

## Petrochemicals Sector

April 9, 2025

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	1Q2024	1Q2025E
SABIC	32,686	34,615	6%	18%	17%	1,133	1,039	(8%)	246	130	(47%)	1%	0%	0.08	0.04
SABIC Agri	2,517	3,106	23%	39%	35%	773	841	9%	841	877	4%	33%	28%	1.77	1.84
Tasnee	761	1,096	44%	3%	1%	(113)	(49)	-	(72)	(25)	-	(9%)	(2%)	(0.11)	(0.04)
Yansab	1,391	1,407	1%	16%	8%	105	(14)	-	100	6	(94%)	7%	0%	0.18	0.01
Sipchem	1,925	1,709	(11%)	25%	16%	294	61	(79%)	182	34	(81%)	9%	2%	0.25	0.05
Advanced	321	638	99%	8%	17%	(25)	62	-	(58)	30	-	(18%)	5%	(0.22)	0.12
Saudi Kayan	1,976	2,040	3%	(14%)	(20%)	(442)	(573)	-	(572)	(742)	-	(29%)	(36%)	(0.38)	(0.49)
SIIG	-	-	-	-	-	(12)	5	-	28	9	(66%)	-	-	0.04	0.01
<b>Group Total</b>	<b>41,577</b>	<b>44,611</b>	<b>7%</b>			<b>1,713</b>	<b>1,371</b>	<b>(20%)</b>	<b>693</b>	<b>319</b>	<b>(54%)</b>				

Source: Riyadh Capital, Company Reports (SAR mln, except per share data)

- Petrochemical price movements in 1Q25 were softer when compared Y/Y, as on average, the Argaam Chemical Index traded -3.4% lower when compared to 1Q24, while trading roughly flat sequentially; moving +0.7% Q/Q. Many Polymers trended lower Q/Q, such as Polystyrene and HDPE (-2% and -3%), while surprisingly, Polypropylene increased +5% Q/Q. We maintain our uncertain-to-negative outlook on most products based on increasing Chinese capacity, utilization rates being lower globally, and additional skepticism driven by the recently announced tariff related trade policies of the United States. However, since the United States is a net-exporter of Petrochemicals, this latest shakeup in global trade could present an opportunity for Saudi firms; to fill any supply gaps left in its wake.
- Feedstock price movements in 1Q25 have been mixed, with Benzene, Propane, and Butane decreasing Q/Q, down by -2%, -1%, and -2%, respectively; while only Naphtha increased (+1% Q/Q). In our view, feedstock prices, on a Y/Y basis, remain elevated, which will most likely have a dampening effect on the margins of an industry already struggling with years of capacity growth and global capacity underutilization. These factors are further compounded by lower product prices for most Polymers; excluding Polypropylene (+5% Q/Q). Polymer prices which traded down this quarter include: Polystyrene, HDPE, LLDPE, PVC, and Polycarbonate; which were all trading for higher prices in 4Q24 vs. average prices in 1Q25. Fertilizer products are where investors could find a silver lining for this quarter, as seasonal trends continue to drive demand, which is further bolstered by supply disruptions. Urea prices experienced another Q/Q increase, as Urea averaged at USD 403/per ton in 1Q25 (Up +13% Q/Q), while the price for Ammonia moved lower, ending at USD 381/per ton (-12% Q/Q).
- For 1Q25, we expect an increase of +7% Y/Y in top-line performance for companies under our coverage. In addition, margins may experience some relief for some producers which have exposure to favored products, but not across the board; driving profitability to decline by -54% Y/Y. With continued disruptions in the supply of Urea and seasonal demand pressure supporting dynamics for Fertilizers, we expect higher volumes, margins, and net profits for Ammonia and Urea producers.

## Banking Sector

Company	Net Commission			Net Income			Net Advances			Deposits		
	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	Y/Y
Al Rajhi	5,647	7,392	31%	4,405	5,897	34%	608,990	728,167	20%	603,978	647,086	7%
Albilad	1,045	1,187	14%	643	758	18%	103,306	111,490	8%	113,741	124,212	9%
Alinma	2,012	2,481	23%	1,315	1,455	11%	180,702	208,313	15%	188,988	212,650	13%
ANB	1,928	2,211	15%	1,236	1,302	5%	157,875	172,885	10%	174,541	186,207	7%
BSF	1,919	2,186	14%	1,150	1,127	(2%)	185,408	210,293	13%	174,828	188,821	8%
SAB	2,709	3,002	11%	2,043	2,281	12%	228,539	272,191	19%	251,760	272,351	8%
SNB	6,911	7,135	3%	5,056	5,484	8%	625,202	674,292	8%	656,261	591,357	(10%)
SAIB	846	949	12%	442	512	16%	84,623	103,364	22%	88,433	98,714	12%
Aljazira	620	787	27%	300	323	8%	84,116	101,479	21%	97,268	113,596	17%
<b>Group Total</b>	<b>23,636</b>	<b>27,329</b>	<b>16%</b>	<b>16,590</b>	<b>19,139</b>	<b>15%</b>	<b>2,258,762</b>	<b>2,582,475</b>	<b>14%</b>	<b>2,349,797</b>	<b>2,434,992</b>	<b>4%</b>

