



Q2 2021

FINANCIAL RESULTS

Sipchem Earnings Call on Q2 2021 Results

Date: Wednesday 4th of August 2021

Time: 03:00 pm (KSA), 12:00pm(GMT), 01:00pm(London), 08:00am (New York), 04:00pm (Dubai)

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Abdullah Al Saadoon
CEO



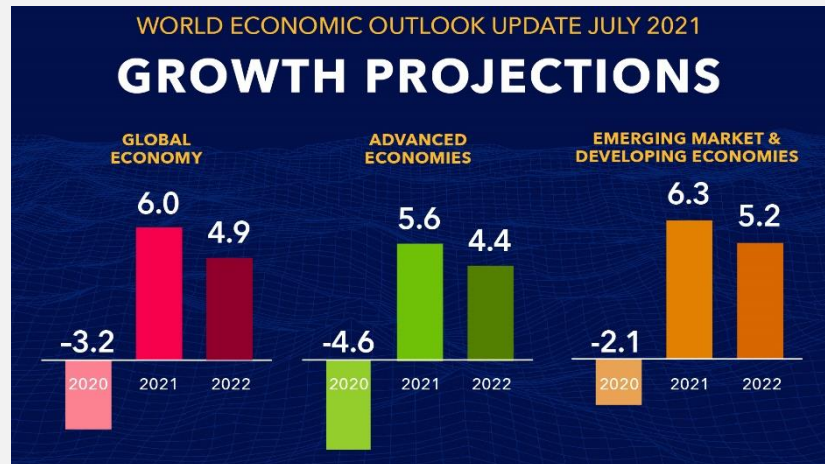
Rushdi Al Dulaijan
VP Finance



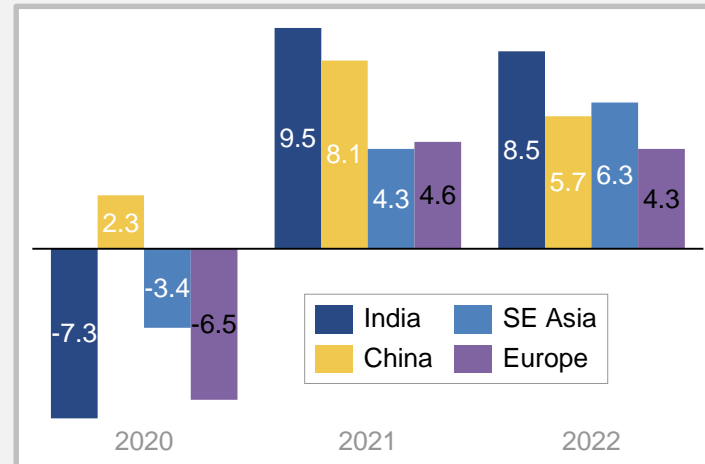
Ziyad Al Dahami
Head, Investor Relations

Economic Outlook

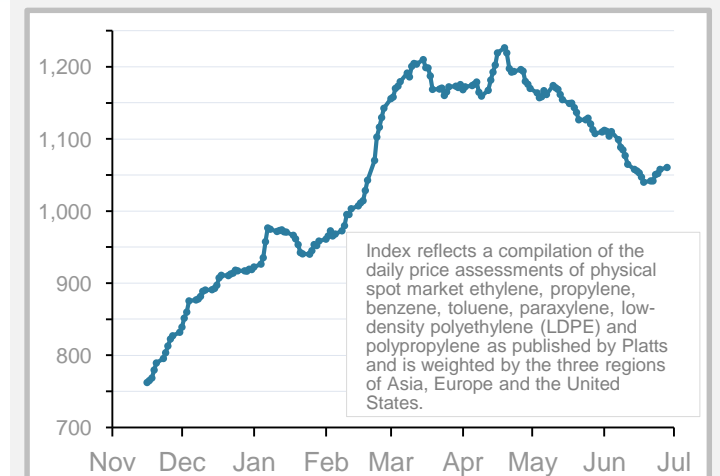
Recovery underway in several Advanced Economies amid Vaccine Access



- Global economic growth projected at 6% in 2021, moderating to 4.9% in 2022, according to IMF's July update.
- 40% of the population in Advanced Economies fully vaccinated,
- Access to vaccine from Emerging Market Economies remained low – less than half of Advanced Economies.
- Global recovery still not assured as COVID-19 virus circulating in countries with low vaccine uptake.



