



# Q3 2022 FINANCIAL RESULTS

Sipchem Earnings Call on Q3 2022 Results

**Date:** Monday 24<sup>th</sup> of October 2022

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# Third Quarter Earnings Highlights

Sipchem remains resilient despite volatility & uncertainty in the market

Q3 2022 PERFORMANCE (in SAR billion)

2.9

1.1

0.8

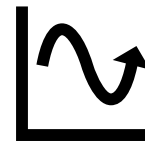
Revenue

EBITDA

Net Income



STRONG FINANCIAL PERFORMANCE SUPPORTED BY RELIABLE OPERATIONS & RESILIENT MARKETING



VOLATILITY & UNCERTAINTY IN THE MARKET AMID INCREASING INFLATION AND GEOPOLITICAL SITUATION



CONTINUED FOCUS OF THE MANAGEMENT ON STRATEGIC PRIORTITIES



STRENGTHENING BALANCE SHEET BY PRE-SETTLING LOANS & ATTAINING OPTIMAL CAPITAL STRUCTURE

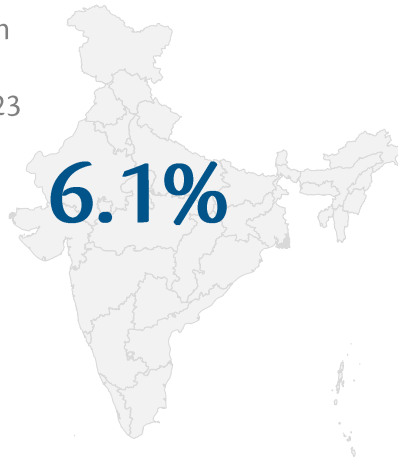
# Market Outlook

## Inflation & uncertainty

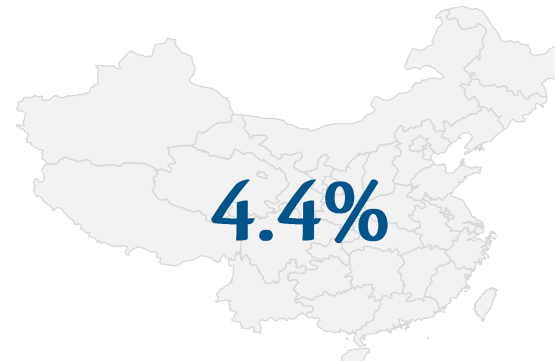
- In 2023, the global output is expected to grow by 2.7%
- Countries expected to continue with the tight monetary policy to counter inflation
- Strong labor market to support consumer spending which accounts for 60% of the GDP
- High food and energy prices to put pressure on demand of other consumers goods and construction sector

### India

IMF expects Indian output growth to grow by 6.1% in 2023

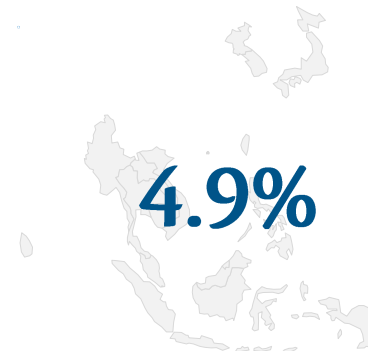


### China



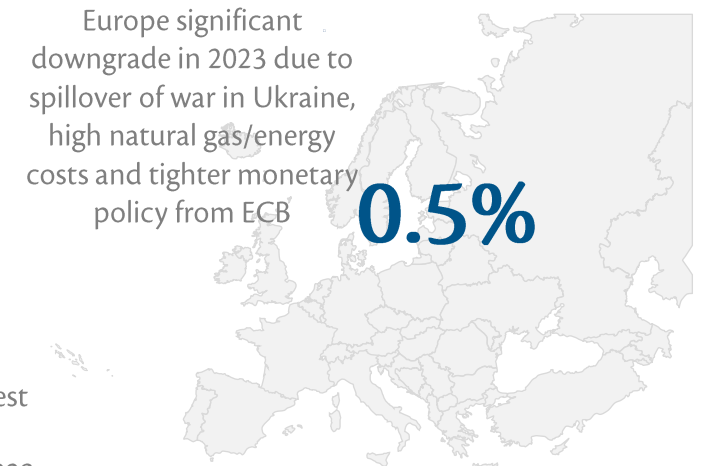
China lockdowns and real estate crisis are the critical factors weighing in on output growth of 2023

