

February 4, 2024

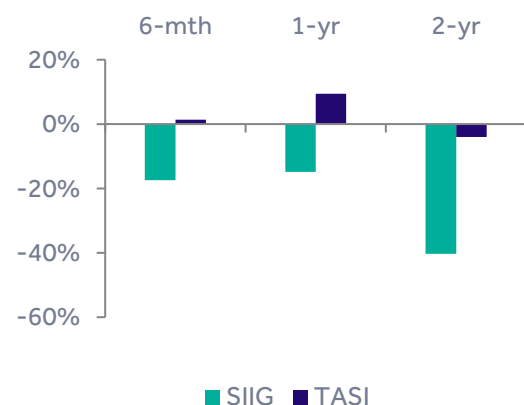
## Profitable Despite Feedstock Hike

Upside to Target Price	29.1%	Rating	Buy
Expected Dividend Yield	5.0%	Last Price	SAR 20.14
Expected Total Return	34.1%	12-mth target	SAR 26.00

Market Data	
52-week high/low	SAR 27.15 / 19.74
Market Cap	SAR 15,202 mln
Shares Outstanding	754.8 mln
Free-float	81.40%
12-month ADTV	772,110
Bloomberg Code	SIIG AB

SIIG	4Q2023	4Q2022	Y/Y	3Q2023	Q/Q	RC Estimate
Sales	-	-	-	-	-	-
Gross Profit	-	-	-	-	-	-
Gross Margins	-	-	-	-	-	-
Operating Profit	24	(308)	-	219	(89%)	146
Net Profit	11	(296)	-	222	(95%)	153

(All figures are in SAR mln)



- SIIG reported significantly reduced profits this quarter, which were below our estimates, with an operating profit of SAR 24 mln, reversing a SAR (308) mln loss from last year and a decrease of -89% versus the preceding quarter. These Y/Y improvements result from a resumption of production from SIIG owned facilities. For 4Q23, feedstock prices increased. Along with these increases, profits from JV's decreased. Unfortunately, higher sales volumes, as management commented, did not materialize. Although we remain optimistic about price improvement in PP & PE, feedstock costs have increased significantly Q/Q; specifically, Propane and Butane, by 30% and 35% Q/Q, respectively. These key feedstock price increases are coupled with Aramco's announcement to raise prices on Methane and Ethane, further reducing our optimism for the industry as a whole.
- SIIG posted a net profit for the quarter at SAR 11 mln, a decrease of -95% Q/Q and reversed its losses from last year. The increase Y/Y was driven by significant improvements in operating profits, which has been muted by higher zakat expenses and lower income from Murabaha financing. Although volatility in earnings Q/Q has presented itself again with SIIG, we note our expectations for the Company to remain profitable overall was expected in 2H23.
- For 2H2023, SIIG declared a cash dividend of SAR 0.50 per share, although lower than the previous year's dividend, we believe it is reasonable to expect this current level to be maintained, given the Company's profitability. Thus, we maintain our target price and 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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