

Q3 2018 EARNINGS CALL

1 November 2018 | Q3 Financial Results





Disclaimer and important information in relation to this presentation

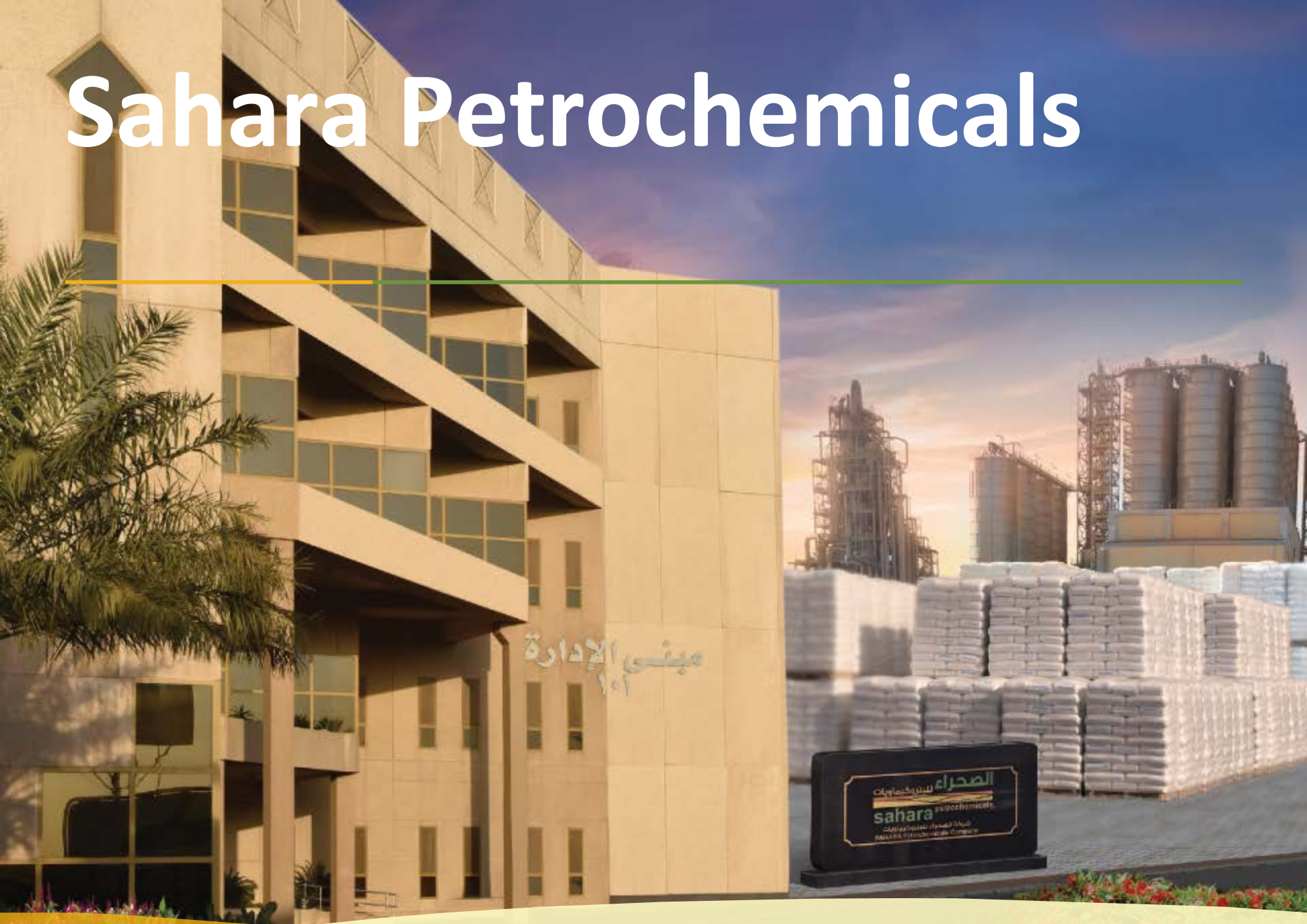
This presentation has been prepared solely for use at the investor presentation concerning the financial results of Sahara Petrochemicals Company (Sahara). By attending the investor presentation, or by reading the presentation slides, you agree to be bound by the following limitations.