### South-East Asia



The IMF expects the five largest developing economies to collectively grow by 4.9% in 2023

### Europe



Europe significant downgrade in 2023 due to spillover of war in Ukraine, high natural gas/energy costs and tighter monetary policy from ECB

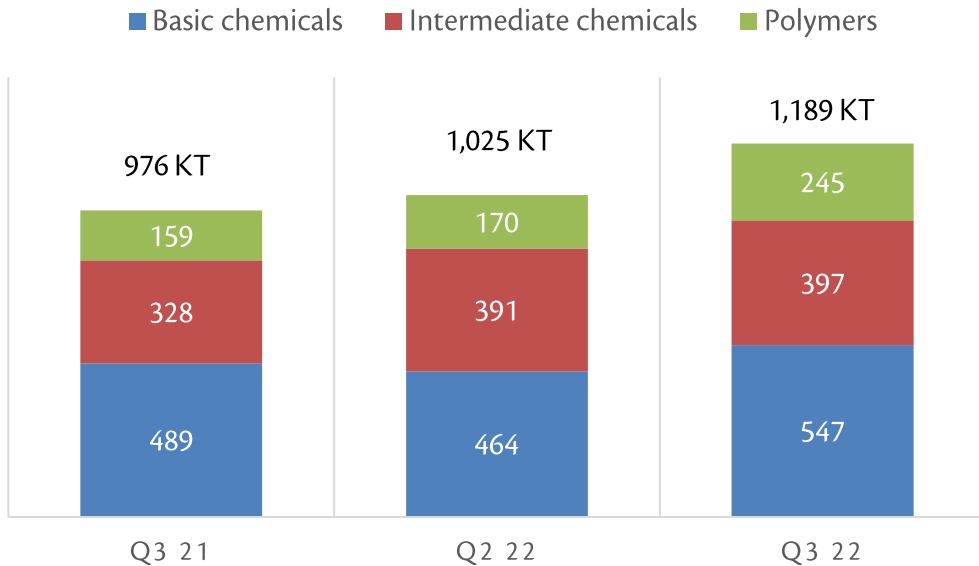
# Marketing Highlights

Substantial improvement in the sales volumes due to improved reliability

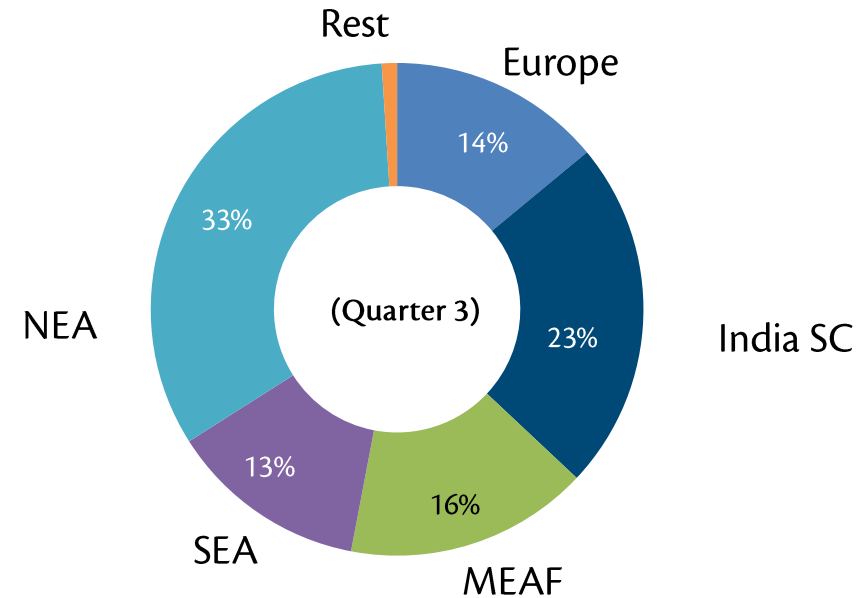
## Key drivers of sales

- 16% higher sales volumes QoQ driven by basic chemicals and polymers
- 22% higher sales volumes YoY driven by all the segments
- Maintaining strategic customer relationships in Europe and Asia

