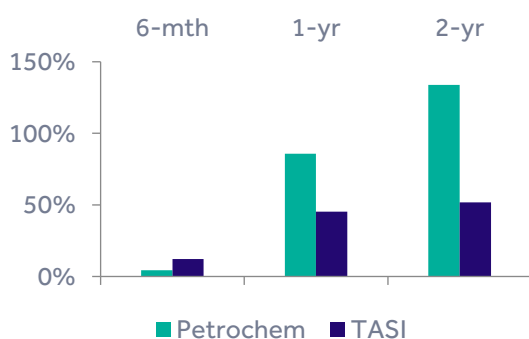


| Market Data | |
|--------------------|-------------------|
| 52-week high/low | SAR 53.00 / 25.50 |
| Market Cap | SAR 24,576 mln |
| Shares Outstanding | 480 mln |
| Free Float | 25.02% |
| 12-month ADTV | 381,902 |
| Bloomberg Code | PETROCH AB |



Merger Process in Final Stages

October 28, 2021

| | | | |
|-------------------------|--------|---------------|-----------|
| Upside to Target Price | (8.2%) | Rating | Neutral |
| Expected Dividend Yield | 1.5% | Last Price | SAR 51.20 |
| Expected Total Return | (6.7%) | 12-mth target | SAR 47.00 |

| Petrochem | 3Q2021 | 3Q2020 | Y/Y | 2Q2021 | Q/Q | RC Estimate |
|------------------|--------|--------|------|--------|-------|-------------|
| Sales | - | - | - | - | - | - |
| Gross Profit | - | - | - | - | - | - |
| Operating Profit | 251 | 113 | 122% | 527 | (52%) | 642 |
| Net Profit | 244 | 117 | 109% | 603 | (60%) | 443 |

(All figures are in SAR mln)

- In the proposed merger process with SIIG, there was a review of relevant accounting policies specifically related to the control of Petrochem's investments in Saudi Polymers and Gulf Polymers Distribution Company, where Petrochem's ownership is 65%. Petrochem has concluded that these two entities should now be accounted for as Joint Arrangements rather than be counted as subsidiaries.
- Thus, from 3Q2021, Petrochem will deconsolidate the financial statements of these two companies and they will now be accounted for as Joint Arrangements using the equity method.
- While there is no impact on equity attributable to Petrochem shareholders or to the net income of the Company, some other line items will be restated retrospectively for the applicable periods.
- Petrochem also announced that it has entered into a legally binding implementation agreement with SIIG to complete the transaction whereby Petrochem's shareholders will receive 1.27 shares in SIIG for 1 share of Petrochem. We maintain a Neutral stance as we await merger completion.

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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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