This presentation has been prepared by Sahara solely for use by you at the investor presentation, held in connection with Sahara's financial results. The information contained in this presentation does not purport to be comprehensive and has not been independently verified. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. The information set out in this presentation may be subject to updating, revision, verification and amendment and such information may change materially. Sahara is under no obligation to update or keep current the information contained in this presentation and any opinions expressed in it is subject to change without notice. None of Sahara or any of its affiliates, advisers or representatives: (i) makes any representation or warranty, express or implied, as to the truth, fairness, accuracy or completeness of the information in this presentation (or whether any information has been omitted from this presentation); or (ii) shall have any liability whatsoever (in negligence or otherwise) for any loss whatsoever arising from any use of this presentation or its contents, or otherwise arising in connection with this presentation.

The information in this presentation is given in confidence and may not be reproduced or redistributed to any other persons. This presentation does not constitute or form part of any offer to sell or issue or invitation to purchase or subscribe for, or any solicitation of any offer to purchase or subscribe for, any securities of Sahara or any of its subsidiaries or affiliates, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision. The information and opinions contained in this presentation are provided as at the date of the presentation and are subject to change.

Certain statements in this presentation constitute "forward-looking statements". These statements include records of intentions, beliefs or expectations with respect to, amongst other things, operations, financial conditions, liquidity, prospects, growth, strategies and the dividend policy of Sahara, its subsidiaries, affiliates and the industries in which they operate. These statements, which contain the words "anticipate", "believe", "intend", "estimate", "expect" and words of similar meaning, reflect Sahara's beliefs and expectations and are subject to risks and uncertainties that may cause actual results to differ materially. These risks and uncertainties include, amongst other factors, commodity price volatility and risks relating to technology, shared utilities, competition and price, financing, litigation, general operations, environment, feedstock supply and price, project interface and foreign exchange, as well as different market conditions and the prospects for growth anticipated by the management of Sahara. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this presentation. As a result, you are cautioned not to place undue reliance on such forward-looking statements. Sahara disclaims any obligation to update its view of such risks and uncertainties or to publicly announce the result of any revisions to the forward-looking statements made in this presentation, except where it would be required to do so under applicable law.

Sahara Petrochemicals



Company Profile



Sahara Petrochemical Company is one of the Saudi companies listed on the Saudi stock market “Tadawul”.

Sahara Petrochemical Company was incorporated on 19.05.1425 Hijri (corresponding to 7/7/2004 AD) under the commercial registration number (1010199710), with a capital which currently stands at, 4.388 Billion Saudi Riyals.

The headquarters of the company is located in Riyadh city. It operates as a holding company focused on its core activity in the petrochemical sector in Saudi Arabia, and is committed to the implementation of its activities to the highest quality standards in production with its commitment to safeguarding the environment and the safety of its employees and the community in general, and contributes to many joint projects with local and international partners in the following areas:

- Provide valuable investment opportunities for the Saudi private sector in the fields of petrochemicals manufacturing and petrochemical industry.
- Secure contemporary, modern and skilled workers trained for manufacturing highly competitive features to match export requirements.
- Provide jobs which are promising for its employees with a focus on the application of the Saudization program in all sections of the company.

Vision and Mission



Vision and Mission

VISION

To be a preferred manufacturer and marketer of chemical products and build effective strategic alliances.

MISSION

To manufacture and market quality chemical products that are in compliance with applicable local and international regulations.

To achieve sustainability that meets customers' and shareholders' expectations through an efficient, motivated and productive organization.



Q3 2018 Results



Highlights



Strong 9M Performance

“Our dedication to improving quality and delivering outstanding performance has helped us to position ourselves in a highly competitive market.”

