

Main Market (TASI): Quarterly Results

Petrochemicals Sector

January 07, 2025

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	4Q2023	4Q2024E
SABIC	35,032	34,209	(2%)	17%	18%	(1,364)	2,126	-	(1,731)	987	-	(5%)	3%	(0.58)	0.33
SABIC Agri	2,972	2,805	(6%)	44%	39%	1,020	836	(18%)	978	855	(13%)	33%	30%	2.06	1.80
Tasnee	957	1,019	6%	(5%)	9%	16	94	493%	(17)	57	-	(2%)	6%	(0.03)	0.08
Yansab	1,445	1,612	12%	10%	17%	21	135	554%	18	142	671%	1%	9%	0.03	0.25
Sipchem	2,040	1,791	(12%)	21%	19%	200	162	(19%)	159	103	(35%)	8%	6%	0.22	0.14
Advanced	571	603	6%	17%	16%	47	50	6%	22	25	15%	4%	4%	0.09	0.11
Saudi Kayan	2,142	2,411	13%	(13%)	1%	(445)	(146)	-	(622)	(305)	-	(29%)	(13%)	(0.41)	(0.20)
SIIG	-	-	-	-	-	24	112	367%	11	98	769%	-	-	0.01	0.13
Group Total	45,158	44,449	(2%)			(481)	3,370	-	(1,182)	1,961	-				

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

- Petrochemical price movements in 4Q24 were similar to 3Q24 when compared Y/Y, as on average the Argaam Chemical Index traded roughly -2.5% lower when compared to 4Q23; also dropping -1.0% sequentially (from 3Q24). Many end-products trended lower Q/Q, such as PP and HDPE (both down -2% Q/Q). Based on excess supply, capacity growth in China, and now, increases in feedstock and gas prices from Aramco (as of Jan 1st, 2025), we believe our uncertain-to-negative outlook is supported. We also note, these recent price increases from Aramco will not impact 4Q24 and were unexpected from management teams; especially given that the prices for Ethane and Methane were also raised in early 2024. In summary, we have greater confidence in our uncertain-neutral stance on the sector.
- Feedstock price changes were mixed in 4Q24, with Benzene and Naphtha, correcting, decreasing Q/Q by -9% and -3%, while Propane and Butane increased, by +7% and 8%, respectively. In our view, the continued increase in the price of a ubiquitous feedstock like Propane, represents margin compression for most petrochemical producers. Moreover, many chemical prices, have also slipped sequentially. Prices for Polystyrene, Polypropylene, and HDPE; were all trading for higher prices in 3Q24, vs. average prices in 4Q24. We also note, other product prices which traded lower, such as Propylene, dropping -3% Q/Q, and VAM and BPA also dropped, by -1% Q/Q and -6% Q/Q, respectively. The positive highlight of 4Q24, was Methanol prices; up roughly +7% Y/Y. Fertilizer prices have continued to trend higher as well, following the seasonal trend of restocking inventories towards the end of 2024. Increases in Ammonia and Urea were observed, as Urea averaged at USD 356/per ton in 4Q24 (Up +4% Q/Q), while the price for Ammonia averaged around USD 432/per ton (up +16% Q/Q).
- For 4Q24, we expect a decrease of -2% Y/Y in revenues for companies under our coverage. In addition, margins may experience some relief, but not across the board, and not more than previous years under similar pricing environments as previously stated last quarter; driving profitability to increase Y/Y, for some companies. With further sequential strengthening in Fertilizers this quarter, we expect higher sales volumes, better margins, and higher net profits for Ammonia, DAP, and Urea producers. While we note that Petrochemical producers will experience mixed margins, and lower prices for chemicals (excluding Methanol).

