



Monthly update

In our monthly note, we update the price movements of major petrochemical products, manufacturing activity in key demand markets, recent announcements and valuations of Saudi petrochemical companies and their global peers.

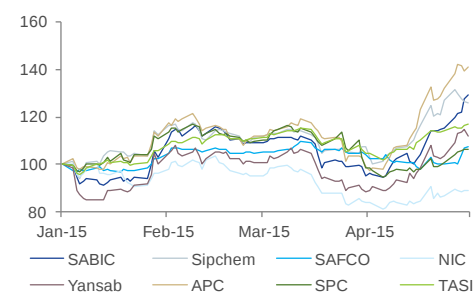
Price movement of key petrochemical products

Stock	1-Month	YTD
Ethylene	+20.3%	+23.4%
HDPE	+6.9%	+6.9%
LDPE	+10.6%	+11.5%
Propylene	+10.9%	+10.6%
Polypropylene	+4.2%	+16.4%
Methanol	+9.1%	+32.2%
Benzene	+14.3%	+32.3%
Ammonia	-2.4%	-20.0%
DAP	+2.8%	+0.8%

Stocks under our coverage

Stock	Rating	Price Target
SABIC	Overweight	SAR106.1
SAFCO	Overweight	SAR135.8
Sipchem	Neutral	SAR28.8
NIC	Neutral	SAR28.3
Yansab	Neutral	SAR52.6
APC	Neutral	SAR47.1
SPC	Neutral	SAR17.2

YTD Performance (Rebased to 100)



Source: Bloomberg, Al Rajhi Capital

Petrochemicals Monthly - May 2015

Oil prices surge

Brent prices climbed a sharp 21.6% in April, posting the best monthly gain seen in the last six years, almost touching the US\$65-mark on signs that excess supply situation would ease. US crude followed a similar trend and surged 25.3% m-o-m on the back of lower-than-expected rise in oil inventory and a sustained decline in active rigs. The jump in the crude prices seen over the last two months trickled down to petrochemical product prices, which climbed up 20% m-o-m. Meanwhile industrial scenario remained in the expansionary zone in the developed markets although conditions worsened in China. The jump in the oil prices coupled with the announcement of the opening up of Tadawul to foreign investors boosted investor sentiment as the Saudi Petrochemical Index moved up by over 22% m-o-m in April, despite poor Q1 earnings.

Oil surges to a five-month high: Brent crude crossed US\$60 mark in mid-April on account of geo-political turbulences in the Middle-East, signs of slowing production in the US and a sustained demand from Asia. Prices almost touched US\$65 a barrel despite OPEC oil production (31.3mbpd, Source: Bloomberg) remaining at elevated levels. US crude surpassed US\$59 a barrel price as more rigs were idled, with active rig count falling to 679 (May 1) from March's count of 813 (Source: Baker Hughes). The rig count dropped for the 21st straight week and was the lowest since 2010. Meanwhile, naphtha prices jumped 11.4% m-o-m to US\$584.5 a ton.

Industrial outlook remained healthy, ex-China: Manufacturing activities in the US remained in the expansionary zone (PMI: 51.5, flat m-o-m), which supported higher new orders and a rise in production. Scenario remained positive in India (PMI: 51.3 vs. 52.1 in March) as well, although growth slowed on account of weaker uptick in new orders and lower inventory purchases. Europe saw mixed manufacturing/industrial activity. Strong data (PMI: 52 vs. 52.2 in March) from Germany, the Netherlands, and Italy were largely offset by a weak performance by France and Greece. In contrast, manufacturing conditions in China worsened, due to weak domestic demand, which led to lower orders and stagnated production. The PMI number remained in contraction zone at 48.9, falling from 49.6 in March.

Product prices surge: The rise in oil prices seen over the last few weeks passed on to the petrochemical prices in April. Prices of almost all the products we track were up m-o-m. Ethylene climbed over 20% while propylene was up ~11% m-o-m. Polyethylene, LDPE and HDPE, prices jumped 10.6% and 6.9% respectively, narrowing the ethylene-polyethylene spread. After having a sluggish few months, methanol climbed 9.1%. Meanwhile, benzene (+14.3%) and polystyrene (+17.7%) saw a healthy double-digit uptick. On the fertilizer side, feedstock ammonia prices fell 2.4%. Urea prices witnessed no change while DAP prices inched up 2.8% m-o-m.

Saudi Petrochemical Index jumps: The Saudi Petrochemical Index surged 22.4% in April on the back of announcement of the date of opening up of Tadawul to foreign investors and strong uptick in crude prices. Shares of industry bellwether SABIC climbed 35.9% m-o-m. Meanwhile APC (+42.5%), Yansab (+26.5%), Sipchem (+17%), and SPC (+8.2%) shares witnessed a significant uptick. All 14 listed companies saw their share prices move up. The heavyweight Petrochemical Index pulled up TASI, which climbed 12.0% m-o-m.



