Company

Sahara International Petrochemical Company

2Q26 Result Review

Rating

Under Review

Bloomberg Ticker

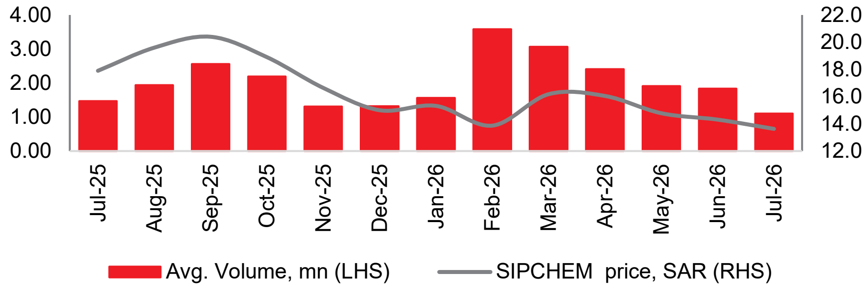
SIPCHEM AB

Date

26 July 2026

Results

Target Price (SAR)	Under Review
Total Return	UR



Current Market Price (SAR)	13.4
52wk High / Low (SAR)	21.1/13.1
12m Average Vol. (mn)	2.0
Mkt. Cap. (USD/SAR bn)	3/10
Shares Outstanding (mn)	733
Free Float (%)	89.2
3M ADTV (SAR mn)	25.2
6M ADTV (SAR mn)	35.2
P/E'27e (x)	22.6x
P/B'27e (x)	0.7
Dividend Yield '27e (%)	3.7%
Price Perf. (1m/3m) (%)	-8.8/-13.5

U Capital Research

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Revenue declined 55% YoY in 2Q26

Sipchem reported revenue of SAR 861mn, down 55% YoY, primarily due to lower sales volumes as supply chain disruptions constrained exports, resulting in higher inventory levels and weaker revenue generation.

Weak volumes and higher costs impacted profitability for 2Q26

The company reported a net loss of SAR 592mn, primarily due to lower sales volumes and higher feedstock costs, particularly butane, ethylene, and propane, which weighed on margins. In addition, the company recognized an impairment loss on its investment in associates of SAR 328mn, further impacting earnings.

U-Capital View

Global petrochemical prices remained resilient in 2Q26 amid elevated geopolitical tensions. However, Sipchem continued to report losses, primarily due to planned plant turnarounds, higher feedstock costs, and lower sales volumes. We expect margins to gradually recover ahead. We are currently placing the stock under review and will update our target price and investment case shortly.

Financial Summary

SAR mn	2Q25	3Q25	4Q25	1Q26	2Q26	2Q26e	YoY	QoQ	Var	1H25	1H26	YoY
P&L												
Revenue	1,906	1,366	1,568	1,227	861	1,430	-55%	-30%	-40%	3,876	2,088	-46%
Gross profit	293	(212)	16	78	(26)	281	n.m	n.m	n.m	453	52	-88%
Operating profit	87	(403)	(157)	(69)	(187)	48	n.m	n.m	n.m	31	(256)	n.m
Net profit	(169)	(469)	(418)	(215)	(592)	87	n.m	n.m	n.m	26	(807)	n.m
BS												
Shareholders' Equity	14,890	14,416	13,632	13,418	12,821		-14%	-4%				
Ratios												
Gross margin	15.4%	-15.5%	1.0%	6.4%	-3.0%	19.6%				11.7%	2.5%	
Operating margin	4.5%	-29.5%	-10.0%	-5.6%	-21.7%	3.4%				0.8%	-12.3%	
Net profit margin	-8.9%	-34.3%	-26.6%	-17.5%	-68.8%	6.1%				0.7%	-38.7%	
RoE (TTM)					n.m							
P/E (TTM)					n.m							
Current P/B					0.8							

Source: Company Financials, Tadawul, Bloomberg, U Capital Research

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