

January 27, 2022

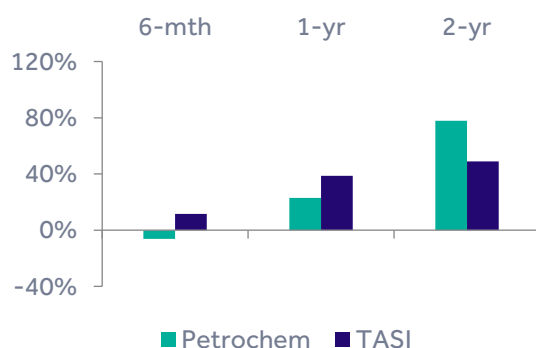
■ Bottomline Misses on Higher Feedstock Costs

Upside to Target Price	9.4%	Rating	Neutral
Expected Dividend Yield	1.7%	Last Price	SAR 42.95
Expected Total Return	11.1%	12-mth target	SAR 47.00

Market Data	
52-week high/low	SAR 53.00 / 32.40
Market Cap	SAR 20,616 mln
Shares Outstanding	480 mln
Free Float	30.65%
12-month ADTV	381,412
Bloomberg Code	PETROCH AB

Petrochem	4Q2021	4Q2020	Y/Y	3Q2021	Q/Q	RC Estimate
Sales	-	-	-	-	-	-
Gross Profit	-	-	-	-	-	-
Operating Profit	229	236	(3%)	251	(9%)	267
Net Profit	209	252	(17%)	244	(14%)	259

(All figures are in SAR mln)



- Petrochem is in an ongoing merger process with SIIG due to which there has been a review of accounting policies. Petrochem's investments in Saudi Polymers and Gulf Polymers Distribution Company are now accounted for as Joint Arrangements rather than counted as subsidiaries.
- Petrochem has deconsolidated the financial statements from 3Q2021 and is accounting them as Joint Arrangements using the equity method.
- Thus, the Company now reports line items starting with operating profit. Operating profit came in at SAR 229 million down -3% Y/Y and -9% Q/Q primarily on the back of rising feedstock costs.
- Net profit was reported at SAR 209 million. This was -17% lower on a yearly basis and -14% down on a quarterly basis and came in below our forecast of SAR 259 million and market consensus estimates of SAR 270 million with higher Zakat expenses also impacting the bottom-line. Pending the merger with SIIG, we maintain a Neutral stance and our SAR 47.00 target price.

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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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