Key news & announcements

- **SAFCO announces addition of bonus shares:** SAFCO board approved the capital increase from SAR3.33bn to SAR4.17bn through issuance of bonus shares. The company distributed 1 share for every 4 shares held. Post issuance, base price of SAFCO share was SAR119.80. (Source: Tadawul)
- **NIC shareholders agree Cristal stake hike, dividend payment:** Tasnee shareholders approved acquisition of an additional 13% stake in Cristal from Gulf Investment Corp. With this, Tasnee's holding in Cristal increased from 66% to 79%. Also, during the extraordinary general meeting, the shareholders agreed to a payment of cash dividends at 10% of capital, or SAR1 per share, to shareholders of record on 8 April. (Source: Tadawul)
- **Yansab shuts plants for maintenance:** Yansab began with a maintenance shutdown at its manufacturing complex at Yanbu that will last for 35 days. However, the company stated that its ethylene glycol plant (capacity: 700ktpa) will have a longer shutdown period of 60 days. Yansab estimated a financial impact of SAR350mn, which it will show in Q2 2015 results. (Source: Tadawul)
- **SABIC-Aramco-PIF venture may go public:** The venture of SABIC, Saudi Aramco and the PIF may go public eventually, SABIC's CEO Al-Benyan said. He said the idea was still nascent and declined to give details. In early 2014, the government approved the formation of Saudi Arabian Company for Industrial Investment with a capital of SAR2bn (US\$533mn), which would help to diversify the economy by focusing on manufacturing industries. (Source: Zawya)
- **NIC to launch two plants in H2 2015:** Tasnee plans to begin operations at its two plants in H2 2015, said CEO Mutlaq Al-Morished. He stated that the company is working towards starting the trial operations at its ilmenite plant, commercial operations at which are expected to commence in H2 2015. This will provide Cristal plants with the raw materials needed to produce titanium dioxide. NIC is also establishing its butanol plant, which will support the acrylic complex, the CEO added, forecasting the experimental operations to begin in the Q3 2015. (Source: Mubasher)
- **Sipchem begins trial operations at its PBT plant:** Sipchem commenced experimental operations at its polybutylene terephthalate (PBT) plant following a successful testing that ensures efficiency and production quality. The plant has a capacity of 63,000tpa, a highly-specialized polymer that has downstream applications in diverse industries. The project was built at a cost of nearly SAR600mn. (Source: Mubasher)
- **Saudi Aramco to operate world's largest industrial gas complex:** Saudi Aramco awarded a contract under a JV between Air Products and ACWA Holding to build, own and operate the world's largest industrial gas complex, that would supply 75,000tpd (20,000tpd oxygen and 55,000tpd nitrogen) to Aramco's refinery that is under construction in Jazan. The supply contract is for 20 years. (Source: ChemWeek)
- **NIC picks contractors for titanium sponge plant:** NIC picked Taiwan's CTCI and Japan's Chiyoda Corp. to build the titanium sponge plant for subsidiary - Cristal. The construction work is expected to be complete by H1 2017, with trial and commercial operations planned to begin in Q3 2017. The plant, with an estimated cost of US\$290mn, will have a capacity of 15.6ktpa. Titanium sponge is an intermediate product that is purified into ingots and mill products. NIC and Cristal each have a 32.5% stake in the project, while Toho Titanium has 35%. Meanwhile, NIC holds 79% stake in Cristal. (Source: Zawya)
- **Sipchem resumes operations post maintenance, announces financial impact:** Sipchem announced resumption of operations at its carbon monoxide (capacity: 345ktpa) and acetic acid (400ktpa) plants following 20 and 26 days shutdown at respective plants.



The company stated that the shutdown would have a financial impact of SAR18mn, which it would show in Q2 2015 results. (Source: Tadawul, Trade Arabia, ChemWeek)

- **Petro Rabigh begins maintenance at VDU unit:** Petro Rabigh began an unscheduled maintenance work at its vacuum distillation unit (VDU) which is expected to last until May 10. The company stated that the financial impact was not clear as of now and would announced it later. (Source: Mubasher)
- **Turnaround activities at SAMAPCO completed:** SPC announced that the turnaround at its JV – SAMAPCO – has been completed, and the company has initiated steps to resume production. SAMAPCO is designed to produce 250ktpa of caustic soda and 300ktpa of ethylene di-chloride. The JV, of which SPC and Ma'aden are equal owners, commenced commercial production in H2 2014. (Source: ChemWeek)
- **Petro Rabigh appoints new chairman:** Shareholders of Petro Rabigh have approved Abdulaziz Al Qudaimi as nonexecutive board member and chairman until the end of the current term. Al Qudaimi will come in place of Khalid Al Buainain, who resigned on 24 February. (Source: Tadawul, ChemWeek)
- **Petro Rabigh plans rights issue:** The board of directors of Petro Rabigh recommended a capital increase via rights issue. The company stated that it plans to raise just over SAR7bn and added that it is yet to decide the offer price and number of shares for the rights issue. Petro Rabigh stated that it will use the proceeds to fund Rabigh-II project. (Source: Tadawul, Gulf Business)
- **Nama Chemicals' board proposes capital increase:** The board of directors of Nama Chemicals Co. recommended a capital hike via a rights issue. The company mentioned that it will declare its decision after consulting advisory, technical, financial and legal teams and added that the intention of the capital hike is to finance the production of new, specialized chemicals linked with its products. (Source: Tadawul, ArgamPlus)