- India's growth slashed to 9.5%, down from April forecast of 12.5%, following severe COVID-19 wave during March to May.
- China's forecast revised down 0.3%, to 8.1% on a scaling back of public investment and overall fiscal support.
- Economic growth in SE Asia marked down to 4.3% from April projection of 4.9%
- EU hikes its growth forecasts for the euro area but warns on the COVID-19 delta variant spread



- A surge in demand from economies reopening from early Q2 led to overall strong prices.
- Index softened as reopening of economies around the world still patchy due to the delta variant spread.
- Market expected to be supported by renewed demand, tight supplies in Q3.
- However, growth forecasts may be impacted if delta variant spread continues unabated.

Continued Strong Financial Growth In Q2 Financial Highlights

	Q2 2021		QoQ	YoY
Revenue	2,362.7 mSAR	↑	+16%	+149%
EBITDA	1,371 mSAR	↑	+44%	+596%
Net Income	829.9 mSAR	↑	+102%	+928.9 mSAR ¹
Cash Flow Ops	1,321 mSAR	↑	+80%	+267%
Earnings per share	1.14 SAR/share	↑	+100%	+1.27 SAR/Share ¹

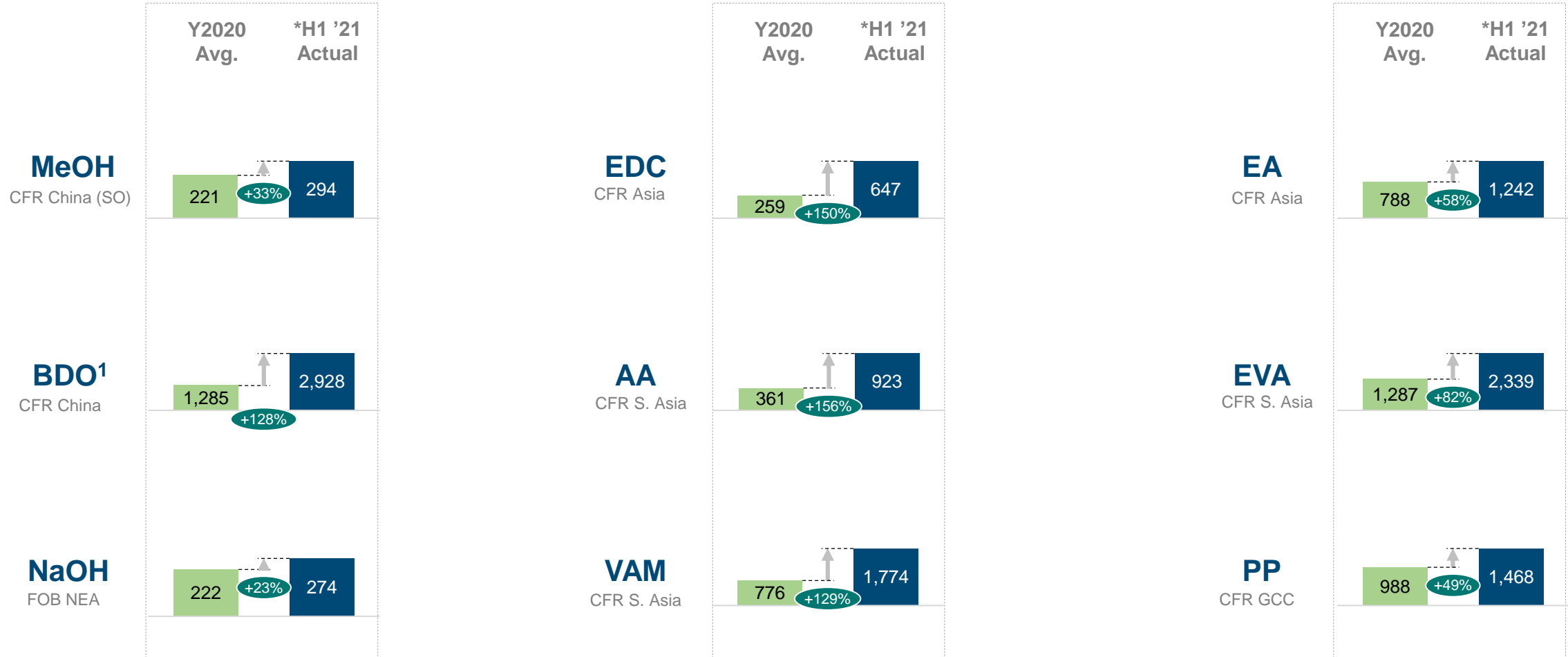
Summary of key developments in Q2

- Historically this is a record quarter in terms of EBITDA, Net Income and Earnings per share
- Reduced gearing ratio from 0.54x in December 2020 to 0.47x as of June 30th
- Distributed SAR 0.75 dividends to shareholders for H1 2021
- Significant improvement in ROCE i.e. 16.7% [Annualized based on H1 results]

