



Q1 2022

FINANCIAL RESULTS

Sipchem Earnings Call on Q1 2022 Results

Date: Monday 25th of April 2022

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2021 Performance Review

Sipchem achieved its strategic priorities for 2021



MANUFACTURING EXCELLENCE

Reduction in unplanned outages and shutdowns & enhanced safety practices

2021 was the most successful year in terms of production for Sipchem



JV PORTFOLIO MANAGEMENT

Acquisition of minority shareholders in IAC, IVC and IDC

Mothballing of PBT, GACI & EVA Films to improve overall economics and profitability



SYNERGIES & COST OPTIMIZATION

Exceeded post-merger integration synergy targets by realizing SAR 298m

Fixed cash cost optimization through several focused initiatives



PERFORMANCE DRIVEN ORGANIZATION

De-layering of organizational structure

Performance scorecards introduced for management



LAUNCHING DIGITAL TRANSFORMATION

A detailed roadmap defined for digital transformation and innovation

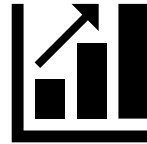
FIRST QUARTER EARNING HIGHLIGHTS

Sipchem continues to deliver consistently in terms of profitability and cash generation

EBITDA

1,362

Million Saudi Riyal
USD 363.3m



Healthy Margins supported by strong demand and sustained product prices

NET INCOME

1,079

Million Saudi Riyal
USD 287.7m



Consistency in generating **cashflow from operations** resulting in **strong free cash flow** for the quarter

EARNING PER SHARE

1.48

Saudi Riyal
USD 0.39



Successful completion of **Planned periodic turnaround maintenance of Al Waha** and **Samapco plants**



Significant improvement in leverage ratios through effective utilization of the excess cash to pre-settle loans

Implications of market fundamentals on Sipchem

Sipchem remains positive about the market outlook in 2022



Product prices remain strong as robust demand and higher feedstock/energy costs continue to put upward price pressures

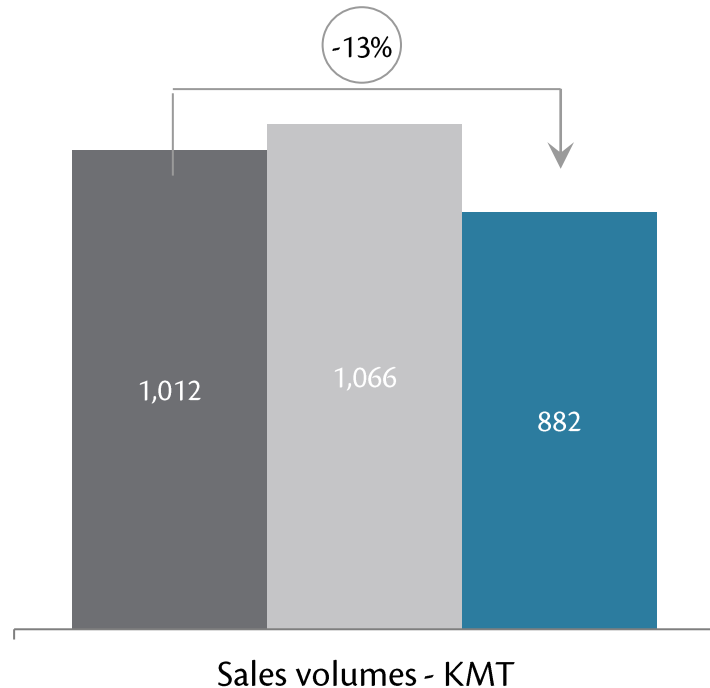
Sipchem is best positioned to shift additional volumes to Europe to fill the supply void

Sipchem able to minimize impact of supply chain disruption by active engagement with logistics partners, additional storage hubs to cut voyage times and obtaining premium services for important routes

The increase in the logistics costs due to supply chain disruption was mitigated by improved product prices