Summary of Q1 2015 Results

Figure 1 Quarterly results of listed Saudi petrochemical companies

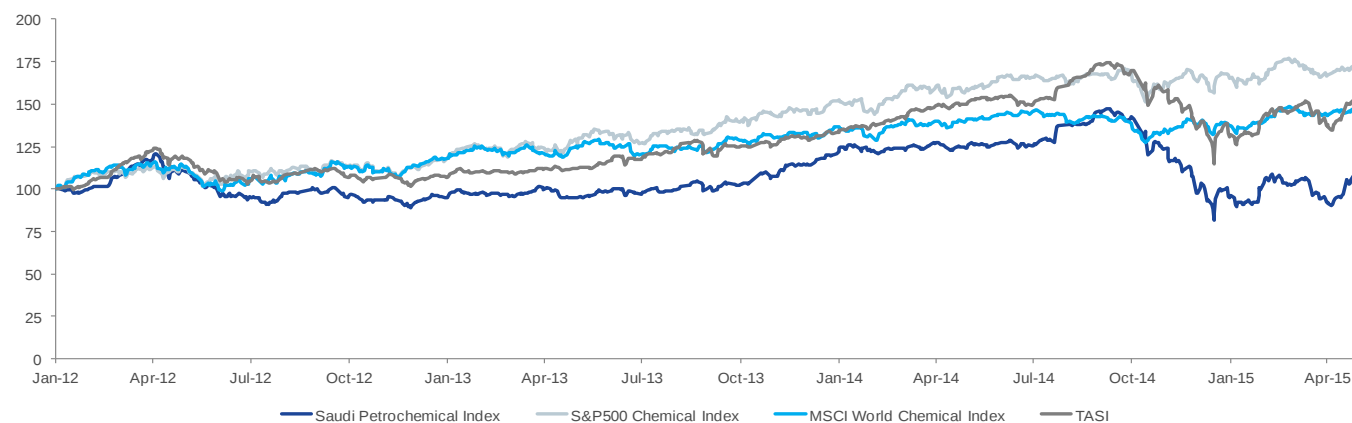
Companies (SAR mn)	Revenues				Net income			
	Q1 2014	Q4 2014	Q1 2015	% chg y-o-y	Q1 2014	Q4 2014	Q1 2015	% chg y-o-y
APC	669.2	739.8	467.9	-30.1%	137.5	200.1	89.6	-34.8%
Alujain Corp	454.0	573.1	220.7	-51.4%	14.8	65.2	(16.8)	NM
Methanol Chemicals	231.6	210.3	196.4	-15.2%	24.2	(18.2)	(15.0)	NM
Nama Chemicals	178.5	178.9	127.0	-28.9%	(14.9)	(45.9)	(31.2)	NM
NIC	4,414.5	3,676.3	3,942.2	-10.7%	320.8	160.7	(332.5)	NM
NatPet	1,710.0	2,230.3	1,770.8	3.6%	141.0	192.5	101.8	-27.8%
Petro Rabigh	14,235.5	11,146.4	7,648.0	-46.3%	413.0	(197.9)	205.4	-50.3%
SPC	321.1	503.5	261.9	-18.4%	99.9	92.2	(49.5)	NM
SAFCO	1,178.4	1,093.4	962.4	-18.3%	842.5	779.2	590.0	-30.0%
SABIC	49,220.6	43,435.4	35,563.9	-27.7%	6,441.7	4,356.3	3,934.6	-38.9%
SIIG	1,710.0	2,230.3	1,770.8	3.6%	260.7	85.0	125.7	-51.8%
Sipchem	916.7	986.7	826.2	-9.9%	68.7	132.4	80.6	17.4%
Saudi Kayan	2,909.4	2,526.0	1,752.7	-39.8%	9.9	11.8	(591.6)	NM
Yansab	2,317.9	2,290.1	1,716.8	-25.9%	555.7	617.8	285.1	-48.7%
Saudi Petrochemical Sector	80,467.1	71,820.5	57,227.5	-28.9%	9,315.5	6,431.1	4,376.4	-53.0%

Source: Bloomberg, Tadawul, Al Rajhi Capital



Saudi Petrochemical Index vs. Major Indices

Figure 2 Saudi Petrochemical Index vs. TASI and Industry Indices (Petrochemical Index +22.4% m-o-m vs. TASI's +12.0%)



Source: Bloomberg

Crude, Gas and Naphtha Spot Prices

Figure 3 European Brent Crude (+21.6% m-o-m)



Source: Bloomberg

Figure 4 WTI Crude (+25.3% m-o-m)



Source: Bloomberg

Figure 5 Natural gas (Henry Hub) (-2.3% m-o-m)



Source: Bloomberg

Figure 6 Naphtha (11.4% m-o-m)