Eng. Saleh bin Mohammed Bahamdan
Chief Executive Officer – Vice Chairman

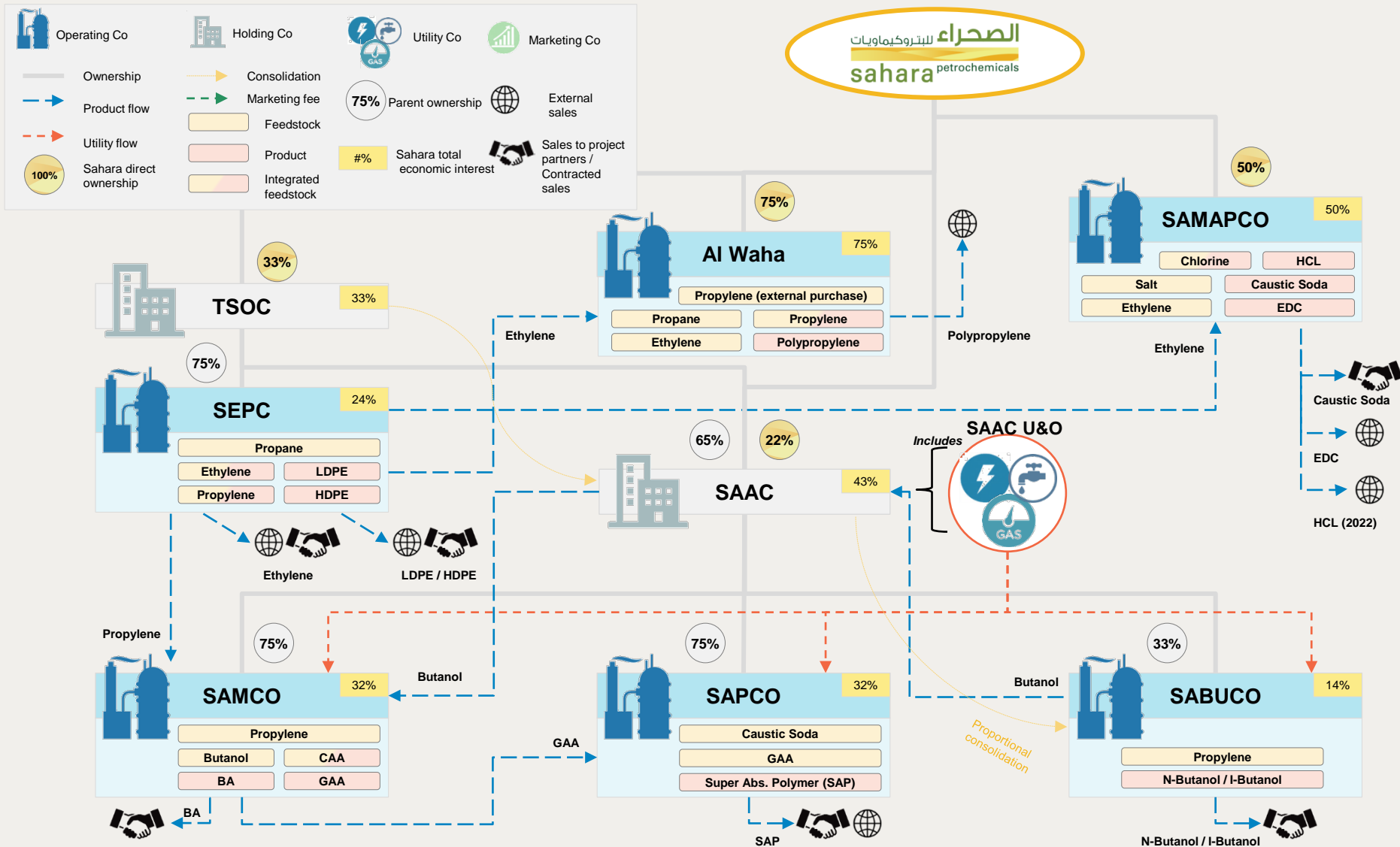
OPERATIONAL PERFORMANCE	PRODUCTION VOLUME			SALES VOLUME			
		9M 2017	9M 2018	% CHANGE	9M 2017	9M 2018	% CHANGE
	Polymers	2,248 KMT	2,340 KMT	+4.1%	1,330 KMT	1,413 KMT	+6.3%
	Chemicals	924 KMT	931 KMT	+0.7%	795 KMT	831 KMT	+4.6%
Al Waha	316 KMT	374 KMT	+18.4%	312 KMT	392 KMT	+25.6%	