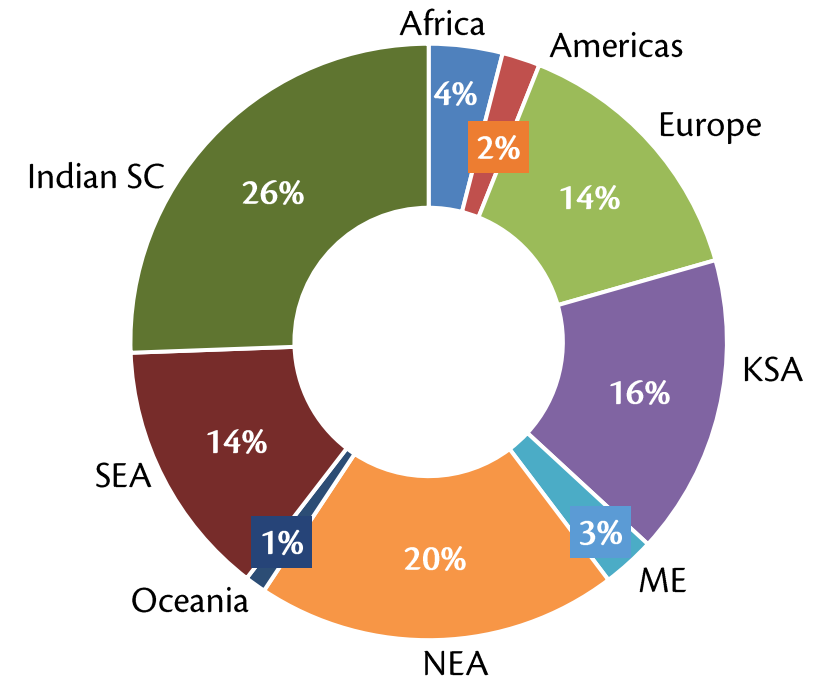
Sipchem's marketing performance remained strong considering planned shutdowns in Q1

A 13% year-on-year decrease due to planned shutdowns in Al Waha & Samapco plants



The data consists of plants managed by Sipchem directly

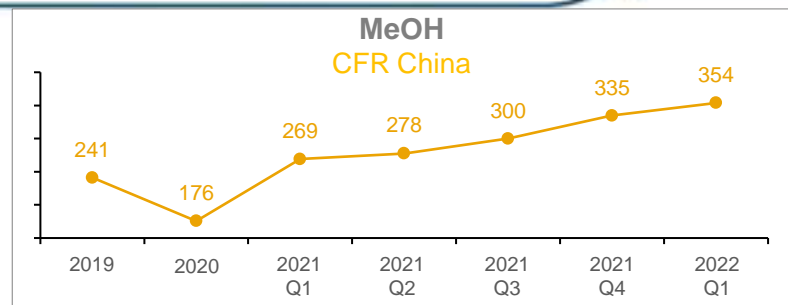
Strong position in Asia, Europe, Indian Sub-continent and Middle East



Sales volumes reflect all merchant volumes

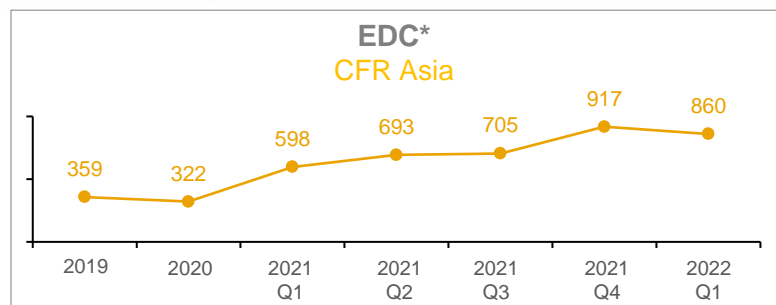
Market Trends

Sipchem Products (Prices from ICIS & IHS Publication)