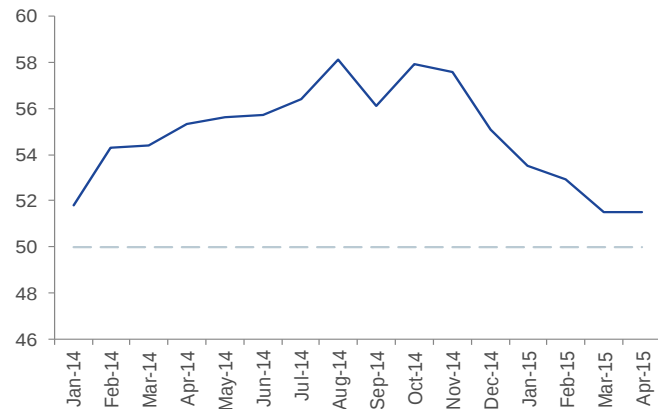


Source: Bloomberg



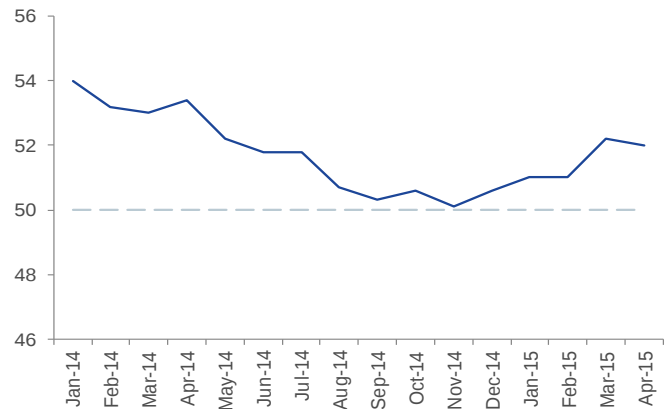
Manufacturing activity and economic growth trend in key markets

Figure 7 United States PMI



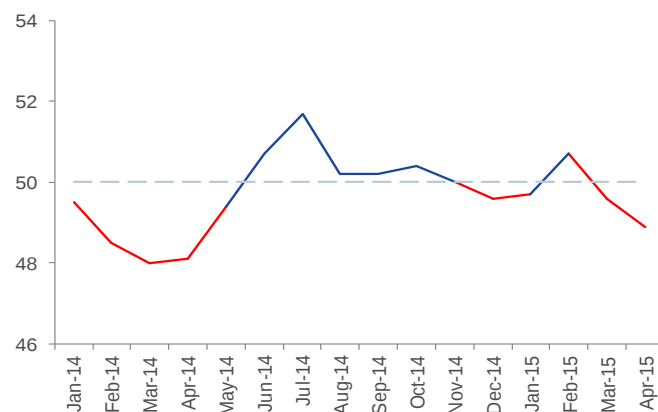
Source: US ISM

Figure 8 Euro zone PMI



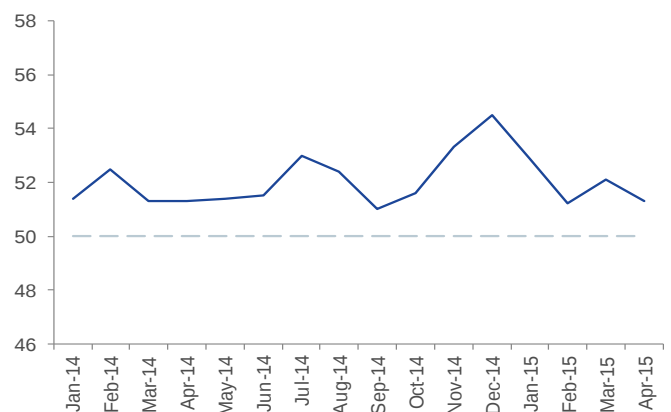
Source: HSBC-Markit

Figure 9 China PMI



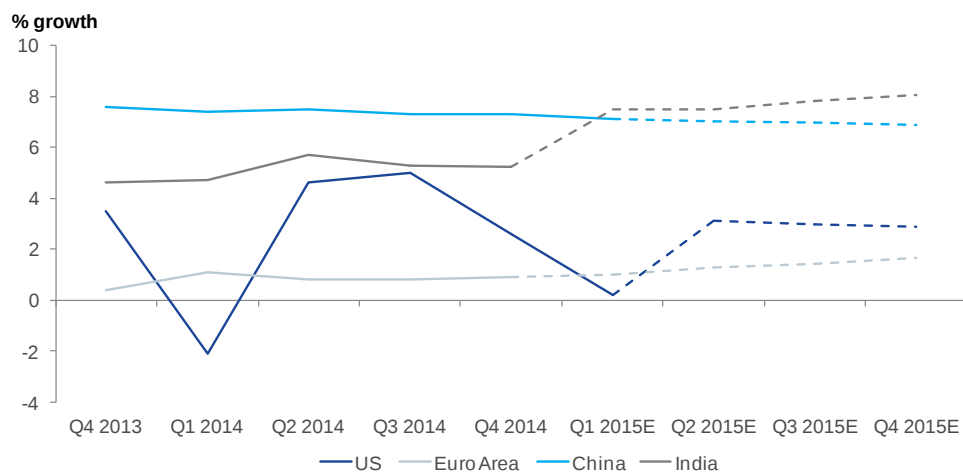
Source: HSBC-Markit

Figure 10 India PMI



Source: HSBC-Markit

Figure 11 GDP growth trend



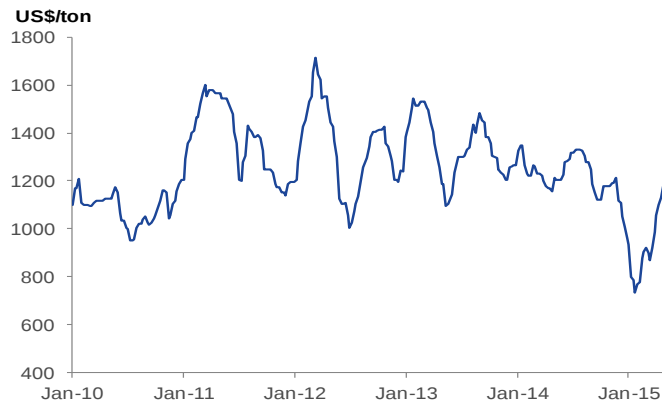
Source: Bloomberg Note: 1) US GDP growth at % q-o-q SAAR, while others at y-o-y. Q1 2015 numbers are 'advance estimate'. 2) India changed its GDP base year and calculation methodology.



