

Company

Sahara International
Petrochemical Co.
2Q25 Result Review

Rating

Under Review

Bloomberg Ticker

SIPCHEM AB

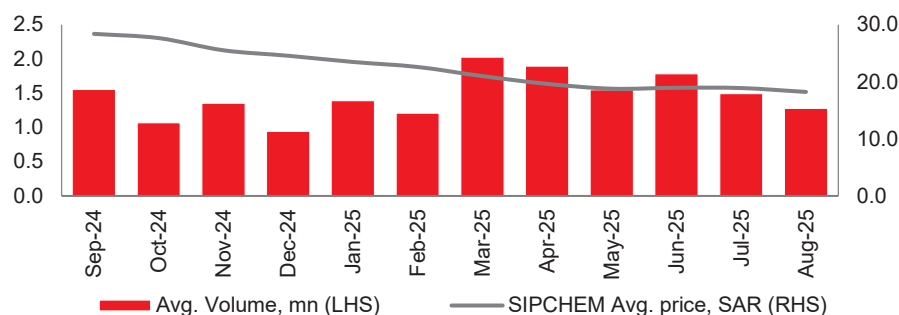
Date

12 August 2025

Results

Target Price (SAR) **UR**

Upside/ Downside **-**

**Revenue grew on the back of increased sales volume**

Sipchem's 2Q25 revenue rose 8% YoY to SAR 1,906mn, driven by higher sales volume, which was partially offset by a decline in selling prices of some products.

Feedstock price surge and JV profit dip led to a net loss in 2Q25

Higher feedstock costs, particularly for natural gas and ethane, led to a decline in gross profit during 2Q25, which also compressed the associated margin. Additionally, the reduction in profit contributions from joint ventures (JVs) and associates, mainly due to a SAR 171mn impairment of investment in an associate, resulted in a net loss of SAR 169mn (vs. net profit of SAR 121mn in 2Q24).

U-Capital view

The global petrochemical sector remains under pressure amid weak industrial demand and oversupply, leading to margin compression. Further, growing concerns around geopolitical trade agreements fuel the market uncertainty. With weak market fundamentals and a limited uptick in seasonal demand, we keep the stock under review. Currently, Sipchem trades at a 2025e EV/EBITDA multiple of 14.1x, above its historical 1-year forward average multiple of 8.5x.

Current Market Price (SAR)	18.2
52wk High / Low (SAR)	29.6/17.7
12m Average Vol. (mn)	1.4
Mkt. Cap. (USD/SAR bn)	4/13
Shares Outstanding (mn)	733.3
Free Float (%)	89.0%
3M ADTV (SAR mn)	28.3
6M ADTV (SAR mn)	30.6
P/E'25e (x)	39.0x
EV/EBITDA'25e (x)	14.1x
Dividend Yield '25e (%)	2.6%
Price Perf. (1m/3m) (%)	-4.8/-4.5

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**Financial Summary**

SAR mn	2Q24	3Q24	4Q24	1Q25	2Q25	2Q25e	YoY	QoQ	Var.	1H24	1H25	YoY
P&L												
Sales/Revenue	1,770	1,627	1,739	1,970	1,906	1,968	8%	-3%	-3%	3,695	3,876	5%
Gross profit	321	330	309	160	293	348	-9%	84%	-16%	801	453	-43%
Operating profit	190	152	46	(56)	87	138	-54%	NM	-37%	485	31	-94%
Net profit / (loss)	121	103	20	195	(169)	105	NM	NM	NM	303	26	-91%
BS												
Shareholders' Equity	15,501	15,606	15,239	15,430	14,890		-4%	-3%		15,501	14,890	-4%
Ratios												
Gross margin	18.1%	20.3%	17.8%	8.1%	15.4%	17.7%				21.7%	11.7%	
Operating margin	10.7%	9.3%	2.7%	-2.8%	4.5%	7.0%				13.1%	0.8%	
Net profit margin	6.9%	6.3%	1.1%	9.9%	-8.9%	5.3%				8.2%	0.7%	
EPS, SAR	0.2	0.1	0.0	0.3	(0.2)	0.1				0.4	0.0	
P/E (TTM)					89.6							
ROE (TTM)					1.0%							

Source: Financials, Tadawul, Bloomberg, U Capital Research



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Recommendation

BUY	ACCUMULATE	HOLD	REDUCE	SELL
Greater than 20%	Between +10% and +20%	Between +10% and -10%	Between -10% and -20%	Lower than -20%

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