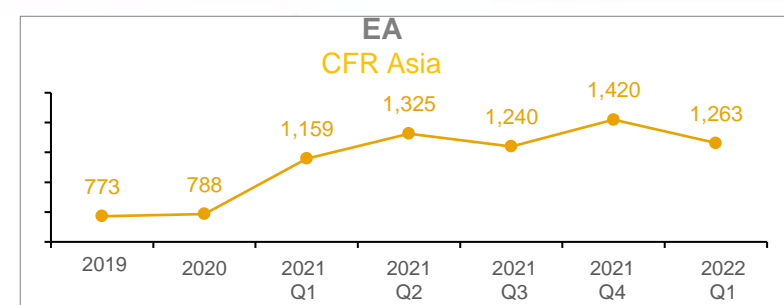
Q1 22 vs Q1 21 ▲ 32%

Q1 22 vs Q4 21 ▲ 6%



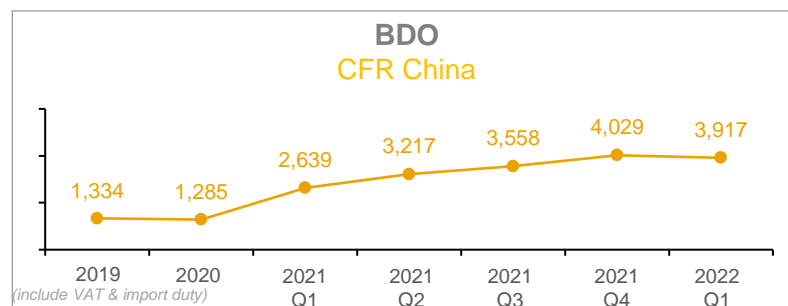
Q1 22 vs Q1 21 ▲ 44%

Q1 22 vs Q4 21 ▼ -6%



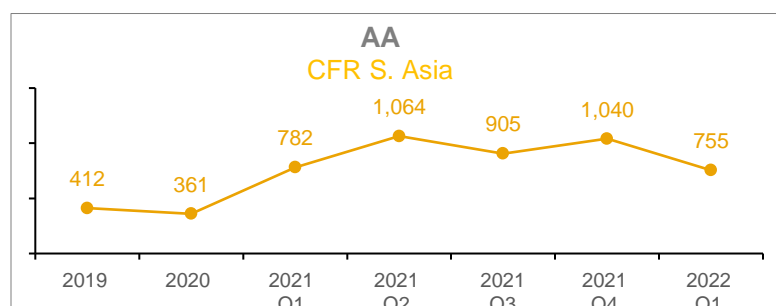
Q1 22 vs Q1 21 ▲ 9%

Q1 22 vs Q4 21 ▼ -11%



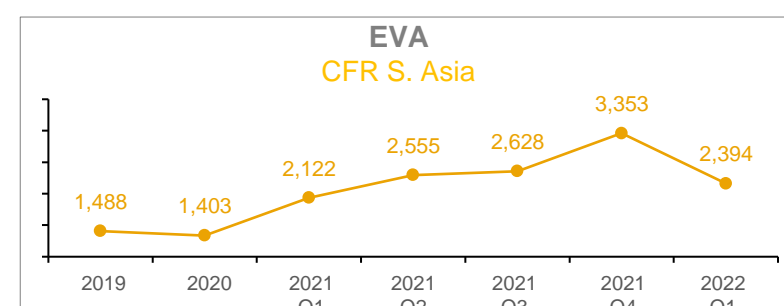
Q1 22 vs Q1 21 ▲ 48%

Q1 22 vs Q4 21 ▼ -3%



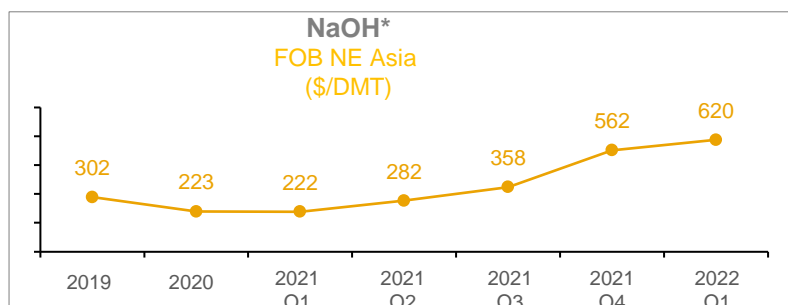
Q1 22 vs Q1 21 ▼ -3%

Q1 22 vs Q4 21 ▼ -27%



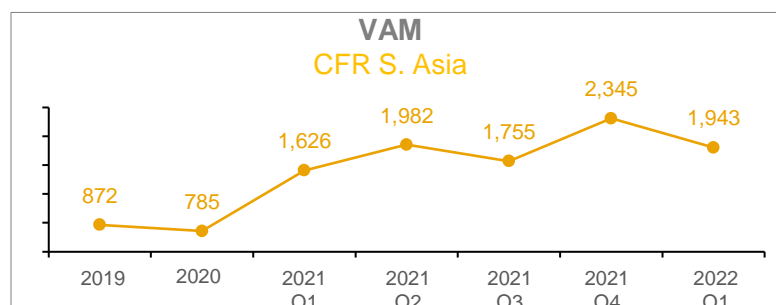
Q1 22 vs Q1 21 ▲ 13%

Q1 22 vs Q4 21 ▼ -29%



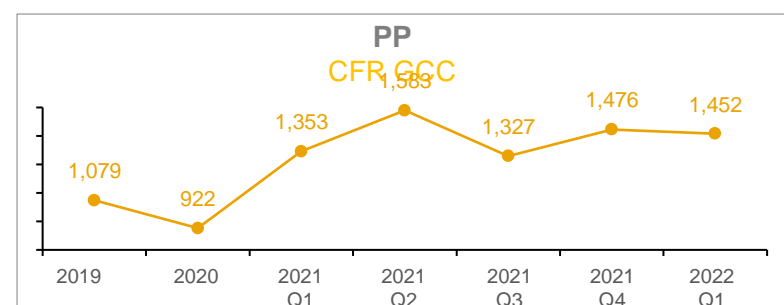
Q1 22 vs Q1 21 ▲ 179%

Q1 22 vs Q4 21 ▲ 10%



Q1 22 vs Q1 21 ▲ 19%

Q1 22 vs Q4 21 ▼ -17%



Q1 22 vs Q1 21 ▲ 7%

Q1 22 vs Q4 21 ▼ -2%

Financial Highlights

Consistent margins, Strengthening Balance sheet and Strong cash position

	Q1 2022	QoQ ¹	YoY ¹
Revenue	2,409.5 mSAR	-22% ↑	+19%
EBITDA	1,362.2 mSAR	-23% ↑	+43%
Net Income	1,078.8 mSAR	-18% ↑	+162%
Free cash flow ²	1,528.1 mSAR	↑ +8%	↑ +146%
Earnings per share	1.48 SAR/share	-18% ↑	+160%

- EBITDA margin of 56.5% for Q1 2022 [Q4 2021: 57.6%, Q1 2021: 46.8%]
- Return on capital employed of 24.9% [Annualized]³
- Debt to equity ratio reduced to 0.30x⁴
- Current ratio of 2.37x⁵
- Share of profit from Joint ventures and associates contributed to SAR 115.7m