Petrochemical product price trends

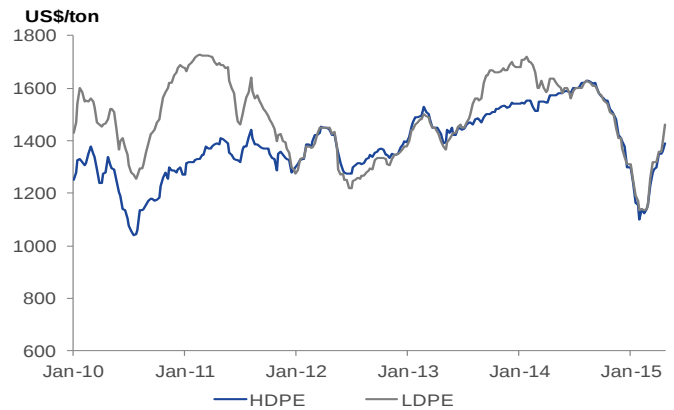
Basic Olefins & Polyolefins

Figure 12 Ethylene (+20.3% m-o-m)



Source: Bloomberg

Figure 13 Polyethylene (HDPE: +6.9%, LDPE: +10.6% m-o-m)



Source: Bloomberg

Figure 14 Propylene (+10.9% m-o-m)



Source: Bloomberg

Figure 15 Polypropylene (+4.2% m-o-m)



Source: Bloomberg

Methanol & MTBE

Figure 16 Methanol (+9.1% m-o-m)



Source: Bloomberg

Figure 17 Methyl Tertiary Butyl Ether (MTBE) (6.6% m-o-m)



Source: Bloomberg



Benzene & its derivatives

Figure 18 Benzene (+14.3% m-o-m)



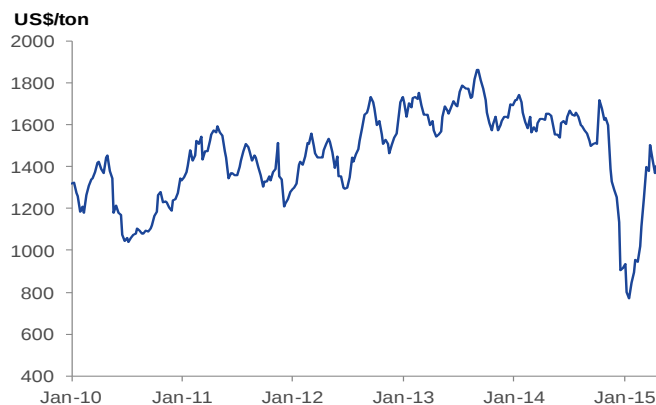
Source: Bloomberg

Figure 19 Toluene (+15.5% m-o-m)



Source: Bloomberg

Figure 20 Styrene (-7.0% m-o-m)



Source: Bloomberg

Figure 21 Polystyrene (+17.7% m-o-m)



Source: Bloomberg

Other key petrochemical products

Figure 22 Mono-ethylene glycol (+16.8% m-o-m)



Source: Bloomberg

Figure 23 Ethylene di-chloride (+4.5% m-o-m)



Source: Bloomberg



Figure 24 Vinyl chloride monomer (+0.6% m-o-m)



Source: Bloomberg

Figure 25 Polyvinyl chloride (+0.6% m-o-m)



Source: Bloomberg

Figure 26 Purified terephthalic acid (+19.8% m-o-m)



Source: Bloomberg

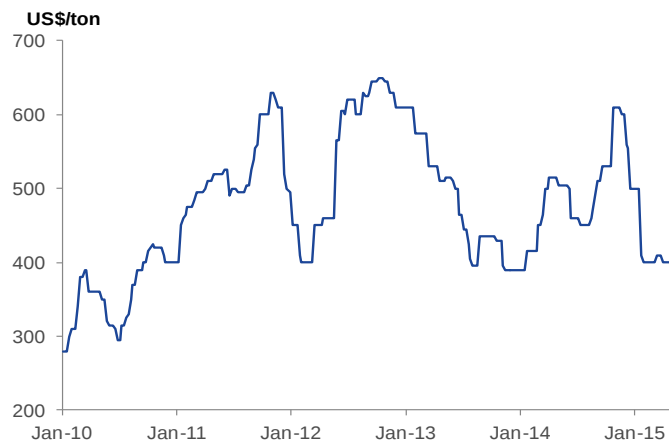
Figure 27 Caustic soda (-3.3% m-o-m)



Source: Bloomberg

Ammonia & Fertilizers

Figure 28 Ammonia (-2.4% m-o-m)



Source: Bloomberg

Figure 29 Urea (Flat m-o-m)



Source: Bloomberg



Figure 30 Di-ammonium phosphate (+2.8% m-o-m)



Source: Bloomberg

Metals

Figure 31 Gold (+2.0% m-o-m)



Source: Bloomberg

Figure 32 Aluminum (-1.1% m-o-m)



