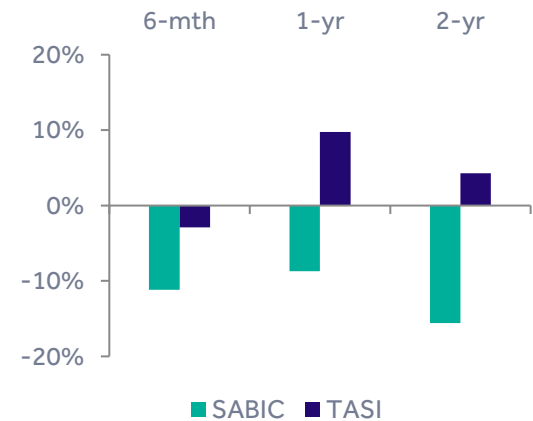


| Market Data | |
|--------------------|-----------------|
| 52-week high/low | SAR 89.0 / 72.0 |
| Market Cap | SAR 217,500 mln |
| Shares Outstanding | 3,000 mln |
| Free-float | 30.00% |
| 12-month ADTV | 1,666,934 |
| Bloomberg Code | SABIC AB |



■ Urea Tightness Gives Lift While Petchem Remains Flat November 6, 2024

| | | | |
|-------------------------|-------|---------------|-----------|
| Upside to Target Price | 10.3% | Rating | Neutral |
| Expected Dividend Yield | 4.7% | Last Price | SAR 72.50 |
| Expected Total Return | 15.0% | 12-mth target | SAR 80.00 |

| SABIC | 3Q2024 | 3Q2023 | Y/Y | 2Q2024 | Q/Q | RC Estimate |
|------------------|--------|--------|-----|--------|-------|-------------|
| Sales | 36.88 | 35.98 | 3% | 35.72 | 3% | 33.89 |
| Gross Profit | 7.00 | 6.40 | 10% | 7.19 | (3%) | 6.82 |
| Gross Margins | 19% | 18% | | 20% | | 20% |
| Operating Profit | 2.48 | 1.68 | 48% | 2.10 | 18% | 2.52 |
| Net Profit | 1.00 | (2.88) | - | 2.18 | (54%) | 1.70 |

(All figures are in SAR bln)

- SABIC reported a topline of SAR 36.88 bln (+3% Y/Y and Q/Q), higher than our SAR 33.89 bln estimate. Management commented on profitability during the quarter, stating the gross profit decrease of -3% Q/Q was driven by lower selling prices and higher feedstock costs. Major KPIs which supported results, such as sales volumes, increased +4% Q/Q; whilst average sales prices for 3Q24 decreased -1% Q/Q. SABIC's Petrochemicals segment (92% of revenues and 82% of EBITDA) revenue increased +2% Q/Q, driven by further growth in sales, specifically Polypropylene and Polyethylene. While Agri-Nutrients performed strong last quarter in comparison to 1Q24, in 3Q24, revenue further increased by +17% Q/Q, on the back of a +17% Q/Q increase in prices. It is worth noting that management stated this was driven via supply tightness of Urea, which we have also observed as a key market factor, specifically influenced by the Chinese Urea export restrictions during the quarter.
- SABIC's operating profit came in at SAR 2.48 bln, a significant improvement Y/Y again, while also growing by +18% Q/Q. With some non-recurring items having been excluded this quarter (from 2Q24), our estimates for operating income were in-line. It also worth noting, that operating margins did improve both Y/Y and Q/Q, by +205 bps and +85 bps, respectively. These are most likely attributed to management's dedication to cost controls, efficiency improvement initiatives, as well as optimizing their current asset portfolio.
- SABIC reported net profits of SAR 1.00 bln, down-54% Q/Q but reversed a loss from last year, owed to one-time items, zakat expenses, and derivative charges, which caused our estimates to deviate. Management stated in their 3Q24 conference call there were some positive economic indicators during 3Q24, such as global GDP growth of 2.7% and although delayed, they also noted that the easing of interest rates by major central banks could have positive effects. We maintain our target price and Neutral rating.

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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