1. QoQ is comparison between Q1 2022 vs Q4 2021 & YoY is comparison between Q1 2022 vs Q1 2021

2. Free cash flow = Cash generated from operating activities – CAPEX on PPE and Intangibles

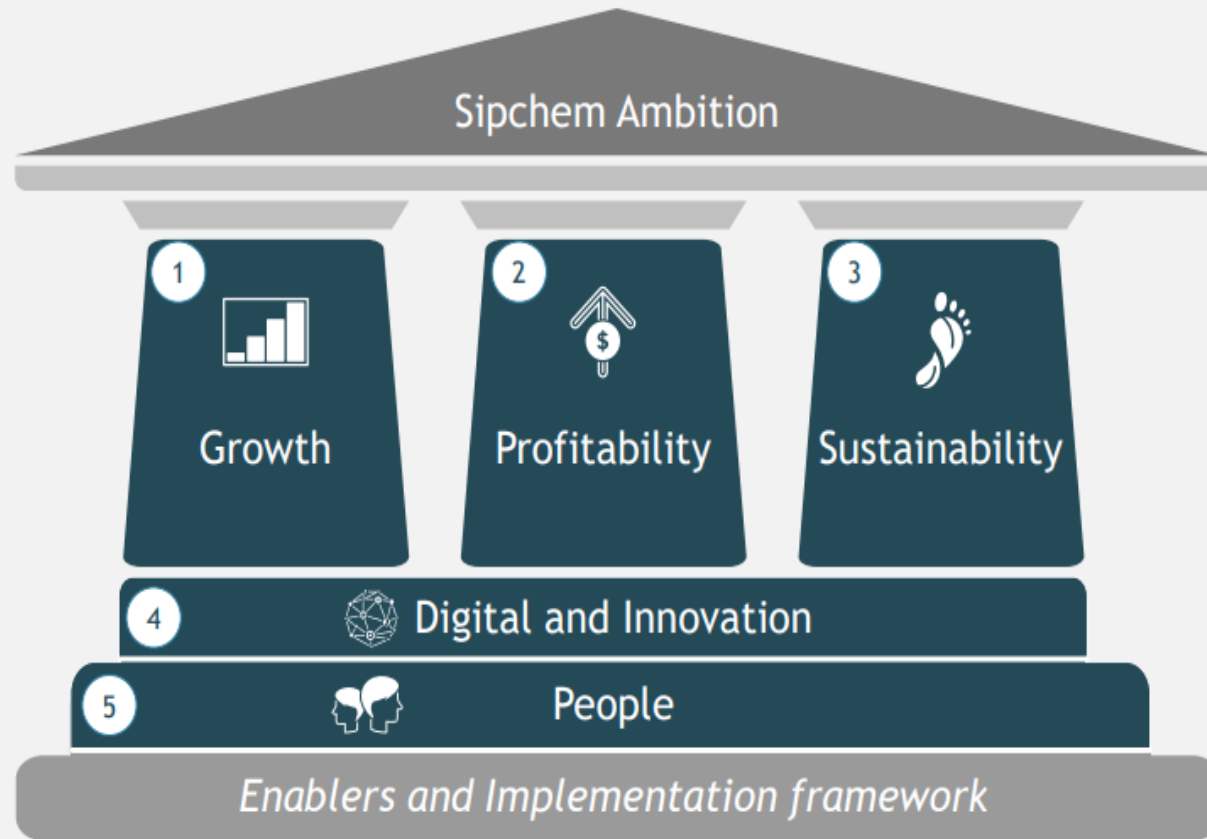
3. ROCE = Operating Profit / (Total Assets – Current liabilities)

4. Debt to equity ratio = Total Debt / Total Equity

5. Current ratio = Current Assets / Current Liabilities

Sipchem's long-term ambition

Delivering on Sipchem's aspiration through 5 pillars



- 1 Grow to be a mid-to-large petrochemical player globally
- 2 Drive top-tier return for shareholders through world class cost position and margins excellence
- 3 Create value through sustainable and responsible growth
- 4 Be an Innovation and Digital Transformation leader in the chemical industry
- 5 Be an employer of choice in KSA

Strategic priorities for 2022 to achieve the long-term ambition

- 1 Progression of **Business Development pipeline** to achieve **growth ambitions**
- 2 Finalizing the **sustainability strategy** focusing on **ESG**
- 3 Continued focus on **reliability & optimal cost structure**
- 4 Investment in **building infrastructure** and **system capabilities** to facilitate **digital transformation journey**
- 5 Continued focus on **performance driven culture**

Q&A

For Further Enquiries

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Appendix:

Financials Summary

Q1 2022 Earnings

Investor Presentation



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Condensed consolidated interim income statement

For the three-month period ended 31 March 2022

Summary of Statement of profit or loss (SAR, in Million)