Source: Bloomberg



Figure 33 Price movement of key petrochemicals, fertilizers and metals

Products	Recent Price	% Change			
		1-Month	QTD	YTD	1-Year
European Brent (US\$/bbl)	64.9	21.6	21.6	16.3	(39.7)
WTI (US\$/bbl)	59.6	25.3	25.3	11.9	(40.0)
Natural Gas (US\$/mmbtu)	2.6	(2.3)	(2.3)	(14.4)	(46.3)
Naphtha (US\$/ton)	584.5	11.4	11.4	25.6	(38.3)
Key petrochemicals (US\$/ton)					
Ethylene	1185	20.3	20.3	23.4	2.6
HDPE	1390	6.9	6.9	6.9	(11.7)
LDPE	1460	10.6	10.6	11.5	(10.7)
Propylene	1118	10.9	10.9	10.6	(29.4)
Polypropylene	1350	4.2	4.2	16.4	(13.5)
Methanol	337	9.1	9.1	32.2	(6.4)
MTBE	805	6.6	6.6	29.2	(28.3)
Benzene	880	14.3	14.3	32.3	(30.2)
Toluene	820	15.5	15.5	24.2	(24.4)
Styrene	1400	(7.0)	(7.0)	53.0	(15.4)
Polystyrene	1465	17.7	17.7	21.6	(17.2)
Other petrochemicals (US\$/ton)					
Mono-ethylene glycol	1197	16.8	16.8	29.0	12.3
Ethylene di-chloride	345	4.5	4.5	4.5	(11.5)
Vinyl chloride monomer	795	0.6	0.6	15.2	(14.1)
Polyvinyl chloride	895	0.6	0.6	12.6	(11.4)
Purified terephthalic acid	755	19.8	19.8	17.1	(14.7)
Caustic soda	500	(3.3)	(3.3)	(11.3)	(15.8)
Fertilizers (US\$/ton)					
Ammonia	400	(2.4)	(2.4)	(20.0)	(22.3)
Urea	275	0.0	0.0	(26.7)	(15.4)
DAP	465	2.8	2.8	0.8	5.0
Metals					
Gold (US\$/oz)	1207	2.0	2.0	1.9	(6.0)
Aluminum (US\$/ton)	2092	(1.1)	(1.1)	1.2	0.0

Source: Bloomberg, Al Rajhi Capital



Figure 34 Performance of Saudi petrochemical companies vs. global peers

Companies	Currency	Last Price	% Change				52-week		Dividend	
			1 Month	QTD	YTD	1 Year	High	Low	LTM	Yield
Saudi Arabia										
SABIC	SAR	108.68	35.9	35.9	30.2	(7.3)	136.5	70.3	5.5	5.1
SAFCO	SAR	123.47	3.0	3.0	9.6	(4.5)	135.6	100.8	5.6	4.5
Sipchem	SAR	33.46	17.0	17.0	26.1	7.1	44.4	22.3	1.3	3.7
NIC	SAR	24.72	6.2	6.2	(7.1)	(22.6)	41.1	21.0	1.0	4.0
Yansab	SAR	53.42	26.5	26.5	12.1	(24.7)	77.8	38.5	3.0	5.6
APC	SAR	59.15	42.5	42.5	47.1	34.8	61.8	35.7	3.0	5.1
SPC	SAR	16.40	8.2	8.2	7.7	(19.8)	27.7	12.6	0.9	5.2
Saudi Kayan	SAR	12.14	12.4	12.4	10.7	(25.8)	19.1	8.7	NA	NM
PetroRabigh	SAR	25.03	17.2	17.2	37.9	(11.1)	36.1	14.7	NA	NM
SIIG	SAR	28.91	24.3	24.3	13.6	(17.4)	42.7	21.8	1.0	3.4
Methanol Chemicals Co	SAR	14.00	1.8	1.8	18.3	(18.2)	18.8	10.0	0.6	4.3
Nama	SAR	12.07	10.0	10.0	12.8	(22.9)	18.7	8.0	NA	NM