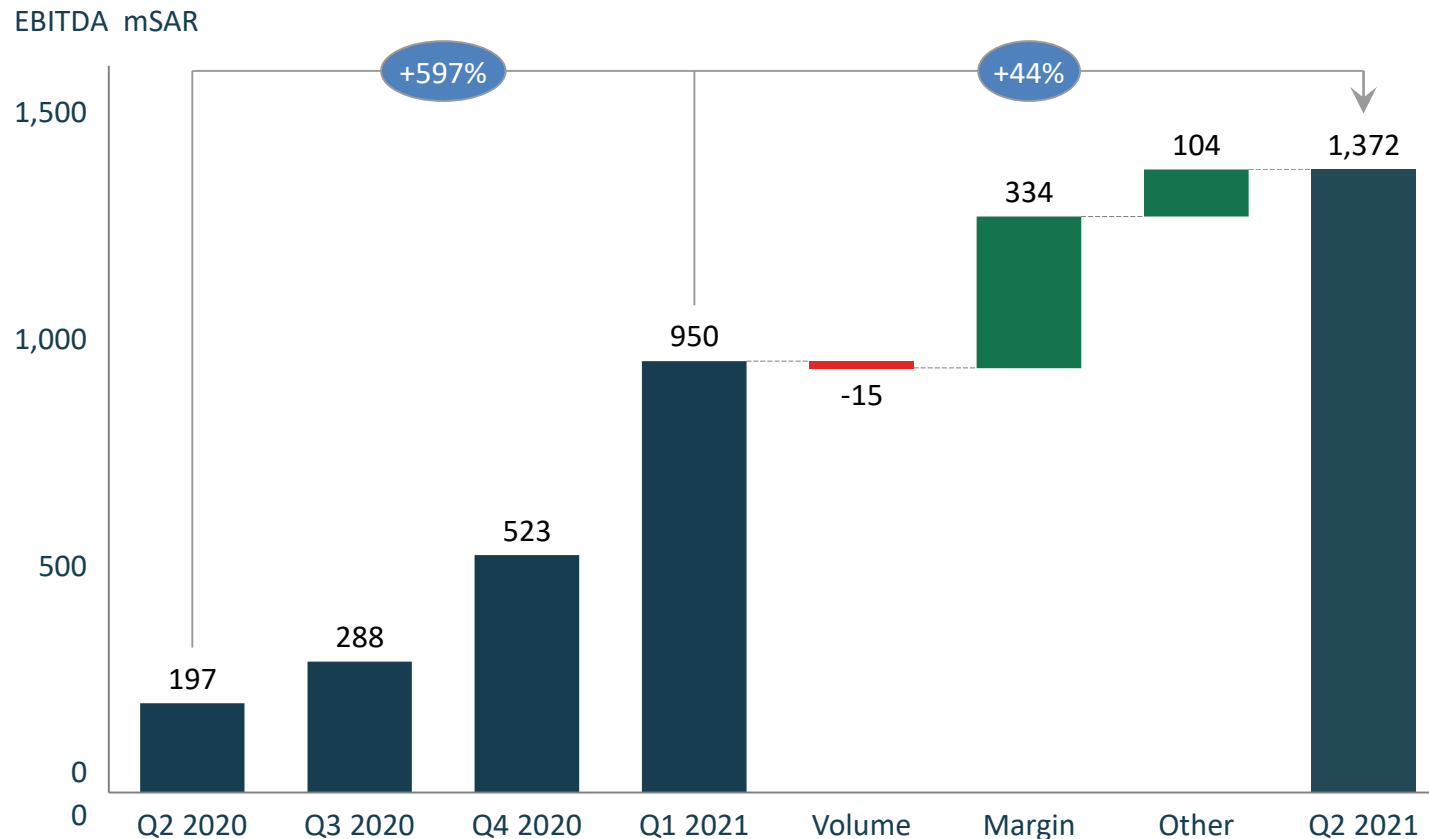
1. Quoted as absolute instead of % due to reference period figure being negative

Market Trends

Sipchem Products (Prices from ICIS/IHS)