Banking Sector

Company	Net Commission			Net Income			Net Advances			Deposits		
	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	Y/Y
Al Rajhi	5,550	6,915	25%	4,171	5,329	28%	594,205	660,861	11%	573,101	627,545	10%
Albilad	1,005	1,184	18%	608	747	23%	102,080	108,434	6%	112,831	126,741	12%
Alinma	2,054	2,305	12%	1,320	1,581	20%	173,624	201,226	16%	187,901	217,965	16%
ANB	1,834	2,216	21%	942	1,259	34%	152,235	168,965	11%	165,861	187,423	13%
BSF	1,869	2,018	8%	828	1,131	37%	179,391	203,319	13%	172,209	198,040	15%
SAB	2,702	2,723	1%	2,049	2,245	10%	215,936	256,441	19%	240,940	265,034	10%
SNB	6,887	6,765	(2%)	4,935	5,388	9%	601,527	660,241	10%	590,051	637,255	8%
Group Total	21,900	24,126	10%	14,852	17,680	19%	2,018,999	2,259,487	12%	2,042,894	2,260,004	11%

Source: Riyadh Capital, Company Reports (SAR mln)

- The Saudi Central Bank (SAMA) reduced interest rates by a cumulative 100 basis points between September and December 2024. The Repurchase Agreement (Repo) rate now stands at 5.00% while the Reverse Repurchase Agreement (Reverse Repo) rate is at 4.50%. The expectations from the Federal Reserve have changed, borrowing costs are now expected to come down twice in 2025, half the frequency previously estimated in September. These estimates signal that the historically high rates may remain on the higher side for longer.
- 3M SAIBOR declined sharply to 5.55% by December 2024, down from 6.11% in August, following SAMA's interest rate cuts. The spread to repo rate remains steady at 55 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 +13% and +31% Y/Y respectively, according to SAMA's monthly data for November 2024. Total deposits grew modestly, supported by an +8% Y/Y rise in demand deposits and a +18% Y/Y growth in time and saving deposits. The growth in time and saving deposits is largely driven by a +26% Y/Y growth in deposits from businesses and individual and a +9% increase from Government deposits. The continuing shifting toward interest-bearing deposits exerted pressure on funding costs, leading to a 9.2% M/M drop in profitability as of November, partially offset by a +14% Y/Y increase in profitability before zakat and taxes.
- Banks accelerated their allocation to government bonds, increasing investment by 10% Y/Y in November 2024, 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 17.6 bln for banks under our coverage. BSF is expected to show strong growth, with a projected +37% Y/Y rise in Profit after Zakat to SAR 1.13 bln while SNB is forecasted to achieve mid-single digit growth for 4Q2024 at SAR 5.38 bln. SAB is expected to lead in terms of Y/Y net advances growth with a notable increase of +19%.

Cement Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	4Q2023	4Q2024E
Yamama	225	327	46%	36%	41%	58	113	94%	53	104	97%	23%	32%	0.26	0.51
Saudi	381	457	20%	36%	39%	84	118	40%	104	127	23%	27%	28%	0.68	0.83
Qassim*	151	257	70%	29%	27%	33	74	125%	36	68	89%	24%	27%	0.33	0.62
Southern	258	239	(7%)	34%	31%	68	52	(24%)	74	50	(33%)	29%	21%	0.53	0.36
Yanbu	194	220	14%	14%	28%	8	40	385%	18	39	118%	9%	18%	0.11	0.25
Riyadh	171	214	25%	32%	42%	46	79	72%	43	76	75%	25%	35%	0.36	0.63
Group Total	1,380	1,715	24%			297	475	60%	328	465	42%				

Source: Riyadh Capital, Company Reports (SAR mln, except per share data). *Qassim Cement 4Q2023 figures do not include Hail Cement's 4Q2023.

- For the group of companies under our coverage, we anticipate 4Q2024E cement volume sales to increase by +9% Y/Y from 4Q2023, likely driven by higher construction activities due to seasonality, this was supported by an +8% Y/Y growth in the first two months of the quarter. For clinker volume sales, we expect a -23% Y/Y decline, primarily impacted by lower clinker sales from Yanbu Cement & Southern Cement. Additionally, average selling prices are expected to remain stable or slightly decline on a Q/Q basis. The group's total revenue and net income are projected to show double digit Y/Y growth. We note that Qassim Cement's

Healthcare Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	4Q2023	4Q2024E
HMG	2,486	3,058	23%	35%	34%	534	634	19%	525	603	15%	21%	20%	1.50	1.72
Mouwasat	773	858	11%	51%	48%	210	256	22%	184	231	26%	24%	27%	1.84	2.31
Group Total	3,260	3,916	20%			745	889	19%	709	835	18%				

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

- The healthcare sector continues to perform well. We forecast a rise in topline of 20% Y/Y for the two companies under our coverage as ramp up of newer capacities progresses. Growth in insured lives will also benefit and better pricing is likely to improve margins. We forecast bottomline growth of 18% Y/Y with Mouwasat likely to post better margins than HMG. We expect HMG and Mouwasat to post a net income of SAR 634 mln and SAR 231mln, respectively.