Alujain	SAR	23.64	18.3	18.3	45.9	0.3	29.9	14.1	NA	NM
National Petrochemical	SAR	29.40	33.6	33.6	34.2	2.4	36.4	17.7	NA	NM
Middle East & Africa (ex-Saudi Arabia)										
Industries Qatar	QAR	145.10	4.4	4.4	(13.6)	(20.4)	200.0	127.0	7.0	4.8
Mesaieed Petrochem	QAR	26.25	(0.6)	(0.6)	(11.0)	(24.1)	39.6	24.0	1.1	4.2
Sidi Kerir	EGP	14.76	(1.5)	(1.5)	(2.8)	(24.6)	20.2	13.8	1.0	6.8
Al Qurain	KWd	206.00	3.0	3.0	2.0	(19.2)	270.0	182.0	10.0	4.9
Sasol	ZAr	48,063.00	16.6	16.6	11.5	(19.5)	65,299.0	36,000.0	2,050.0	4.3
Europe										
BASF	EUR	88.83	(3.8)	(3.8)	27.1	6.3	97.2	64.1	2.8	3.2
Solvay	EUR	131.60	(2.2)	(2.2)	17.1	12.2	141.1	104.1	3.2	2.4
Lanxess	EUR	47.76	(3.6)	(3.6)	24.2	(12.6)	55.2	33.5	0.5	1.0
Arkema	EUR	71.92	(2.5)	(2.5)	30.6	(6.5)	77.8	43.6	1.8	2.5
Yara	NOK	386.40	(5.8)	(5.8)	15.8	38.0	444.6	267.5	10.0	2.6
Akzo Nobel	EUR	68.42	(2.8)	(2.8)	18.7	27.4	75.5	46.6	1.5	2.1
Clariant	CHF	20.60	8.2	8.2	25.8	19.1	21.7	13.2	0.4	1.9
North America										
Eastman	USD	78.74	13.7	13.7	3.8	(8.3)	90.6	67.1	1.5	1.9
Dow	USD	51.69	7.7	7.7	13.3	6.2	55.0	41.5	1.6	3.1
Westlake	USD	77.71	8.0	8.0	27.2	9.7	98.4	53.4	0.6	0.8
Celanese Corp	USD	67.17	20.2	20.2	12.0	9.8	67.7	49.4	1.1	1.6
Methanex	USD	60.90	13.7	13.7	32.9	1.6	70.9	42.3	1.0	1.6
LyondellBasell Industries	USD	104.50	19.0	19.0	31.6	13.1	115.4	70.1	2.8	2.7
Axiall Corp	USD	40.73	(13.2)	(13.2)	(4.1)	(11.6)	51.4	34.3	0.6	1.6
Huntsman Corp	USD	23.40	5.5	5.5	2.7	(7.8)	29.3	20.4	0.5	2.1
Asia										
Indorama Ventures	THB	24.70	(5.0)	(5.0)	22.3	1.2	29.8	18.2	0.4	1.5
Mitsui Chemicals	JPY	386.00	0.0	0.0	12.2	55.0	423.0	238.0	5.0	1.3
Sumitomo	JPY	669.00	8.3	8.3	39.7	74.2	703.0	333.0	9.0	1.3
Formosa Chemicals & Fibre Corp	TWD	78.20	8.9	8.9	16.9	8.2	80.4	61.8	2.5	3.2
Lotte Chemical Corp	KRW	251,000.00	23.3	23.3	56.9	54.0	280,500.0	120,500.0	1,000.0	0.4
Formosa Plastics Corp	TWD	78.90	4.0	4.0	9.1	1.4	81.7	65.0	1.9	2.4
LG Chem	KRW	273,000.00	20.8	20.8	50.8	3.4	300,000.0	163,000.0	4,000.0	1.5
Indices										
Saudi Petrochemical Index	SAR	6,982.13	22.4	22.4	19.2	(10.4)	9,148.2	4,977.8	281.1	4.0
S&P500 Chemical Index	USD	528.73	3.9	3.9	4.7	9.1	542.0	451.8	10.5	2.0
MSCI World Chemical Index	USD	296.06	2.3	2.3	6.6	3.8	300.3	258.2	6.4	2.1
TASI	SAR	9,834.49	12.0	12.0	18.0	1.8	11,159.5	7,225.8	270.6	2.8

