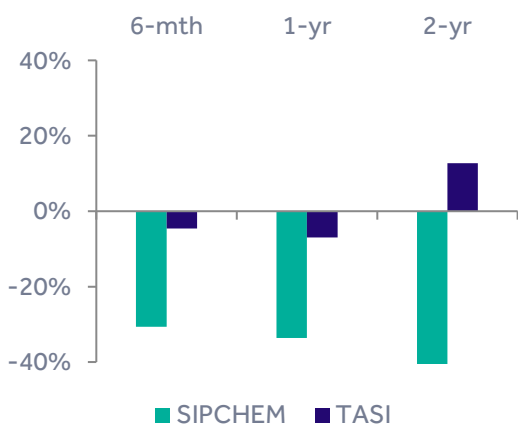


Market Data	
52-week high/low	SAR 36.50 / 20.30
Market Cap	SAR 14,960 mln
Shares Outstanding	733.3 mln
Free Float	88.95%
12-month ADTV	1,526,611
Bloomberg Code	SIPCHEM AB



## Further Facility Mothballing Raises Uncertainty

March 25, 2025

Upside to Target Price	(2.0%)	Rating	Neutral
Expected Dividend Yield	4.9%	Last Price	SAR 20.40
Expected Total Return	2.9%	12-mth target	SAR 20.00

SIPCHEM	4Q2024	4Q2023	Y/Y	3Q2024	Q/Q	RC Estimate
Sales	1,739	2,040	(15%)	1,627	7%	1,791
Gross Profit	309	428	(28%)	330	(6%)	344
Gross Margins	18%	21%		20%		19%
Operating Profit	47	200	(77%)	152	(69%)	162
Net Profit	20	159	(87%)	103	(81%)	103

(All figures are in SAR mln)

- SIPCHEM recorded revenues of SAR 1.74 bln in 4Q24 (-15% Y/Y, +7% Q/Q), in-line with our SAR 1.79 bln estimate, driven by a Y/Y downward shift of sales volumes, as well as some lower sales prices being realized. Sequentially, VAM prices moved lower again, down by -1% Q/Q and -13% Y/Y. Notably, Methanol prices traded flat this quarter, remaining elevated, while EVA prices were mixed, moving up +1% Q/Q and down -14% Y/Y. Gross margins decreased Y/Y in 4Q24, pulling down gross profits both Y/Y and Q/Q, by -28% and -6%, respectively. We believe greater feedstock costs in 4Q24, such as Ethane and Propane, have had a predictably dampening effect on margins and net profits. These observations were further confirmed by management's commentary on the Company's 2024 financial performance being impacted by inputs, specifically.
- Net profit came in at SAR 20 mln (-87% Y/Y and -81% Q/Q), lower than our optimistic estimate of SAR 103 mln. These results were driven yet again, by lower margins Y/Y and the sequential decrease in SIPCHEM's profits from associates and JVs. Moreover, these factors supported a decrease in net margins to 1% versus 6% last quarter as well. We also note, that SIPCHEM's lower operating profits in 4Q24, lower -77% Y/Y and -69% Q/Q, strongly imply a potential structural dragging effect being generated from the Company's poorly performing JVs; which could only persist given current market conditions.
- SIPCHEM's announcement on March 19, 2025, stated they have now started the process to stop production at the Company's Ethyl Acetate plant in Jubail. Thus, we reduce our target price and maintain our rating.

**Brennan Eatough**  
 brennan.eatough@riyadcapital.com  
 +966-11-203-6808

## ■ 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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