

# 3M/Q1 2018 FINANCIAL RESULTS

SIPCHEM Q1 2018 EARNINGS CALL

02 MAY 2018, 15:45 KSA, 01:45 UK, 08:45 EST

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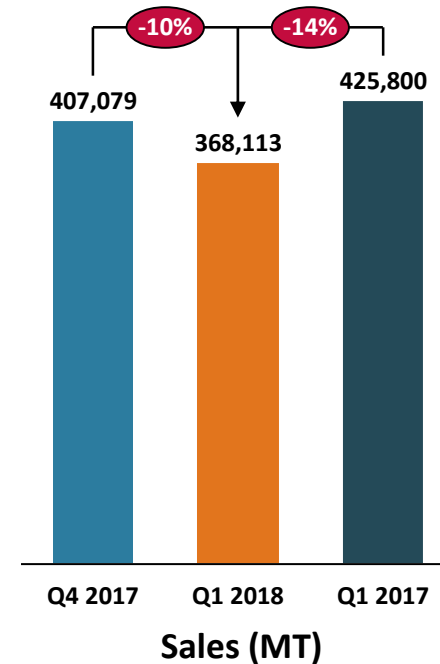
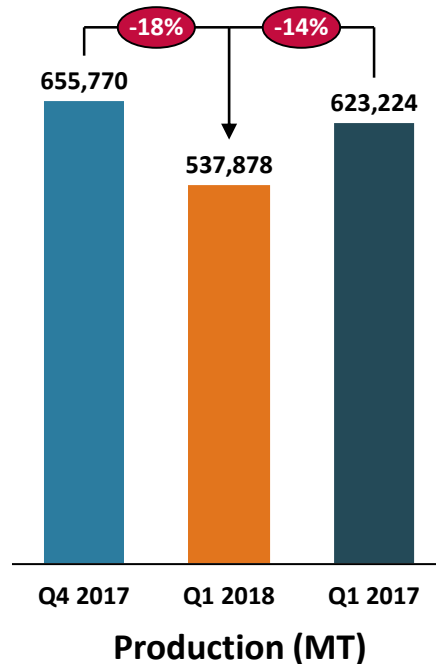
Highlights

Operations

Financials

## Plant Performance

- Methanol
- Butanediol, Tetrahydrofuran
- Maleic Anhydride
- Carbon Monoxide
- Gamma Butyrolactone
- Acetic Acid
- Acetic Anhydride
- Vinyl Acetate
- Monomer and Ethyl / Butyl Acetate

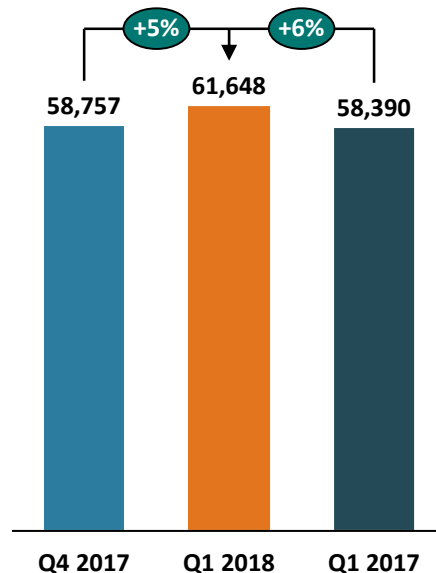


## Market Update:

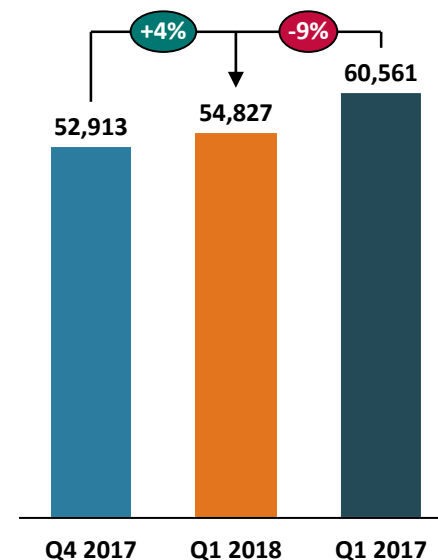
- Most Chemicals prices were higher in Q1 2018 in comparison to Q4 2017

## Plant Performance

- LDPE
- EVA
- Cross linkable LDPE
- Semi conductive LDPE



Production (MT)



Sales (MT)

## Market Update:

- Polymer prices were mostly higher during Q1 2018 in comparison to Q4 2017





# SIPCHEM HIGHLIGHTS AT A GLANCE....

*Key Message: Improved market conditions, netback contribution and cost advantage position*