Source: Riyadh Capital, Company Reports (SAR mln)

- The Federal Reserve (Fed) unanimously voted to hold interest rates steady at 4.5% for a second straight meeting, following three consecutive rate reductions that began last September. The Saudi Central Bank (SAMA) also maintained interest rates unchanged for 1Q 2025. The Repurchase Agreement (Repo) rate stands at 5.00% while the Reverse Repurchase Agreement (Reverse Repo) rate is at 4.50%. The Fed's latest economic projections reveal expectations of slower growth and higher core inflation by year-end. This partially reflects the anticipated impact of recently implemented U.S. tariffs and its consequences. These projections suggest that the Fed will remain on the sidelines, awaiting greater clarity on the economic implications of new policies by the Trump administration
- 3M SAIBOR declined to 5.49% by end of 1Q 2025, down from 6.28% in 1Q 2024. The spread to repo rate remains steady at 79 bps, with limited expectations for narrowing in the near term, due to liquidity challenges. The banking sector showcased strong lending momentum with private and public sector loans growing by +14% and +37% Y/Y respectively, according to SAMA's monthly data for February 2025. Total deposits increased by +10% Y/Y, supported by +9% Y/Y rise in demand deposits and a +23% Y/Y growth in time and saving deposits. The growth in time and saving deposits is largely driven by a +27% Y/Y growth in deposits from businesses and individuals and a +19% increase in government deposits. Notably, government deposits with banks increased nearly SAR 55.3 bln during the first two months of the year, reaching SAR 860 bln, indicating a strong injection of liquidity into the banking system to support the robust demand for loans. The shift towards interest-bearing deposits continued; however, the funding costs have eased due to the banks proactive in Sukuk issuance in the last two quarters, leading to growth in combined Profit before Zakat and Taxes for January and February by nearly +4%, compared to a +2% growth in the last two months of 2024.
- Banks accelerated their allocation to government bonds, increasing investment by 10% Y/Y in February 2025, capitalizing on attractive yields ahead of the more anticipated decline in rates. We forecast a double-digit Y/Y Profit after Zakat and Taxes growth to SAR 19.1 bln for banks under our coverage. Al Rajhi is expected to show strong growth, with a projected +34% Y/Y rise in Profit after Zakat to SAR 5.9 bln while SNB is forecasted to achieve mid-single digit growth for 1Q2025 at SAR 5.5 bln. SAIB is expected to lead in terms of Y/Y net advances growth with a notable increase of +22%.

## Cement Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	1Q2024	1Q2025E
Yamama	274	326	19%	50%	46%	118	130	11%	115	120	5%	42%	37%	0.57	0.60
Saudi	427	401	(6%)	41%	39%	119	101	(15%)	114	99	(13%)	27%	25%	0.74	0.65
Qassim*	196	316	61%	42%	29%	67	81	22%	74	83	12%	38%	26%	0.67	0.82
Southern	251	226	(10%)	37%	28%	70	42	(40%)	62	36	(42%)	25%	16%	0.44	0.26
Yanbu	234	244	4%	36%	26%	65	36	(45%)	58	29	(51%)	25%	12%	0.37	0.18
Riyadh	189	215	14%	41%	42%	72	83	15%	70	79	13%	37%	37%	0.58	0.66
<b>Group Total</b>	<b>1,570</b>	<b>1,727</b>	<b>10%</b>			<b>510</b>	<b>473</b>	<b>(7%)</b>	<b>494</b>	<b>447</b>	<b>(10%)</b>				

Source: Riyadh Capital, Company Reports (SAR mln, except per share data). \*Qassim Cement's 1Q2024 figures do not include Hail Cement's results for the same period.

- We anticipate a +10% Y/Y increase in cement sales volume for the group of companies under our coverage in 1Q2025E compared to 1Q2024, driven by stronger demand and the inclusion of Hail Cement volumes into Qassim Cement's 1Q2025E. The average selling prices (ASP) are expected to remain healthy. The group's total revenue is anticipated to show a double-digit Y/Y growth, driven by volumes, but net income is expected to decline Y/Y pressured by higher energy prices.