EBITDA Bridge



Key highlights

Higher prices across all company products

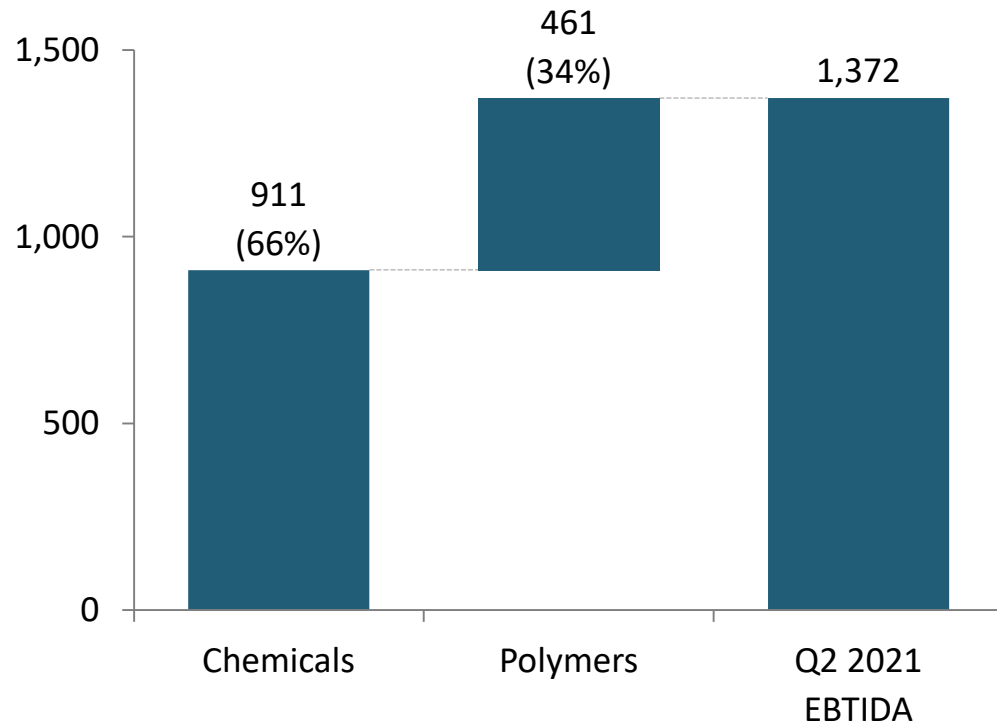
Despite higher feedstock costs, higher prices drove up margin

Slight decrease associated to lower volumes

Chemicals Segment Driving 66% of EBITDA Contribution and Growing Despite Slight Reduction In Sales Volume In Q2

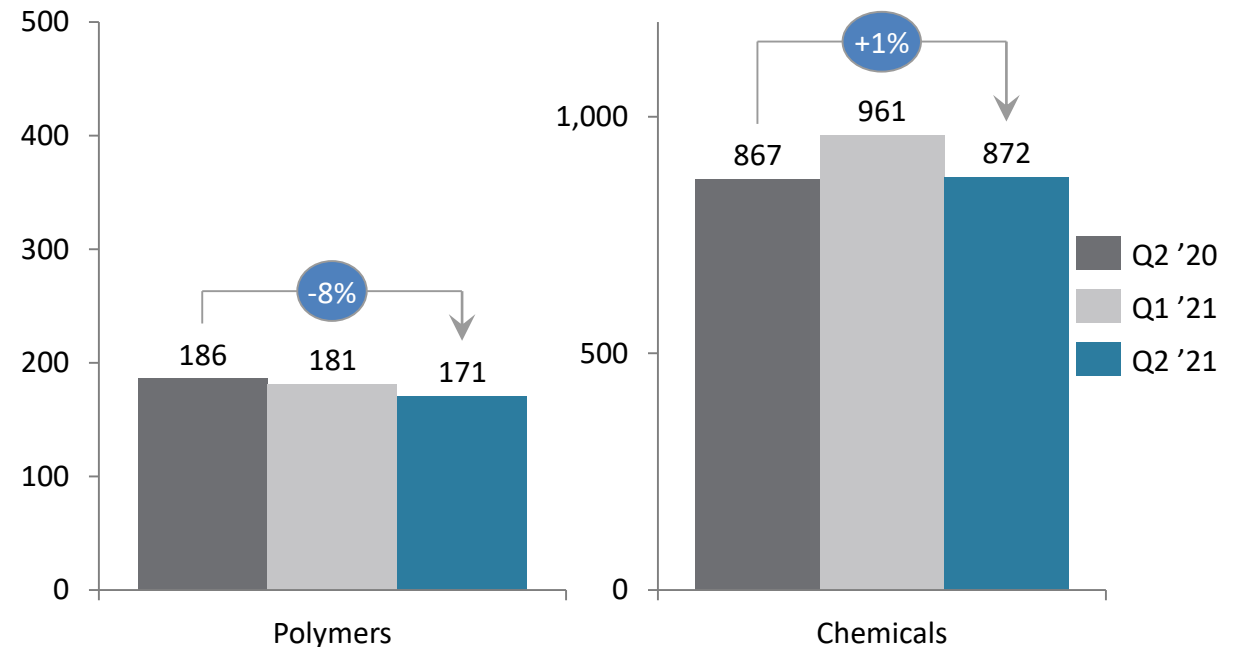
Chemicals segment driving 66% of EBITDA contribution

