

May 16, 2024

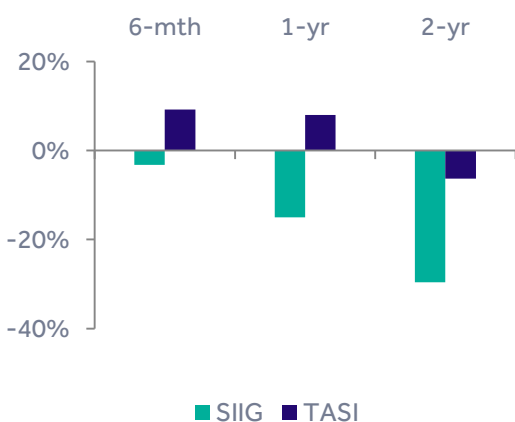
## Post-Shutdown Profits & Diversification

Upside to Target Price	19.5%	Rating	Buy
Expected Dividend Yield	4.6%	Last Price	SAR 21.76
Expected Total Return	24.1%	12-mth target	SAR 26.00

Market Data	
52-week high/low	SAR 27.15 / 19.74
Market Cap	SAR 16,424 mln
Shares Outstanding	754.8 mln
Free-float	81.40%
12-month ADTV	772,110
Bloomberg Code	SIIG AB

SIIG	1Q2024	1Q2023	Y/Y	4Q2023	Q/Q	RC Estimate
Sales	-	-	-	-	-	-
Gross Profit	-	-	-	-	-	-
Gross Margins	-	-	-	-	-	-
Operating Profit	35	(237)	-	24	46%	25
Net Profit	28	(242)	-	11	155%	33

(All figures are in SAR mln)



- SIIG reported significantly reduced profits this quarter, which were below our estimates, with an operating profit of SAR 35 mln, reversing a SAR (237) mln loss from last year and an increase of +46% versus the preceding quarter. These Y/Y declines are a result from a reporting period that was mired by scheduled maintenance of SIIG owned facilities. For 1Q24, feedstock prices increased, such as Propane up +3%, Butane +3%, Naptha +4%, and Benzene up +12%. Although it's worth noting that Q/Q price growth in PP (+1%) and PE (+3% on average) most likely helped SIIG's results.
- SIIG posted a net profit for the quarter at SAR 28 mln, an increase of +155% Q/Q and reversed its losses from last year. The increase Y/Y was driven by significant improvements in operating profits, which was understandably driven by the slow reopening of SIIG facilities which required scheduled maintenance; further supported by lower zakat expenses, but also slightly offset by lower income generated from Murabaha financing vehicles.
- In our view, previous dividends of SAR 0.50 per share, is reasonable for investors to continue to expect, especially give the maintenance turnarounds being completed and positive operating profits moving upward in 1Q24. It is worth noting that SIIG management made a strategic investment in UniBio Plc, in early 2023, which as outlined by their board report serves as a major step in diversifying SIIG's business. We view this as positive, however, we require more tangible results and data to better assess its progress, 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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