### ▶▶ Segment wise sales volumes:

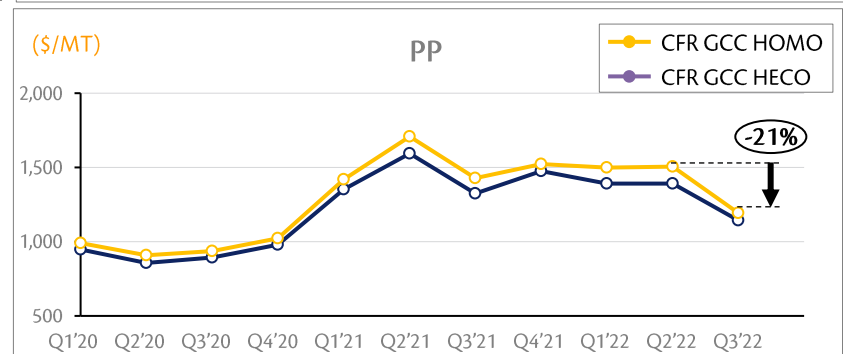
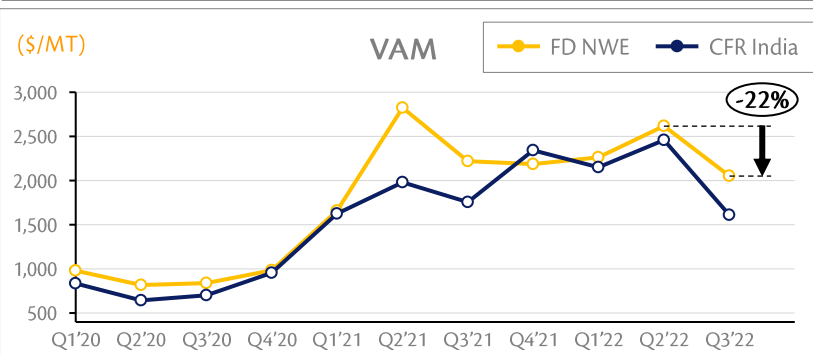
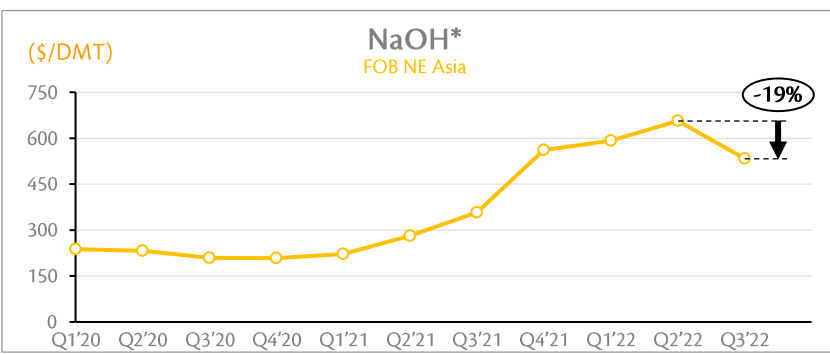
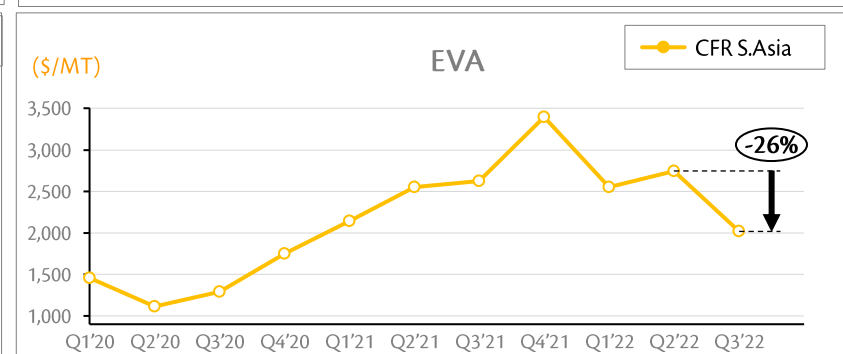