## Healthcare Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	1Q2024	1Q2025E
HMG	2,521	3,285	30%	35%	33%	556	704	27%	551	637	16%	22%	19%	1.57	1.82
Mouwasat	723	771	7%	48%	43%	195	200	2%	172	180	5%	24%	23%	1.72	1.80
<b>Group Total</b>	<b>3,244</b>	<b>4,056</b>	<b>25%</b>			<b>751</b>	<b>904</b>	<b>20%</b>	<b>723</b>	<b>817</b>	<b>13%</b>				

Source: Riyadh Capital, Company Reports (SAR mln, except per share data)

- We expect steady Y/Y growth in the healthcare sector. We estimate a rise in topline of 25% Y/Y for the two companies under our coverage as the ramp up continues of its new facilities. There may be a slight impact due to Ramadan occurring fully this quarter. We forecast bottomline growth of 13% Y/Y for the group with HMG leading the growth. We expect HMG and Mouwasat to post a net income of SAR 637 mln and SAR 180mln, respectively.

## Telecom Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	1Q2024	1Q2025E
STC	19,100	19,305	1%	49%	49%	3,856	3,880	1%	3,493	3,666	5%	18%	19%	0.70	0.73
Mobily	4,545	4,656	2%	54%	54%	753	789	5%	638	718	13%	14%	15%	0.83	0.93
Zain KSA	2,535	2,651	5%	61%	61%	251	336	34%	67	149	124%	3%	6%	0.07	0.17
<b>Group Total</b>	<b>26,181</b>	<b>26,611</b>	<b>2%</b>			<b>4,860</b>	<b>5,005</b>	<b>3%</b>	<b>4,197</b>	<b>4,534</b>	<b>8%</b>				

Source: Riyadh Capital, Company Reports (SAR mln, except per share data)

- We are expecting a 2% Y/Y increase in the Telecom sector's revenues in 1Q2025E, supported by Ramadan season and an increase in the number of subscribers. Gross margins are expected to remain flat Y/Y, with Zain maintaining the highest margin in the sector. We expect STC's net income to grow +5% Y/Y on higher topline and better margins. Mobily's net income is expected to grow +13%, driven by higher revenues and lower finance costs. For Zain, we expect triple-digit growth in profits, driven by topline expansion and improved operational efficiency.

## Software & Services Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	1Q2024	1Q2025E
Solutions	2,809	2,930	4%	22%	23%	370	417	13%	353	360	2%	13%	12%	2.94	3.00
Elm	1,639	2,026	24%	38%	39%	334	448	34%	345	457	33%	21%	23%	4.31	5.72
<b>Group Total</b>	<b>4,448</b>	<b>4,956</b>	<b>11%</b>			<b>705</b>	<b>864</b>	<b>23%</b>	<b>698</b>	<b>817</b>	<b>17%</b>				

Source: Riyadh Capital, Company Reports (SAR mln, except per share data)

- The KSA IT sector revenue is expected to grow by +11% in 2025E. Solutions is targeting an average growth of 9% in 2025E, while Elm is targeting 15%. We forecast Solutions' 1Q2025E revenue to increase by +4% Y/Y and Elm's by +24% Y/Y. For 1Q2025E net income, we expect Solutions' profits to grow by +2% Y/Y due to seasonality, while Elm's are expected to rise by +33% Y/Y.

## Food & Beverage, Retailing, Consumer Services, Car Rentals, and Capital Goods Sectors

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	1Q2024	1Q2025E
Almarai	5,459	5,759	6%	31%	32%	869	888	2%	692	711	3%	13%	12%	0.69	0.71
Jarir	2,650	2,747	4%	11%	12%	221	262	19%	219	242	10%	8%	9%	0.18	0.20
Budget	417	671	61%	31%	24%	82	142	73%	70	109	56%	17%	16%	0.89	1.39
BDH	1,473	1,497	2%	31%	32%	82	85	4%	60	61	3%	4%	4%	0.05	0.05
Fourth Milling	170	178	4%	50%	50%	55	65	19%	49	59	22%	29%	33%	0.09	0.11
Riyadh Cables	2,032	2,546	25%	14%	13%	208	262	26%	170	237	39%	8%	9%	1.39	1.74
Burgerizzr	75.8	75.6	(0%)	34%	27%	5.8	1.4	(77%)	5.3	1.0	(80%)	7%	1%	0.15	0.03
Nahdi	2,258	2,530	12%	38%	37%	223	227	2%	233	193	(17%)	10%	8%	1.79	1.49
Aldawaa	1,516	1,782	17%	37%	35%	133	180	35%	95	139	45%	6%	8%	1.12	1.63