FINANCIAL PERFORMANCE		Q3 2017	Q3 2018	% CHANGE		9M 2017	9M 2018	% CHANGE
	EBITDA	SAR 193 MM	SAR 177 MM	-7.9%		SAR 399 MM	SAR 572 MM	+43.5%
	Net Income	SAR 165 MM	SAR 169 MM	+2.0%		SAR 350 MM	SAR 530 MM	+51.5%
	Dividends	In staying consistent with our dividend policy, in Q3 2018, interim dividend of SAR 0.5 per share was paid to shareholders				Cash	Strong cash positive position with SAR 514 MM in cash as of Q3 2018 with an additional SAR 625 mm in Murabaha Deposit	

Operational Performance



Structure Overview



Successful 2017 TAM Resulted In Above Capacity Utilization in 2018

Production (in KMT)

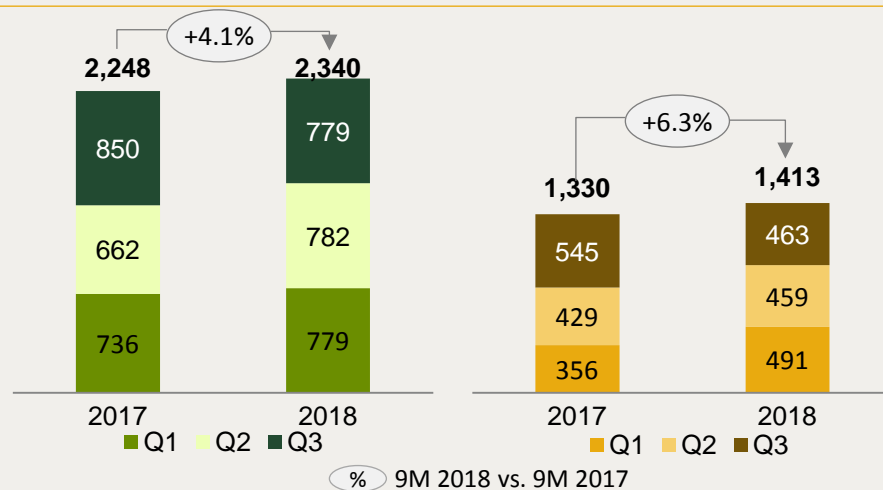
Sales (in KMT)

Polymers

- After successful TAM in H1 2017, plants in Al Waha operated above capacity utilization in 2018 except for 17 days of shut down in Q3
- Ethylene cracker and polyolefins plants in SEPC operated above capacity utilization in 2018

Products

Ethylene/Propylene	Polyethylene (HD & LD)
Polypropylene	Super Absorbent Polymer

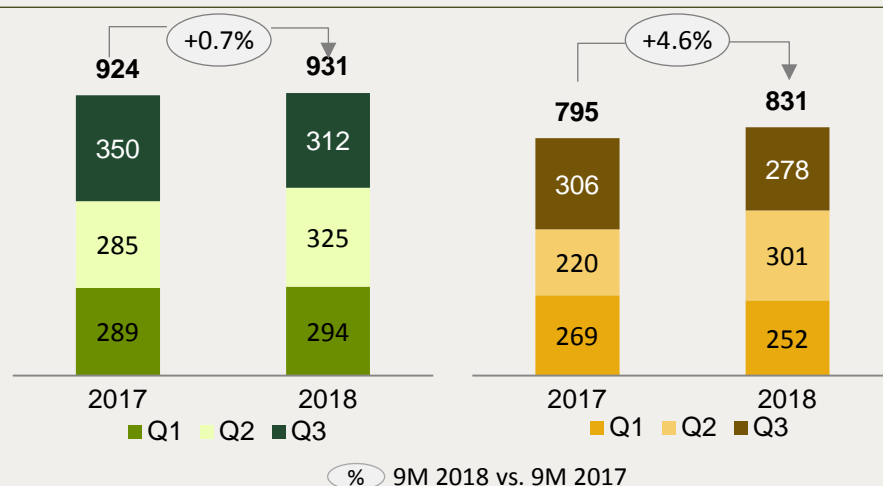


Chemicals

- After successful TAM in H1 2017, plants in SAMAPCO operated above capacity utilization in 2018
- Acrylates complex maintained its operational performance for first three quarters of 2018 and approximately achieved year to date budgets