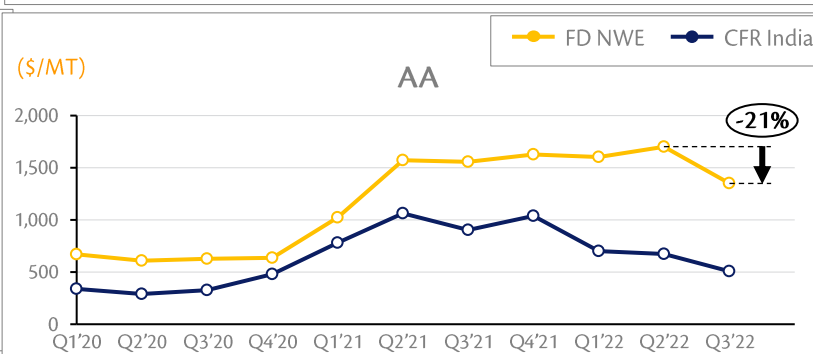
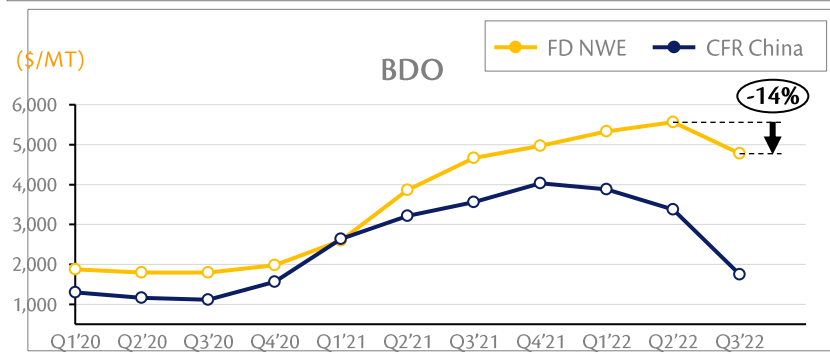
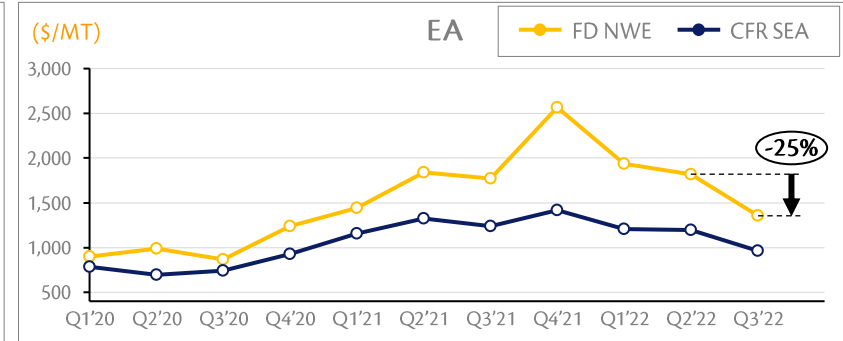
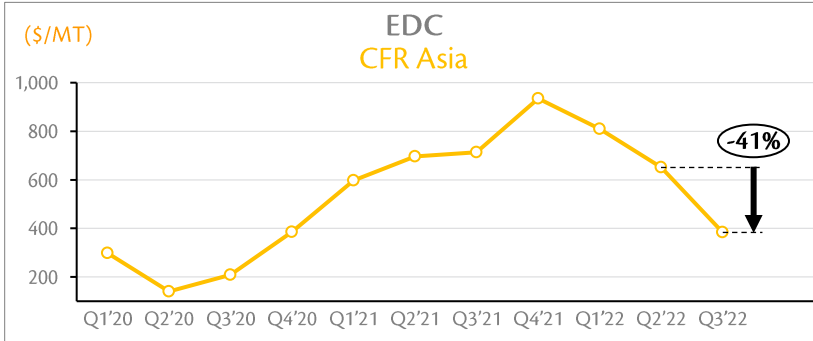
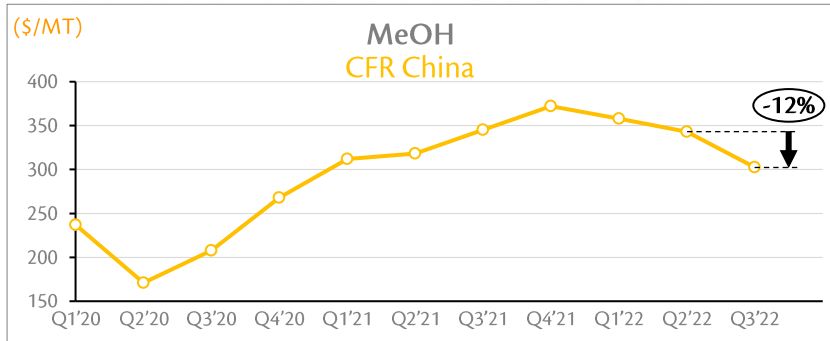