Source: Bloomberg, Al Rajhi Capital



Figure 35 Margins and Valuation Metrics - Saudi petrochemical companies vs. global peers

Companies	Market Cap (mn)	Operating margin (%)	Net margin (%)	P/E	P/B	EV/Sales	EV/EBITDA	ROE	Operating ROE	ROA
Saudi Arabia										
SABIC	326,040.0	20.2	12.4	15.6x	2.0x	2.2x	7.7x	12.7	20.8	6.1
SAFCO	51,445.8	66.3	71.2	17.6x	6.5x	11.2x	15.0x	39.4	36.7	34.5
Sipchem	12,268.7	28.6	14.7	19.8x	2.1x	5.0x	11.3x	10.8	20.4	3.6
NIC	16,535.6	14.8	5.7	34.8x	1.7x	2.4x	10.9x	4.3	19.4	1.0
Yansab	30,048.8	29.9	26.1	13.6x	2.0x	3.8x	8.8x	15.0	17.4	9.7
APC	9,700.3	24.2	24.7	13.8x	4.3x	3.5x	11.0x	31.8	31.5	19.8
SPC	7,196.2	13.0	20.3	29.4x	1.3x	4.3x	20.2x	4.5	4.2	2.8
Saudi Kayan	18,210.0	4.5	(0.4)	NM	1.4x	4.3x	19.1x	(4.7)	(0.6)	(1.4)
PetroRabigh	21,926.3	1.4	1.3	45.5x	2.2x	1.1x	17.9x	5.0	5.7	0.9
SIIG	13,009.5	19.0	11.9	16.2x	1.9x	3.6x	12.7x	11.8	21.3	3.0
Chemanol	1,688.4	8.0	3.6	51.9x	1.1x	2.9x	10.8x	2.1	4.6	1.2
Nama	1,551.2	(15.2)	(16.7)	NM	1.3x	3.6x	3043.4x	(10.0)	(8.4)	(4.8)
Alujain	1,635.9	NA	7.6	12.1x	1.8x	1.7x	6.6x	16.4	33.6	4.0
National Petrochemical	14,112.0	19.2	9.9	19.2x	2.8x	3.6x	12.4x	15.9	31.5	3.4
Middle East & Africa (ex-Saudi Arabia)										
Industries Qatar	87,785.5	19.5	106.2	15.4x	2.9x	14.2x	70.7x	19.3	3.4	17.6
Mesaieed Petrochem	32,978.3	NA	NA	22.8x	2.5x	NA	NA	NA	0.0	10.7
Sidi Kerir	7,749.0	45.3	33.4	7.8x	2.9x	2.1x	4.3x	35.8	48.3	24.7
Al Qurain	226.6	(68.9)	852.5	6.6x	0.7x	NA	NA	NA	NA	NA
Sasol	312,853.6	23.9	14.6	7.8x	1.7x	1.5x	4.6x	21.3	31.2	13.1
Europe										
BASF	81,588.5	10.1	6.9	16.8x	2.8x	1.3x	8.7x	17.1	26.1	6.6
Solvay	11,146.7	6.1	0.8	32.0x	1.7x	1.2x	6.0x	1.2	10.9	0.4
Lanxess	4,371.3	2.8	0.6	84.1x	2.0x	0.7x	8.8x	2.3	11.0	0.7
Arkema	5,237.4	6.1	2.8	28.4x	1.5x	0.9x	7.8x	5.7	12.5	2.7
Yara	106,734.4	10.8	8.0	16.2x	1.6x	1.2x	7.0x	10.9	20.0	6.5
Akzo Nobel	16,890.7	6.9	3.8	29.7x	2.7x	1.4x	11.5x	10.3	19.5	3.6
Clariant	6,837.9	8.3	2.5	21.9x	3.1x	1.3x	10.2x	12.0	21.8	3.7
North America										
Eastman	11,730.4	12.2	7.9	11.1x	3.3x	2.0x	11.9x	20.6	31.8	5.4
Dow	59,548.1	9.3	6.5	16.6x	3.3x	1.4x	8.9x	18.8	30.3	6.1
Westlake	10,324.7	25.5	15.4	15.1x	3.5x	2.4x	7.9x	25.5	42.2	14.6
Celanese Corp	10,293.2	11.1	9.2	12.0x	3.6x	1.9x	11.7x	23.4	27.2	7.5
Methanex	5,572.9	21.6	14.1	22.5x	3.2x	2.4x	10.2x	18.1	28.8	7.2
LyondellBasell Industries	49,460.0	12.6	9.2	12.1x	6.6x	1.3x	7.8x	45.6	62.0	17.0
Axiall Corp	2,860.6	2.9	1.0	27.8x	1.2x	0.9x	11.1x	1.8	5.3	0.8
Huntsman Corp	5,741.9	5.5	2.8	11.3x	3.6x	0.9x	10.5x	15.2	31.0	2.7
Asia										
Indorama Ventures	118,912.2	3.4	0.6	78.9x	1.6x	0.8x	11.2x	2.2	12.5	0.8
Mitsui Chemicals	394,499.7	1.6	(1.6)	NM	1.0x	0.6x	10.7x	3.2	11.0	0.9
Sumitomo	1,107,493.5	4.5	1.6	18.3x	1.5x	1.0x	11.2x	8.7	14.7	2.0
Formosa Chemicals & Fibre Corp	458,344.8	1.0	2.6	71.7x	1.6x	1.4x	23.1x	3.9	1.5	2.0
Lotte Chemical Corp	8,603,130.2	2.4	1.0	57.6x	1.3x	0.7x	11.8x	2.3	5.5	1.4
Formosa Plastics Corp	502,256.9	2.5	8.3	34.7x	1.8x	2.4x	37.8x	6.6	2.0	4.3
LG Chem	18,092,010.3	5.8	3.8	22.3x	1.5x	0.9x	7.9x	6.8	11.1	4.9
Indices										
Saudi Petrochemical Index	525,368.6	15.5	8.9	20.8x	2.1x	2.7x	10.6x	9.8	-	3.7
S&P500 Chemical Index	473,271.6	14.4	10.0	19.1x	4.9x	2.3x	11.8x	22.1	-	7.9
MSCI World Chemical Index	1,079,971.6	11.0	7.4	18.9x	3.1x	1.7x	10.3x	15.1	-	6.0
TASI	2,161,537.0	19.1	17.0	20.8x	2.4x	4.3x	14.0x	11.7	-	2.9

Source: Bloomberg, Al Rajhi Capital Notes: 1) Market cap in local currency. 2) Margins for LTM. All valuation ratios are at current prices.



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1. Explanation of Al Rajhi Capital's rating system

Al Rajhi Capital uses a three-tier rating system based on absolute upside or downside potential for all stocks under its coverage except financial stocks and those few other companies not compliant with Islamic Shariah law:

"Overweight": Our target price is more than 10% above the current share price, and we expect the share price to reach the target on a 6-9 month time horizon.

"Neutral": We expect the share price to settle at a level between 10% below the current share price and 10% above the current share price on a 6-9 month time horizon.

"Underweight": Our target price is more than 10% below the current share price, and we expect the share price to reach the target on a 6-9 month time horizon.

2. Definitions

"Time horizon": Our analysts make recommendations on a 6-9 month time horizon. In other words, they expect a given stock to reach their target price within that time.

"Fair value": We estimate fair value per share for every stock we cover. This is normally based on widely accepted methods appropriate to the stock or sector under consideration, e.g. DCF (discounted cash flow) or SoTP (sum of the parts) analysis.

"Target price": This may be identical to estimated fair value per share, but is not necessarily the same. There may be very good reasons why a share price is unlikely to reach fair value within our time horizon. In such a case we set a target price which differs from estimated fair value per share, and explain our reasons for doing so.

Please note that the achievement of any price target may be impeded by general market and economic trends and other external factors, or if a company's profits or operating performance exceed or fall short of our expectations.

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