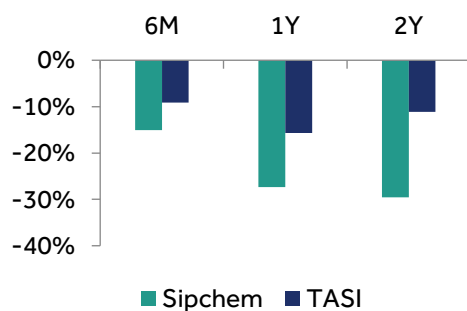


Market Data	
52-week high/low	SAR 20.50 / 11.04
Market Cap	SAR 10,707 mln
Shares Outstanding	733.3 mln
12-month ADTV	2,332,430
Bloomberg Code	SIPCHEM AB



Revenue Sinks

Upside to Target Price	9.6%
Expected Dividend Yield	3.4%
Expected Total Return	13.0%

Rating	Neutral
Last Price	SAR 14.60
12-mth target	SAR 16.00

July 28, 2020

SIPCHEM	2Q2020	2Q2019	Y/Y	1Q2020	Q/Q	RC Estimate
Sales	950	1,409	(33%)	1,404	(32%)	1,390
Gross Profit	150	489	(69%)	262	(43%)	487
Operating Profit	(23)	320	-	66	-	292
Net Profit	(99)	211	-	(53)	88%	72

(All figures are in SAR mln)

- Sales were impacted from lower sales volumes for Acetic Acid and VAM and lower product prices for most products on quarterly and yearly basis. Methanol prices fell -33% Q/Q and -44% Y/Y, while PP decreased -13% Q/Q and -27% Y/Y.
- Gross margin contracted to 16% from 19% last quarter and 35% last year, operating margin contracted to -2% from 5% last quarter and 23% last year.
- Net profit missed our forecast of SAR 72 mln and street expectations of SAR (22) mln as net margin contracted to -10% from -4% last quarter and 5% last year.
- Sipchem was able to keep their FCF at healthy levels in 2Q2020 despite the losses incurred. The company repurchased 1.5 million of company shares during the quarter out of the 73 million shares that was approved for buybacks in April. Their share buyback remains the key catalyst for the company's stock in the short 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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