### ▶▶ Geographical mix of sales volumes [Quarter 3]



# Market Trends

Sipchem Products (Prices from ICIS & IHS Publication)



# Financial Highlights

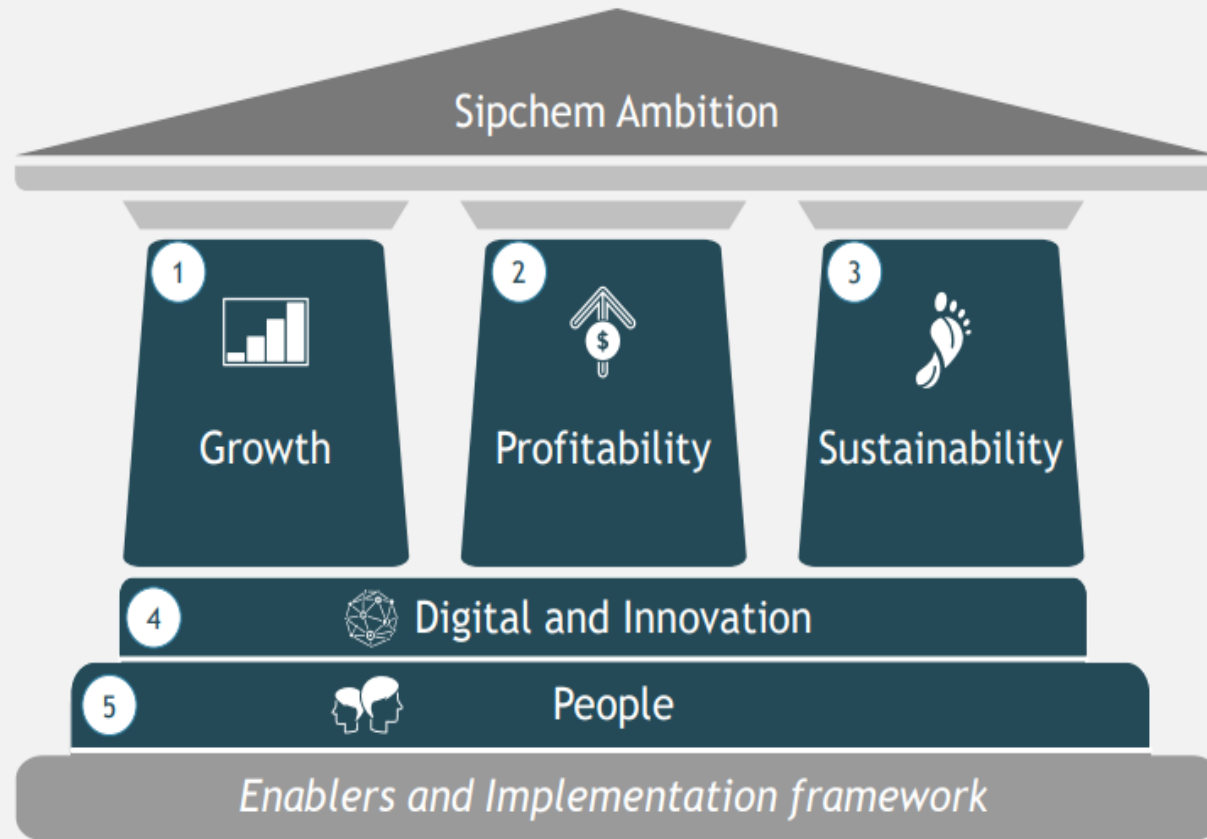
Healthy margins, strong cash flow and strengthening balance sheet despite volatile market

	Q3 2022	9m 2022		QoQ <sup>1</sup>		YoY(3) <sup>2</sup>		YoY(9) <sup>3</sup>
Revenue	2,938.8 mSAR	8,541.3 mSAR	↓	-8%	↑	+17%	↑	+24%
EBITDA	1,168.0 mSAR	4,116.3 mSAR	↓	-26%	↓	-15%	↑	+11%
Net Income	774.4 mSAR	3,116.3 mSAR	↓	-39%	↓	-25%	↑	+37%
Free cash flow	1,445.4 mSAR	3,686.1 mSAR	↑	+103%	↑	+36%	↑	+31%
Earnings per share	1.07 SAR/share	4.30 SAR/share	↓	-39%	↓	-25%	↑	+37%

