

## ■ SPCo Shutdown Drives Losses, Proposed Capital Cut Interesting February 9, 2025

Upside to Target Price	(14.4%)	Rating	Neutral
Expected Dividend Yield	0.0%	Last Price	SAR 17.52
Expected Total Return	(14.4%)	12-mth target	SAR 15.00

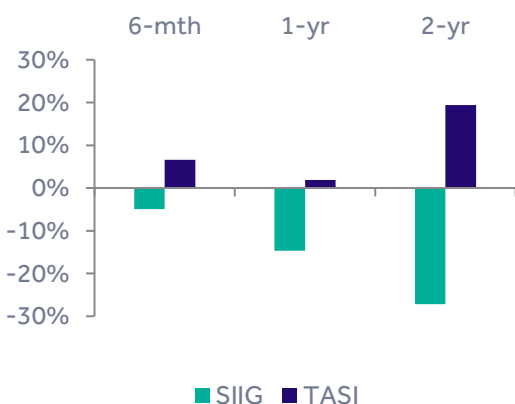
Market Data	
52-week high/low	SAR 24.66 / 15.40
Market Cap	SAR 13,224 mln
Shares Outstanding	754.8 mln
Free-float	81.40%
12-month ADTV	1,078,353
Bloomberg Code	SIIG AB

SIIG	4Q2024	4Q2023	Y/Y	3Q2024	Q/Q	RC Estimate
Sales	-	-	-	-	-	-
Gross Profit	-	-	-	-	-	-
Gross Margins	-	-	-	-	-	-
Operating Profit	(89)	24	-	106	-	112
Net Profit	11	11	(2%)	98	(89%)	98

(All figures are in SAR mln)

- SIIG reported operating losses of SAR (89) mln, lower than our estimate of SAR 112 mln, deviating via a significantly higher negative impact from the previously announced unscheduled shutdown of Saudi Polymers Company (SPCo). This negative impact reduced operating profits from positive in 3Q24 to losses in 4Q24. The Y/Y declines are most likely driven by increases in feedstock costs, such as Propane (+7% Y/Y), Methane (+40% Y/Y), Butane (+1% Y/Y), and Benzene (+10% Y/Y). For 4Q24, sequential feedstock price changes for Propane and Butane also increased, by +7% and +8%, respectively. We also note that Q/Q prices of PP and Polystyrene traded lower, by -2% and -3%, respectively; although remain higher Y/Y by +3%.
- SIIG posted a net profit of SAR 11 mln in 4Q24, a decrease of -2% Y/Y and -89% Q/Q, driven by the unscheduled shutdown of SPCo, higher feedstock prices, also higher energy costs. We also note, other factors influencing Q/Q results such as reversed zakat provisions of SAR 90 mln, could belie the net profits, i.e.: offsetting losses.
- As SIIG's performance slips, dividend payouts have been adjusted. SIIG announced on December 25<sup>th</sup>, 2024, that SIIG will not be distributing dividends for the 2H24 and 1H25. Our take on this development is that the pricing environment is not supportive of previous years' performance. Investors should not expect distributions. We trim our target price based on the environment and dividend eliminations; while noting the proposed capital cut is interesting.

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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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