## Growth Focus



## Capabilities Focus



## Sustainability Focus



## Profitability and Performance

SAR Million	2014	2015	2016 IFRS	2017 IFRS	2018-Q1 IFRS
<b>Sales</b>	4,124	3,515	3,515	4,460	1,171
<b>EBITDA</b>	1,747	1,234	1,165	1,648	513
<b>EBITDA Margin</b>	42.4%	35.1%	33.2%	36.9%	43.8%

## Efficiency and Effectiveness

SAR Million	2014	2015	2016 IFRS	2017 IFRS	2018-Q1 IFRS
<b>Capex/Depreciation (x)</b>	1.8	1.0	0.7	1.0	0.9
<b>Avg days on Stream-YTD %</b>	84%	88%	90%	85%	87%
<b>Avg days on Stream- Q1 %</b>	90%	84%	90%	90%	87%
<b>Sales/employee</b>	3.9	3.0	3.4	4.6	4.9 *Annul

## Capital Structure, Investment / Financial Risk

SAR Million	2014	2015	2016 IFRS	2017 IFRS	2018-Q1 IFRS
<b>Capital Expenditure</b>	1,027	711	479	610	178
<b>ROCE (%)</b>	8.9%	7.5%	3.1%	6.9%	8.3% *Annul
<b>Dividend Cover (x)</b>	1.25	1.25	0	0	0

## Liquidity and Stability

SAR Million	2014	2015	2016 IFRS	2017 IFRS	2018-Q1 IFRS
<b>Current Ratio (x)</b>	2.60	2.01	1.58	1.93	2.25
<b>Quick Ratio (x)</b>	2.26	1.64	1.22	1.57	1.86
<b>Cash from Operations</b>	1,612	927	909	1,411	488

## SEGMENTATION OVERVIEW

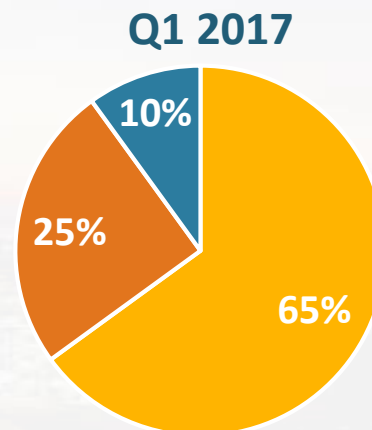
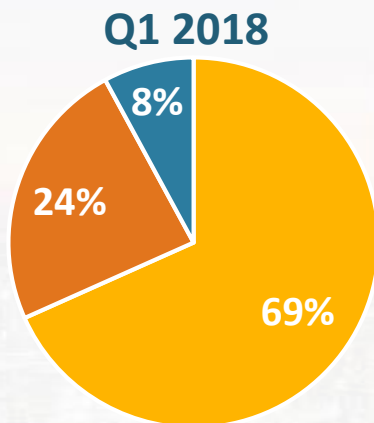
*Key Message: Netback contribution and low cost advantage lead the way...*

### REVENUES

CHEMICAL

POLYMERS

OTHER



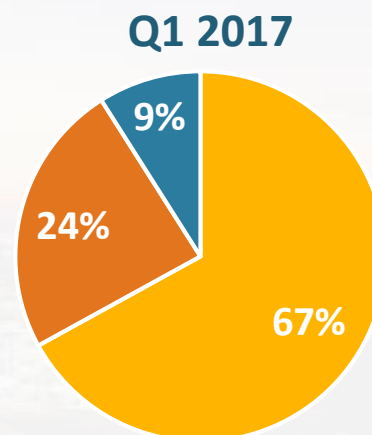
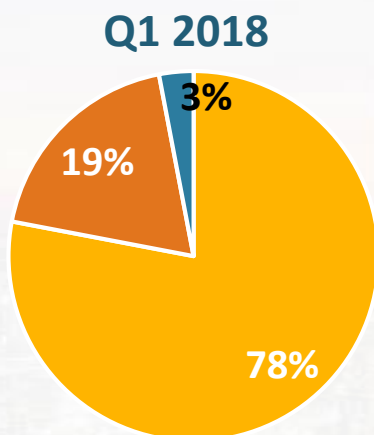
*Chemical: "IMC, IDC, IGC, IAC, IVC, IUC, SCC EA" Polymers: "IPC, GACI Other: "SMC & Foreign subsidiaries, SSPC"*