Products

Caustic Soda	Butyl Acrylate
Ethylene Dichloride	Glacial Acrylic Acid
Crude Acrylic Acid	N-Butanol/I-Butanol



Al Waha Performance



“Sahara Petrochemical Company declares that its subsidiary Al Waha petrochemicals Company was affected today, Sunday September 12, 2018 , by a technical fault caused due to power outages from source which led to the interruption of production processes in all operating units. The management of the company evaluated the status of the plant and decided to perform some maintenance operations to raise efficiency in addition to providing some of the regular maintenance work of the plant before re-operation, where the repairing process is expected to end in a period not exceeding 17 Days starting today's date Insha'Allah, which means missed opportunity for the profitability of nearly SR Twenty-three million two hundred and fifty thousand based on polypropylene prices currently prevailing in the third quarter which will affect the expected profits in the third quarter of this year. During the shutdown period the company clients will be supplied from the standby reserves available in its warehouse. There will be an update in case of any developments in this regard.”

Financial Performance

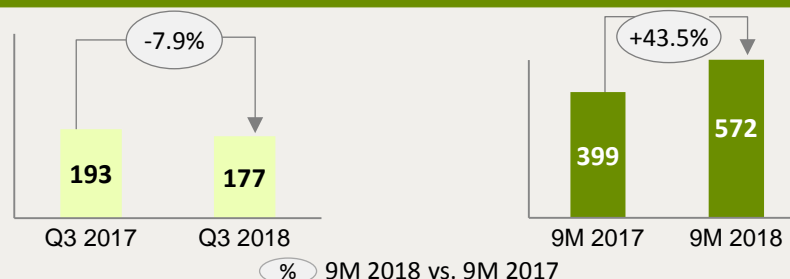


Strong 9M Financial Performance

Profitability & Performance

- **Increase in EBITDA of 43.5%** in 9M 2018 versus 9M 2017 is due to increased production and sales volume as well as improvement in prices
- Despite the increase in feedstock prices and lower gross margin, Sahara achieved a solid 9M 2018 performance

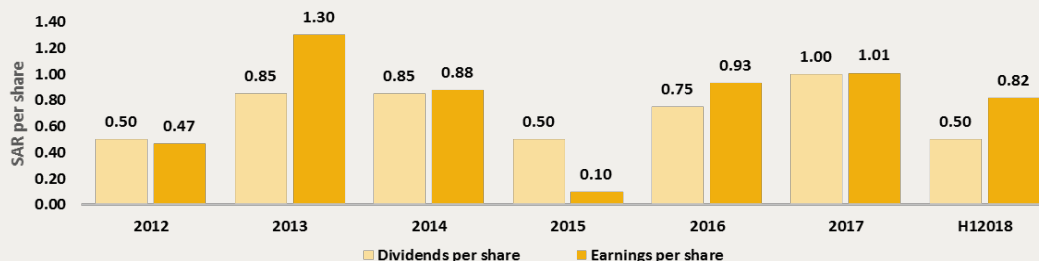
EBITDA (SAR MM)



Capital Employed

- In 2016 and 2017 and Q3 2018, houses under the Sahara House Ownership Program (SHOP) were constructed which contributed to increased capital expenditure
- In staying consistent with our dividend policy of paying majority of earnings per share to shareholders in the form of dividends, interim dividend of SAR 0.5 per share was paid in Q3

SAR MM	2016 (IFRS)	2017 (IFRS)	2018 Q1 (IFRS)	2018 Q2 (IFRS)	2018 Q3 (IFRS)
Capital Expenditure	186.5	88.7	2.4	1.1	15.6
ROCE (%) (Q1-Q3 '18 annualized)	8.2%	8.4%	10.0%	17.1%	12.5%



Liquidity & Stability

- Sahara has maintained a **healthy liquidity position** with current and quick ratios above the industry average of 2.3x

SAR MM	2016 (IFRS)	2017 (IFRS)	2018 Q1 (IFRS)	2018 Q2 (IFRS)	2018 Q3 (IFRS)
Current Ratio (x)	9.1	12.2	9.6	7.1	6.8
Quick Ratio (x)	9.1	12.2	9.6	7.1	6.8
Cash Balance	1,728.1	513.9	374.1	395.9	763.6
Cash from Operations	27.6	(37.9)	42.4	5.1	17.9

