

Daily Bulletin

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SABIC turns profitable in 3Q26 on 30% QoQ volume recovery

Last Price: SAR 43.7 | Consensus Target Price: SAR 56.3 | YoY Performance: -27.1%

Saudi Basic Industries Corporation (SABIC) reported a net profit of SAR 499.0 mn in 3Q26, compared with a net loss of SAR 833.0 mn in 2Q26 and up 16.3% YoY from SAR 434.0 mn. The result was 109% above the consensus estimate of SAR 238.3 mn. The YoY increase was driven mainly by a SAR 1.62 bn improvement in results from associates and non-integral JVs, largely due to the reversal of an impairment on a listed European equity investment following share price appreciation, and a 9.7% rise in gross profit as the company captured higher prices. These gains were partly offset by higher losses from discontinued operations, higher selling and distribution expenses, and a SAR 358.0 mn decline in net financial results.

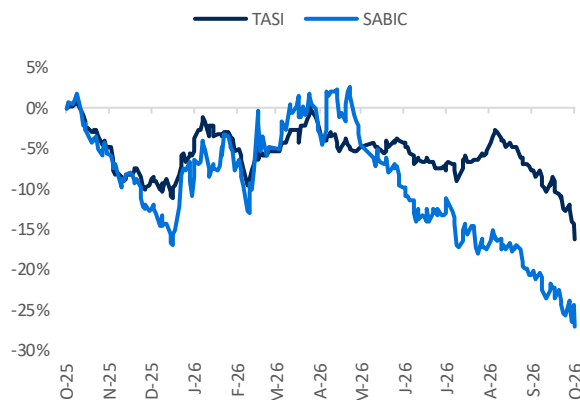
Revenue declined 3.1% YoY to SAR 28.2 bn, as higher average selling prices (+24% YoY) only partly offset lower sales volumes (-22% YoY), but came in 13.6% above the consensus estimate of SAR 24.8 bn. On a QoQ basis, revenue rose 13.5%, driven by a 30% increase in sales volumes as SABIC worked around logistical constraints through shipments via the Strait of Hormuz and its west coast ports, partly offset by a 13% decline in average selling prices. Agri-nutrients sales volume jumped 68% (1.62 MMT in 3Q26 compared to 0.96 MMT in 2Q26) QoQ, followed by 24% in the petrochemicals segment (6.71 MMT in 3Q26 compared to 5.41 MMT in 2Q26).

On a QoQ basis, product prices were mixed. MEG rose on low Asian inventories and MTBE on strong gasoline demand. Methanol, polyethylene and polypropylene declined on lower upstream costs and improved supply, and polycarbonate was mixed amid weak demand. Urea prices fell as additional Chinese export quotas improved availability, with irregular Hormuz shipping keeping prices volatile.

Following completion of the sale of its Engineering Thermoplastics (ETP) business in the Americas and Europe under its portfolio optimization program, SABIC's losses from discontinued operations rose by SAR 985.0 mn YoY in 3Q26. The increase was mainly due to the reclassification of foreign currency translation adjustments from equity to the income statement, a non-cash item. Selling and distribution expenses also rose by SAR 916.0 mn YoY, driven by continued supply chain challenges.

SABIC's stock has declined 27.1% YoY, underperforming TASI, which fell 16.3% over the same period. The stock is currently trading at a 2027e P/E of 21.3x, with a consensus target price of SAR 56.3/share, implying an upside of 28.8%.

Relative price chart



Source: Tadawul, anbc research

SABIC financials (SAR Bn)

	3Q26	3Q25	YoY (%)	2Q26	QoQ (%)	Cons.	Var (%)
Revenue	28	29	(3)	25	13	25	13
COGS	22	23	(6)	20	6	20	7
Gross profit	6	6	10	4	48	5	(42)
GM %	23	20		18		18	
Operating exp.	4	4	22	4	20	4	nm
Operating profit	2	2	(10)	1	190	1	(45)
OM %	7	8		3		3	
Net income	0.5	0.4	16	(0.8)	nm	0.2	109
Net margin (%)	2	1		(-3)		1	
EPS	0.2	0.1		-0.3		0.1	

Source: Company financials, Bloomberg, anbc research

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