### EBITDA MARGIN

CHEMICAL

POLYMERS

OTHER



*Chemical: "IMC, IDC, IGC, IAC, IVC, IUC, SCC EA" Polymers: "IPC, GACI Other: "SMC & Foreign subsidiaries, SSPC"*



# FINANCIAL RESULTS

## Income Statement

(Million, SAR)	Q1, 2018 VS Q1 2017			
	Q1 2018	Q1 2017	Variance	% Change
<b>Sales</b>	<b>1,171</b>	1,199	<b>-28</b>	<b>-2%</b>
<b>Gross Profit</b>	<b>415</b>	352	<b>62</b>	<b>18%</b>
%	<b>35%</b>	29%	<b>6%</b>	<b>-</b>
<b>Operating Income</b>	<b>284</b>	231	<b>53</b>	<b>23%</b>
%	<b>24%</b>	19%	<b>5%</b>	<b>-</b>
<b>Income before non-controlling interests &amp; Zakat</b>	<b>259</b>	174	<b>85</b>	<b>49%</b>
%	<b>22%</b>	15%	<b>8%</b>	<b>-</b>
Zakat & Income tax	-15	-23	8	-
<b>Income before non-controlling interests</b>	<b>244</b>	151	<b>93</b>	<b>62%</b>
Non-controlling interest	-93	-59	-33	-
<b>NET INCOME</b>	<b>151</b>	92	<b>60</b>	<b>65%</b>
%	<b>13%</b>	8%	<b>5%</b>	<b>-</b>
<b>Number of Shares in Issue (average), in million</b>	<b>367</b>	367	<b>-</b>	<b>-</b>
<b>EPS - Net Income</b>	<b>0.41</b>	0.25	<b>0.16</b>	<b>65%</b>
<b>EPS - Operating Income</b>	<b>0.77</b>	0.63	<b>0.14</b>	<b>23%</b>

# 31 Mar 2018

## COMPARED TO PREVIOUS PERIODS

### Balance Sheet

(Million, SAR)	<u>3/31/2018</u>	<u>12/31/2017</u>	<u>Variance</u>	<u>% Change</u>
<b>Current Assets (excl. Inventory)</b>	3,342	2,936	406	14%
<b>Inventory</b>	712	668	43	7%
<b>Fixed Assets</b>	11,875	11,960	-85	-1%
<b>Other Assets</b>	406	416	-10	-2%
<b>Total Assets</b>	<b>16,334</b>	<b>15,980</b>	<b>354</b>	<b>2%</b>
<b>Current Liabilities</b>	1,801	1,870	-69	-4%
<b>Non-Current Liabilities</b>	7,092	6,899	193	3%
<b>Shareholders Equity</b>	5,855	5,703	153	3%
<b>Minority Interests</b>	1,586	1,508	78	5%
<b>Total Liabilities &amp; Shareholder Equity</b>	<b>16,334</b>	<b>15,980</b>	<b>354</b>	<b>2%</b>
<i>Current Ratio</i>	2.25	1.93	0.32	17%
<i>Quick Ratio</i>	1.86	1.57	0.29	18%
<i>ROCE %</i>	6.9%	3.1%	0.04	123%

# 12 MOS Q1-2018 VS Q1-2017 CASH FLOW

*Cash flow*

(Million, SAR)	<u>3/31/2018</u>	<u>3/31/2017</u>	<u>Variance</u>	<u>% Change</u>
Net Income	151	92	60	65%
Depreciation	220	177	43	24%
Working Capital / other	116	120	-3	-3%
<b>Net cash provided by operating activities</b>	<b>488</b>	<b>388</b>	<b>100</b>	<b>26%</b>
Purchase of PPE	-179	-159	-20	12%
Purchase of shares in subsidiaries	3	8	-5	-59%
Others Investing activities	0	-24	24	-99%
<b>Net cash used in investing activities</b>	<b>-175</b>	<b>-175</b>	<b>0</b>	<b>0%</b>
Changes in short term loans	0	-200	200	-100%
Changes in long term loans	201	21	180	844%
Non controlling interest / other	-45	3	-47	100%
<b>Net cash from financing activities</b>	<b>157</b>	<b>-176</b>	<b>333</b>	<b>-189%</b>
<b>Changes in cash &amp; cash equivalents</b>	<b>469</b>	<b>37</b>	<b>432</b>	<b>1157%</b>
Cash & cash equivalents at 1 Jan	1,723	1,823	-100	-5%
Exchange rate Changes Impact	2	1	1	154%
<b>Cash &amp; cash equivalents at 31 December</b>	<b>2,193</b>	<b>1,861</b>	<b>333</b>	<b>18%</b>



For further enquiries, please contact:

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# Q&A