Income Statement

SAR MM	Q3 2018	Q3 2017	Var.	% Change		9M 2018	9M 2017	Var.	% Change	
Share of Profits from Joint Ventures and Associates	164.5	202.3	(37.8)	-19%	↓	536.2	405.8	130.5	32%	↑
Others	10.5	(13.3)	23.8			28.1	(15.9)	44.0		
Operating Profit before Interest and Zakat	175.0	188.9	(13.9)	-7%	↓	564.4	389.9	174.5	45%	↑
Financing Cost	(0.5)	(3.8)	3.3			(3.3)	(5.8)	2.5		
Profit before Zakat	174.5	185.2	(10.7)	-6%	↓	561.1	384.0	177.0	46%	↑
Zakat Charge	(6.0)	(20.0)	14.0			(31.1)	(34.4)	3.2		
Net Profit	168.5	165.2	3.3	2%	↑	529.9	349.7	180.2	52%	↑
<i>Average Number of Shares in Issue (MM)</i>	438.8	438.8	-	-		438.8	438.8	-		
<i>EPS (Net Profit)</i>	0.38	0.38	0.01	2%	↑	1.21	0.80	0.41	52%	↑
<i>EPS (Operating Income)</i>	0.40	0.43	(0.03)	-7%	↓	1.29	0.89	0.40	45%	↑

Balance Sheet

SAR MM	30-Sep-18	31-Dec-17	Var.	% Change
Cash and Cash Equivalents	763.6	513.9	249.7	49%
Other Current Assets	200.4	834.3	(633.9)	(76%)
Current Assets	964.0	1,348.2	(384.2)	(28%)
Property and Equipment	138.4	126.6	11.9	9%
Other Assets	4,654.5	4,388.6	266.0	6%
Total Assets	5,757.0	5,863.4	(106.4)	(2%)
Current Liabilities	142.7	110.3	32.4	29%
Non-Current Liabilities	385.7	394.3	(8.5)	(2%)
Shareholders Equity	5,228.5	5,358.8	(130.3)	(2%)
Total Liabilities & Shareholders Equity	5,757.0	5,863.4	(106.4)	(2%)
<i>Current Ratio</i>	<i>6.8</i>	<i>12.2</i>	<i>(5.5)</i>	<i>(45%)</i>
<i>Quick Ratio</i>	<i>6.8</i>	<i>12.2</i>	<i>(5.5)</i>	<i>(45%)</i>
<i>RoCE (%)</i>	<i>13.4%</i>	<i>8.4%</i>	<i>5.0%</i>	

Cash Flow Statement

SAR MM	30-Sep-18	30-Sep-17	Var.	% Change
Net Income	561.1	384.0	177.0	46%
Depreciation & Amortization	7.3	8.6	(1.3)	(15%)
Share in profit from joint ventures and associates	(536.2)	(405.8)	(130.5)	32%
Reversal of impairment of investments in joint venture and associates	(213.5)	-		
Impairment of investments in joint venture and associates	190.2	-		
Working Capital / Other	14.2	(9.7)		
Net cash provided by/(used in) operating activities	23.0	(22.7)	45.7	(201%)
Murabaha deposits	625.0	100.0	525.0	525%
Purchase of PP&E	(19.1)	(83.9)	64.8	(77%)
Dividends received from joint ventures and associates	277.2	187.2		
Other Investing activities	21.2	12.7	8.5	68%
Net cash used in investing activities	904.3	216.0	688.3	319%
Repayment of long-term borrowings	(19.4)	(125.0)		
Dividends paid	(658.2)	(329.1)	(329.1)	100%
Net cash from financing activities	(677.6)	(454.1)	(223.5)	49%
Changes in Cash & Cash equivalents	249.7	(260.9)	510.5	(196%)
Cash & Cash Equivalents at 1 Jan	513.9	1,077.7	(563.8)	(52%)
Cash & Cash Equivalents at 30 June	763.6	816.8	(53.2)	(7%)

Q&A

Investor Relations Team

For further enquiries, please contact
the Investor Relations team via:

E-mail:

SHAREHOLDERS@SAHARAPCC.COM

Telephone: [+966 13 356 7788](tel:+966133567788)