Source: Riyadh Capital, Company Reports (SAR mln, except per share data)

- **Almarai:** We expect single-digit growth Y/Y in revenue to SAR 5.8 bln, driven by significant growth in Poultry, while Ramadan will also drive a seasonal +39% Q/Q increase in net profits; reaching SAR 711 mln in 1Q2025. We also note, our expectations for net profits to be +3% Y/Y vs. SAR 692 mln in 1Q24.
- **Jarir:** We expect a +4% Y/Y increase in top-line, coupled with slightly higher gross margins Y/Y, driven by increased marketing efforts and Ramadan falling in 1Q2025. However, we also expect revenues to decrease by -4% Q/Q, driven by lower iPhone sales in 1Q2025 vs. 4Q2024.
- **Budget Saudi:** We expect a +61% Y/Y growth in revenues to SAR 671 mln. Gross margin is expected to improve slightly to 24.2% compared to the previous quarter. Net profit is expected to grow by +56% to SAR 109 mln, driven by the positive impact of the acquisition.
- **BDH:** We expect a modest increase in top-line from 1Q24, increasing by +2% Y/Y to SAR 1.5 bln, accompanied by improved margins of ~32%, and driven by strategic acquisitions; such as contributions from the logistics business. We also expect, that higher gross margins and Ramadan being in 1Q25, will boost EBIT +4% Y/Y.
- **Fourth Milling:** We expect a +4% Y/Y growth in revenues, driven by higher Flour sales during Ramadan season. This comes despite a Q/Q decline in Bran and Feed sales due to the rainy season. Net income is expected to grow by +22% Y/Y, reaching SAR 59 mln.
- **Riyadh Cables:** We forecast a +25% Y/Y growth in revenues led by the backlog and better margins. Our net income estimate is at SAR 237 mln, +39% Y/Y as the proportion of higher margin products increase.
- **Burgerizzr:** We expect revenues to decline by -1.1% Q/Q and -0.3% Y/Y to SAR 75.6 mln, this decrease is due to Ramadan aligning with 1Q. Gross margin is expected to remain stable at 27.3%. After recording an operating loss in the previous quarter, we expect better cost control, with net profit of SAR 1.0 mln.
- **NAHDI:** We expect revenues to grow steadily by +12% Y/Y, while gross margins are expected to be lower Y/Y, as the Company continues to experience price competition. Operating profits, due to Ramadan falling within 1Q2025, is expected to increase by +2% Y/Y to SAR 227 mln, despite lower gross margins.
- **ALDAWAA:** We expect strong growth of +17% Y/Y in top-line, driven by store-expansions, while projecting higher sequential gross margins of 35%.

## Energy, Utilities, and Materials Sectors

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	Y/Y	1Q2024	1Q2025E	1Q2024	1Q2025E
ADES	1,532	1,628	6%	39%	36%	480	467	(3%)	197	195	(1%)	13%	12%	0.17	0.17
Arabian Drilling	967	867	(10%)	28%	22%	211	146	(31%)	146	89	(39%)	15%	10%	1.64	0.99
Marafiq	1,599	1,695	6%	13%	12%	164	164	0%	43	44	4%	3%	3%	0.17	0.18
SEC*	15,858	17,444	10%	14%	14%	2,019	2,240	11%	897	1,200	34%	6%	7%	0.22	0.29
MAADEN	7,348	8,551	16%	33%	33%	1,650	2,093	27%	982	1,006	2%	13%	12%	0.27	0.26

Source: Riyadh Capital, Company Reports (SAR mln, except per share data). \* Net Income before Mudaraba Instruments.

- **ADES:** With its previously suspended rigs deployed and new offshore contracts in Nigeria, we expect an increase of +6% Y/Y in top line, while profits remain flat.
- **Arabian Drilling:** We project lower revenues of -10% Y/Y, driven by rig suspensions and lower oil prices, while in contrast, we expect revenues to remain flat Q/Q.
- **MARAFIQ:** We expect a +6% rise in revenues to SAR 1.7 bln. Net profit is likely to grow by +4% Y/Y to SAR 44 mln.
- **SEC:** We forecast SEC revenues to rise by +10% Y/Y to SAR 17.4 bln on the back of higher consumption Y/Y. 1Q generally experiences the lowest quarterly demand due to the winter season. We expect net income to rise by +34% Y/Y.
- **MAADEN:** The Company will benefit from continued strength in key commodity prices, such as Gold, which has hit record levels, as well as DAP, which is also higher Y/Y. We forecast revenues to increase +16% Y/Y to SAR 8,551 mln, which we also expect to cascade into superior profits of SAR 1,006 mln; up +2% Y/Y.

## ■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors  
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