



4-Aug-22

Date:

Saudi Industrial Investment Group (SIIG) - 2Q22 Result Review

Recommendation:	Under Review	Fair Value (SAR): 31.
Previous Reco. & Date:	26-May-22	Upside / (Downside): 13
		Analyst: Ayisha Zi
Bloomberg Ticker	SIIG:AB 45	14.00
Current Market Price (SAR)	28.05	12.00
52wk High / Low (SAR)	41.5 / 24.4 40	$\mathcal{M}_{\mathcal{L}}$
12m Average Vol. (mn)	1.7	10.00
Mkt.Cap. (SAR bn)	12.6 35	8.00
Shares Outstanding (mn)	755	6.00
Free Float (%)	81.4%	4.00
3m Avg Daily Turnover (SAR mn)	45.2 25	
6m Average Daily Turnover (SAR mn)	57.5	2.00
PE 2022e (x)	12.4 20	
EV/EBITDA 2022e (x)	8.8 Au g-21	Aug-21 Sep-21 Sep-21 Sep-21 Sep-21 Sep-21 Sep-21 Sep-21 Jan-22 Jan-22 Jan-22 Jun-22 Jun-22 Jun-22 Jun-22 Jun-22 Jun-22 Jun-22 Jun-22 Jun-22
Dividend Yield '22e (%)	2.7%	4 8 8 0 0 8 8 0 0 1 1 1 1 1 1 1 1 1 1 1 1
Price Perf. (1m/3m) (%)	-19 / -17.1	Vol,mn(RHS) —— Px,LCY(LHS)

Higher feedstock prices coupled with lower selling prices impacts share of profits from jointly managed projects

SIIG's share of profits from jointly managed projects decreased on year-on-year basis mainly due to increase in feedstock costs. The company's operating profits for the quarter stood lower at SAR 299 mn down by 59.7% YOY (-19.7% QoQ). SIIG's operating profits were also impacted from an increase in the general and administrative expenses resulting from SIIG's ownership of remaining 50% of Petrochem.

Net profit impacted further due to reversal of zakat provision

SIIG's net profit for the quarter stood at SAR 284 mn, down by 43.8% YOY (+20.9% QoQ). Company's net profits were also impacted from increase in zakat expenses resulting from Petrochem reversing its zakat provisions relating to previous years. The increase in net profit on quarterly basis is attributed to an increase in SIIG's share of profit in Petrochem, after acquiring the company 100%, during the current quarter. However, this was partly offset by decrease in the average selling prices of Petrochem's IV's products.

Income Statement													
(SAR mn)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	2Q22e	YoY (%)	QoQ (%)	Var (%)	1H21	1H22	YoY (%
Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
COGs	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit	484	742	339	272	372	299	385	-59.7%	-19.7%	-22.4%	1,226	671	-45.2%
PAT	305	505	204	122	235	284	363	-43.8%	20.9%	-21.8%	811	519	-36.0%
Balance Sheet													
(SAR mn)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	2Q22e	YoY (%)	QoQ (%)				
Shareholder's Equity	6,717	6,997	7,201	7,328	7,563	11,396	-	62.9%	50.7%				
Key Ratios													
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22							
Gross profit margin	-	-	-	-	-								
Operating profit margin	=	-	-	-	-								
Net profit margin	=	-	-	-	-								
RoE	41.6%	32.9%	12.0%	6.9%	13.2%	12.5%							

Source: Financials, Bloomberg, U Capital Research;

For our earlier report on the company, please click here





Recommendation

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



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