- EBITDA margin of 39.7% for Q3 2022 [Q2 2022: 49.7%, Q3 2021: 55.0%]
- Return on capital employed of 22% [Annualized]
- Debt to equity ratio reduced to 0.24x
- Current ratio of 2.57x
- Strong cash position of SAR 3,347.8m
- Retained earnings of SAR 3,859.4m

# 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



## Growth

Short to medium term drivers



De-bottleneck of existing assets



Shareek Program

# Sustainability

Focus areas to adopt best practices that meets the world challenges

## Environment



Reducing  
emission  
footprint  
(Scope 1&2)



Circular  
Economy:  
Sustainable  
Inputs



Circular  
Economy:  
Sustainable Sales  
& Products

*Including water & waste  
management*

## Social



Health  
& Safety



Diversity  
& equality



Responsible  
procurement

# Profitability

Focused approach with tangible initiatives delivering medium to long-term value



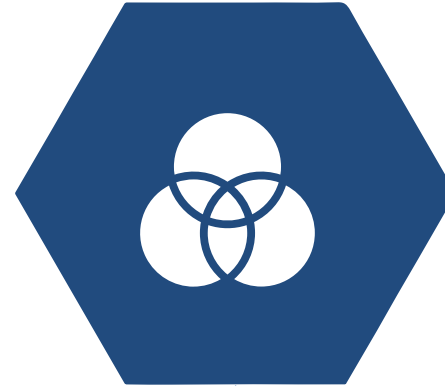
Optimization of fixed  
cash cost



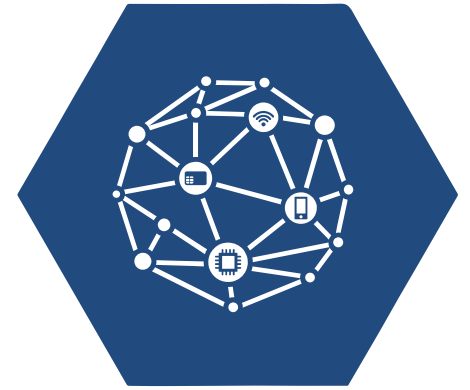
Operational excellence  
and plant reliability



Reduction in finance cost  
through debt optimization



Internal balancing of  
feedstock



Unlocking value through  
digital transformation

## Key Takeaways

Focused approach towards creating long-term value for shareholders



1

Diversified portfolio & product mix demonstrating resilience in a volatile market

2

Reliable operations & agile marketing

3

Focused approach geared towards sustainable and profitable growth

4

Strengthening balance sheet with optimal capital structure

# Q&A

# For Further Enquiries

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Thank you  
Q3 2022 Earnings

Appendix:

# Financials Summary

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Q3 2022 Earnings

Investor Presentation





# Condensed consolidated interim income statement

For the three-month period ended 30 September 2022

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

	Q3 2022	Q2 2022	QoQ %	Q3 2022	Q3 2021	YoY% Change
Sales	2,938.8	3,193.0	(8%)	2,938.8	2,505.6	17%
Cost of sales	(1,730.2)	(1,513.7)	14%	(1,730.2)	(1,136.3)	52%
<b>Gross profit</b>	<b>1,208.6</b>	<b>1,679.3</b>	<b>(28%)</b>	<b>1,208.6</b>	<b>1,369.3</b>	<b>(12%)</b>
Selling and distribution expenses	(165.3)	(182.0)	(9%)	(165.3)	(98.1)	69%
General and administrative expenses	(134.6)	(127.8)	5%	(134.6)	(131.7)	2%
<b>Operating profit</b>	<b>908.7</b>	<b>1,369.5</b>	<b>(34%)</b>	<b>908.7</b>	<b>1,139.5</b>	<b>(20%)</b>
Share of profit from a joint venture and associates	61.6	148.7	(59%)	61.6	97.3	(37%)
Financial income	19.4	4.5	331%	19.4	5.8	234%
Finance cost	(63.5)	(63.6)	0%	(63.5)	(67.2)	(6%)
Other income and expenses, net	(3.9)	0.1	>1000%	(3.9)	(3.1)	26%
<b>Profit before zakat and income tax</b>	<b>922.3</b>	<b>1,459.2</b>	<b>(37%)</b>	<b>922.3</b>	<b>1,172.3</b>	<b>(21%)</b>
Zakat and income tax	(63.3)	(76.7)	(17%)	(63.3)	(53.0)	19%
<b>Profit for the period</b>	<b>859.0</b>	<b>1,382.5</b>	<b>(38%)</b>	<b>859.0</b>	<b>1,119.3</b>	<b>(23%)</b>
<i>Attributable to equity holders of the Company</i>	774.4	1,263.1	(39%)	774.4	1,029.5	(25%)
<i>Attributable to Non-controlling interests</i>	84.6	119.4		84.6	89.8	
<i>Earnings per share (basic and diluted)</i>	<b>1.07</b>	<b>1.74</b>	(39%)	<b>1.07</b>	<b>1.42</b>	<b>(25%)</b>