	Q1 2022	Q4 2021	QoQ %	Q1 2022	Q1 2021	YoY% Change
Sales	2,409.5	3,082.5	(22%)	2,409.5	2,031.0	19%
Cost of sales	(1,026.6)	(1,305.6)	(21%)	(1,026.6)	(1,074.9)	(4%)
Gross profit	1,382.9	1,776.9	(22%)	1,382.9	956.1	45%
Selling and distribution expenses	(121.1)	(132.3)	(8%)	(121.1)	(103.1)	17%
General and administrative expenses	(113.7)	(193.0)	(41%)	(113.7)	(119.7)	(5%)
Operating profit	1,148.1	1,451.6	(21%)	1,148.1	733.3	57%
Share of profit from a joint venture and associates	115.7	265.6	(56%)	115.7	85.9	35%
Financial income	12.7	14.9	(15%)	12.7	4.4	189%
Finance cost	(60.3)	(72.1)	(16%)	(60.3)	(91.6)	(34%)
Other income and expenses, net	2.3	(4.7)	151%	2.3	(238.9)	101%
Profit before zakat and income tax	1,218.5	1,655.3	(26%)	1,218.5	493.1	147%
Zakat and income tax	(53.8)	(214.7)	(75%)	(53.8)	(42.1)	28%
Profit for the period	1,164.7	1,440.6	(19%)	1,164.7	451.0	158%
<i>Attributable to equity holders of the Company</i>	1,078.8	1,321.0	(18%)	1,078.8	411.5	162%
<i>Attributable to Non-controlling interests</i>	85.9	119.6		85.9	39.5	
<i>Earnings per share (basic and diluted)</i>	1.48	1.82	(18%)	1.48	0.57	160%

Condensed consolidated interim statement of financial position

As at 31 March 2022

Summary of Statement of Financial Position (SAR in Million)

	March 31, 2022	December 31, 2021	% Change
Property, plant and equipment	12,150.4	12,218.0	(1%)
Investments in joint ventures and associates	4,079.1	3,963.4	3%
Employees Home ownership programs	701.4	728.6	(4%)
Goodwill	630.5	630.5	-
Others	983.0	1,018.0	(3%)
Total Non-Current Assets	18,544.4	18,558.5	0%
Cash and cash equivalents	3,695.5	2,690.4	37%
Other current assets	3,060.4	3,255.4	(6%)
Total Current Assets	6,755.9	5,945.8	14%
TOTAL ASSETS	25,300.3	24,504.3	3%
Total Equity	16,804.5	15,695.6	7%
Non-current portion of long-term borrowings	4,486.9	4,721.5	(5%)
Other non-current liabilities	1,162.9	1,151.0	1%
Total Non-current liabilities	5,649.8	5,872.5	(4%)
Current portion of long-term borrowings	450.1	582.8	(23%)
Other current liabilities	2,395.9	2,353.4	2%
Total Current liabilities	2,846.0	2,936.2	(3%)
TOTAL EQUITY AND LIABILITIES	25,300.3	24,504.3	3%

Condensed consolidated interim statement of cash flows

For the three-month period ended 31 March 2022

Summary of Statement of Cash Flow (SAR in Million)

	31 March 2022 [Unaudited]	31 March 2021 [Unaudited]	YoY % Change
Profit before zakat and income tax for the period	1,218.6	493.1	147%
Depreciation, amortization and impairment losses	214.1	476.4	(55%)
Changes to working capital and others	222.0	(235.1)	194%
Net cash generated from operating activities	1,654.7	734.4	125%
Additions to property, plant and equipment	(116.1)	(112.0)	4%
Others Investing activities	(24.8)	29.4	184%
Net cash used in investing activities	(140.9)	(82.6)	71%
Changes in long term loans	(374.5)	(262.1)	43%
Non-controlling interest, dividends, interest and others	(134.6)	(151.8)	(11%)
Net cash from financing activities	(509.1)	(413.9)	23%
Changes in cash & cash equivalents	1,004.7	237.9	322%
Cash & cash equivalents at 1 January	2,690.4	2,496.9	
Exchange rate Changes Impact	0.4	(0.6)	
Cash & cash equivalents at 31 March	3,695.5	2,734.2	



Thank you

Q1 2022 Earnings