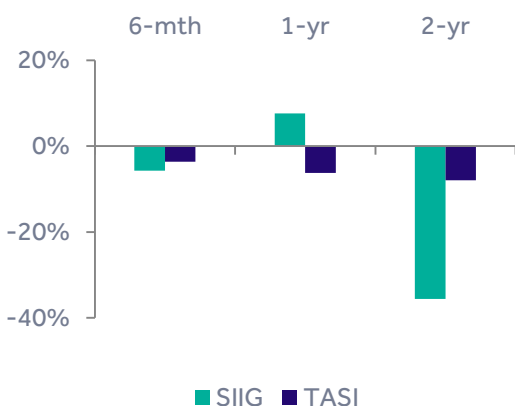
Upside to Target Price	11.3%	Rating	Buy
Expected Dividend Yield	4.3%	Last Price	SAR 23.36
Expected Total Return	15.6%	12-mth target	SAR 26.00

Market Data	
52-week high/low	SAR 27.15 / 18.88
Market Cap	SAR 17,632 mln
Shares Outstanding	754.8 mln
Free-float	81.40%
12-month ADTV	772,110
Bloomberg Code	SIIG AB

SIIG	3Q2023	3Q2022	Y/Y	2Q2023	Q/Q	RC Estimate
Sales	-	-	-	-	-	-
Gross Profit	-	-	-	-	-	-
Gross Margins	-	-	-	-	-	-
Operating Profit	219	58	278%	119	84%	133
Net Profit	222	55	304%	120	85%	132

(All figures are in SAR mln)

- SIIG reported significant profitability improvements, with an operating profit of SAR 219 million, an increase of +278% Y/Y and +84% versus the preceding quarter. These improvements also, as previously reported, result from a resumption of production, after unscheduled shutdowns. For 3Q23, feedstock prices declined, profits from JV's increased, and higher sales quantities were realized. Management noted, in spite of this, when compared to YTD performance in 2022, the opposite was true, diluting our optimism. We noted in our previous report, that the prices of end-products (PE and PP) would gradually improve, which may push the company to record better results. PP prices at the tail end of 3Q23 did show improvement, which we suspect provided a lift in results.
- SIIG posted a net profit for the quarter at SAR 222 million, an increase of +304% Y/Y, which also represents a +85% increase Q/Q. The increase Y/Y was driven by significant improvements in operating profits, which was further buoyed by lower zakat charges. We also note, this was in-line with our expectations for a superior second half in 2023.
- For 1H2023, SIIG declared a cash dividend of SAR 0.50 per share, although lower than the previous year's dividend, it is reasonable to expect this current level to be maintained. Thus, we maintain our current target price of SAR 26.00 but change SIIG to a Buy 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](mailto:research@riyadcapital.com)

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