EBITDA mSAR



Slight decrease in sales volume across segments compensated by price increase

Sales Volume - KMT



Strong Cash Generation Continues

Effectively Deployed To Derive Returns To Shareholders and Business



Dividend Declaration

- Announced June 23rd for H1 period of 2021
- 550 mSAR distributed in July
- 0.75 SAR Dividend per share



Reduced Gearing

- Strengthening balance sheet due to Improvement in gearing ratio from 0.54x in December 2020 to 0.47x as of June 2021



Working capital management

- Initiatives to Improve overall working capital
- Balanced current ratio of 1.82x

Strong Results are Directly Linked To Discipline In Sipchem Executing Its Strategic Priorities For 2021

1

Focus **cost optimization** and **synergy delivery**

2

Discipline in executing our **portfolio strategy**

More on following pages

3

Continuous improvement in **manufacturing excellence & reliability**

4

Investment in **performance based organization and culture**

5

Initiating our **future strategy for digitalization**

Managements Bold Move To Mothball 3 Plants Drives Improved Profitability and Cash Position For Sipchem

Rationale

To avoid cash leakage and recurring losses

Improve overall profitability

Ensure optimal use of key feedstocks to max contribution margins

Maximize return on assets in Sipchem portfolio

PBT

*Mothballed Jan 1, 2021
Capacity: 63 KTA*

**EVA
Film**

*Mothballed Jan 1, 2021
Capacity: 4 KTA*

GACI

*Mothballed July 1, 2021
Capacity: 20 KTA*

Impact



Impact on H1 profits of ~ SAR 37m

Additional BDO volumes available for sale in market
[H1: 13 KT @ average netback of \$2,366/MT]



Impact on H1 profits of ~ SAR 6m



To optimize usage of feedstock resulting in additional 20 KT production of EVA per annum basis with EBITDA update due to better contribution margins in EVA



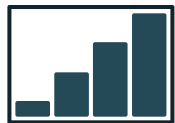
We continue our engagement with MISA on the Shareek program with good progress to date



- Sipchem is aligned to the goals of the KSA government and entities, providing opportunity for partnerships
- Projects identified and all submissions completed to the Shareek Program and relevant entities
- Sipchem leverages competitive advantages:
 - Integrated & cohesive portfolio
 - Project and operations excellence
 - Go-to-market capabilities
 - Extensive partnership network
 - Focus on innovation
- Sipchem is in continuous discussion with the authorities to complete the required process.

Summary of key takeaways

Continued strong
financial growth
quarter over quarter



Discipline in executing our
2021 priorities



Balanced approach between
dividend, debt and growth



For Further Enquiries

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Q&A

Appendix:

Financials Summary

Q2 2021 Earnings

Investor Presentation



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

	Q2 2021	Q1 2021	QoQ %	Q2 2020	YoY Variance	YoY% Change	YTD June 2021	YTD June 2020	Variance	% Change
Sales	2,362.7	2,031.0	16%	950.2	1,412.5	149%	4,393.6	2,354.3	2,039.3	87%
Cost of sales	(885.1)	(1,074.9)	-18%	(788.6)	(96.5)	12%	(1,960.0)	(1,920.3)	(39.7)	2%
Gross profit	1,477.6	956.1	55%	161.6	1,316.0	814%	2,433.6	434.0	1,999.6	461%
Selling and distribution expenses	(119.0)	(103.1)	15%	(85.9)	(33.1)	39%	(222.1)	(191.5)	(30.6)	16%
General and administrative expenses	(218.6)	(119.7)	83%	(99.2)	(119.4)	120%	(338.3)	(199.7)	(138.6)	69%
Operating profit	1,140.0	733.3	55%	(23.5)	1,163.5	-4951%	1,873.2	42.8	1,830.4	4277%
Share of profit from a joint venture and associates	82.0	85.9	-5%	(51.5)	133.5	-259%	167.9	(61.7)	229.6	-372%
Financial income	4.5	4.4	2%	8.7	(4.2)	-48%	8.9	15.3	(6.4)	-42%
Finance cost	(88.0)	(91.6)	-4%	(78.9)	(9.1)	12%	(179.6)	(170.0)	(9.6)	6%
Other income and expenses, net	(51.3)	(238.9)	-79%	36.2	(87.5)	-242%	(290.3)	(35.6)	(254.7)	715%
Profit before zakat and income tax	1,087.2	493.1	120%	(109.0)	1,196.2	-1097%	1,580.1	(209.2)	1,789.3	-855%
Zakat and income tax	(139.9)	(42.1)	232%	(38.0)	(101.9)	268%	(182.0)	(56.8)	(125.2)	220%
Profit for the period	947.3	451.0	110%	(147.0)	1,094.3	-744%	1,398.1	(266.0)	1,664.1	-626%
<i>Attributable to equity holders of the Company</i>	829.9	411.5	102%	(99.0)	928.9	-938%	1,241.3	(151.8)	1,393.1	-918%
<i>Attributable to Non-controlling interests</i>	117.4	39.5		(48.0)			156.8	(114.2)		
<i>Earnings per share (basic and diluted)</i>	1.14	0.57	100%	(0.13)	1.3	-946%	1.71	(0.21)	1.91	-925%

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Summary of Statement of Financial Position (SAR in Million)

	June 30, 2021	Dec 31, 2020	Variance	% Change
Property, plant and equipment	12,425.3	13,015.7	-590.4	-5%
Investments in joint ventures and associates	3,646.6	3,493.3	153.3	4%
Employees Home ownership programs	787.7	942.8	-155.1	-16%
Goodwill	630.5	630.5	0.0	0%
Others	791.7	709.5	82.2	12%
Total Non-Current Assets	18,281.8	18,791.8	-510.0	-2%
Cash and cash equivalents	3,189.3	2,496.9	692.4	28%
Other current assets	3,090.2	2,476.4	613.8	25%
Total Current Assets	6,279.5	4,973.3	1,306.2	26%
TOTAL ASSETS	24,561.3	23,765.1	796.2	3%
Total Equity	14,334.0	13,835.9	498.1	4%
Non-current portion of long-term borrowings	5,698.5	5,339.9	358.6	7%
Other non-current liabilities	1,077.4	1,124.2	-46.8	-4%
Total Non-current liabilities	6,775.9	6,464.1	311.8	5%
Current portion of long-term borrowings	1,079.9	2,065.8	-985.9	-48%
Other current liabilities	2,371.5	1,399.3	972.2	69%
Total Current liabilities	3,451.4	3,465.1	-13.7	0%
TOTAL EQUITY AND LIABILITIES	24,561.3	23,765.1	796.2	3%

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Summary of Statement of Cash Flow (SAR in Million)

	YTD 30-June-21	YTD 30-June-20	YoY H1 Variance	YoY H1% Change
Net Income for the period	1,580.2	(209.1)	1,789.3	-856%
Depreciation and amortization	708.2	732.2	(24.0)	-3%
Changes to working capital and others	(232.6)	302.6	(535.2)	-177%
Net cash generated from operating activities	2,055.8	825.7	1,230.1	149%
Additions to property, plant and equipment and HOP	(296.4)	(328.4)	32.0	-10%
Others Investing activities	(134.4)	440.3	(574.7)	-131%
Net cash used in investing activities	(430.8)	111.9	(542.7)	-485%
Changes in long term loans	(768.0)	342.8	(1,110.8)	-324%
Non-controlling interest / other	(164.6)	(127.2)	(37.4)	29%
Net cash from financing activities	(932.6)	215.6	(1,148.2)	-533%
Changes in cash & cash equivalents	692.4	1,153.2	(460.8)	-40%
Cash & cash equivalents at 1 Jan	2,496.9	1,791.3	(709.3)	-40%
Exchange rate Changes Impact	(0.0)	0.3	(0.3)	-105%
Cash & cash equivalents at 30 June	3,189.3	2,944.8	(1,170.4)	-40%



Thank you

Q2 2021 Earnings