# Condensed consolidated interim statement of financial position

As at 30 September 2022

## Summary of Statement of Financial Position (SAR in Million)

	September 30, 2022	December 31, 2021	% Change
Property, plant and equipment	12,066.8	12,218.0	(1%)
Investments in joint ventures and associates	4,086.0	3,963.4	3%
Employees Home ownership programs	654.3	728.6	(10%)
Goodwill	630.5	630.5	-
Others	929.3	1,018.0	(9%)
<b>Total Non-Current Assets</b>	<b>18,366.9</b>	<b>18,558.5</b>	<b>(1%)</b>
Cash and cash equivalents	3,347.8	2,690.4	24%
Other current assets	3,687.7	3,255.4	13%
<b>Total Current Assets</b>	<b>7,035.5</b>	<b>5,945.8</b>	<b>18%</b>
<b>TOTAL ASSETS</b>	<b>25,402.4</b>	<b>24,504.3</b>	<b>4%</b>
<b>Total Equity</b>	<b>17,474.4</b>	<b>15,695.6</b>	<b>11%</b>
Non-current portion of long-term borrowings	4,001.0	4,721.5	(15%)
Other non-current liabilities	1,185.7	1,151.0	3%
<b>Total Non-current liabilities</b>	<b>5,186.7</b>	<b>5,872.5</b>	<b>(12%)</b>
Current portion of long-term borrowings	267.0	582.8	(54%)
Other current liabilities	2,474.3	2,353.4	5%
<b>Total Current liabilities</b>	<b>2,741.3</b>	<b>2,936.2</b>	<b>(7%)</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>25,402.4</b>	<b>24,504.3</b>	<b>4%</b>

## Condensed consolidated interim statement of cash flows

For the nine-month period ended 30 September 2022

### Summary of Statement of Cash Flow (SAR in Million)

	30 September 2022 [Unaudited]	30 September 2021 [Unaudited]	YoY % Change
Profit before zakat and income tax for the period	3,600.1	2,752.5	31%
Depreciation, amortization and impairment losses	689.9	687.7	-
Changes to working capital and others	(120.4)	(207.6)	(42%)
<b>Net cash generated from operating activities</b>	<b>4,169.6</b>	<b>3,232.6</b>	<b>29%</b>
Additions to property, plant and equipment and intangibles	(483.5)	(382.5)	26%
Others Investing activities	(206.1)	(94.2)	119%
<b>Net cash used in investing activities</b>	<b>(689.6)</b>	<b>(476.7)</b>	<b>45%</b>
Changes in long term loans	(1,125.4)	(1,188.9)	(5%)
Non-controlling interest, dividends, interest and others	(1,694.4)	(755.4)	124%
<b>Net cash from financing activities</b>	<b>(2,819.8)</b>	<b>(1,944.3)</b>	<b>45%</b>
<b>Changes in cash &amp; cash equivalents</b>	<b>660.2</b>	<b>811.6</b>	<b>(19%)</b>
Cash & cash equivalents at 1 January	2,690.4	2,496.9	
Exchange rate Changes Impact	(2.8)	-	
<b>Cash &amp; cash equivalents at 30 September</b>	<b>3,347.8</b>	<b>3,308.5</b>	