Telecom Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	4Q2023	4Q2024E
STC*	17,724	18,333	3%	50%	49%	2,768	3,376	22%	2,274	2,999	32%	13%	16%	0.45	0.60
Mobily	4,364	4,638	6%	52%	53%	983	796	(19%)	746	701	(6%)	17%	15%	0.97	0.91
Zain KSA	2,543	2,589	2%	58%	61%	108	261	141%	296	75	(75%)	12%	3%	0.33	0.08
Group Total	24,631	25,560	4%			3,860	4,432	15%	3,316	3,775	14%				

Source: Riyadh Capital, Company Reports (SAR mln, except per share data). *Tawal deal gains are not included in STC's projected net income.

- We are expecting a +4% Y/Y increase in the Telecom sector's revenues in 4Q2024E, and a +14% Y/Y increase in the sector's net income, primarily supported by STC's growth. Zain's net income growth rates are not comparable, as Zain recognized capital gains of SAR 121 mln related to the towers deal in 4Q2023. In December 31, 2024, STC announced the completion of the Tawal deal with PIF and mentioned that a material financial impact will occur in the financial results of 2024. However, we did not account for the expected gains in our 4Q2024E forecast.

Software & Services Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	4Q2023	4Q2024E
Solutions	2,868	3,441	20%	16%	19%	204	328	61%	162	287	77%	6%	8%	1.35	2.39
Elm	1,685	1,951	16%	37%	45%	330	511	55%	327	501	53%	19%	26%	4.08	6.26
Group Total	4,554	5,391	18%			534	839	57%	489	788	61%				

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

- We are expecting +18% Y/Y growth for the two companies, driven by their ambitious 2024 growth targets of 8-11% for Solutions and 22-24% for Elm, in addition to their promising strategies. Given that Solutions' revenue growth in the previous three quarters was muted and concerning, 4Q2024E revenue growth will need to be very high in order to meet the company's 2024 growth guidance. The management did not alter their guidance, and mentioned that some projects were delayed and expected to go online probably by year end. However, we have estimated a more conservative growth for Solutions revenues of +20% Y/Y in 4Q2024. Additionally, we forecast Solutions' net income to increase by +77% Y/Y and Elm's net income by +53% Y/Y.

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

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	4Q2023	4Q2024E
Almarai	4,920	5,272	7%	28%	30%	609	644	6%	452	480	6%	9%	9%	0.45	0.48
Jarir	2,802	2,800	(0%)	12%	11%	290	252	(13%)	316	233	(26%)	11%	8%	0.26	0.19
Budget	370	574	55%	32%	31%	78	117	50%	66	78	17%	18%	14%	0.85	0.99
BDH	1,451	1,416	(2%)	36%	34%	132	99	(25%)	123	74	(40%)	8%	5%	0.11	0.06
Fourth Milling	155	160	3%	51%	48%	38	50	32%	35	45	27%	23%	28%	0.07	0.08
Riyadh Cables	1,890	2,555	35%	13%	14%	175	269	54%	139	223	61%	7%	9%	0.93	1.49
Burgerizzr	77	84	9%	33%	30%	5.8	3.6	(38%)	5.5	3.4	(38%)	7%	4%	0.15	0.10
Nahdi	2,214	2,385	8%	39%	36%	185	182	(2%)	171	157	(8%)	8%	7%	1.31	1.21
Aldawaa	1,458	1,642	13%	36%	35%	128	111	(13%)	92	76	(18%)	6%	5%	0.10	0.89

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

- **Almarai:** We expect single-digit growth Y/Y in revenue to SAR 5.3 bln, driven by significant momentum and investment in Poultry production, coupled with a +4% Q/Q growth in top-line revenues. We also forecast a +6% Y/Y increase in net income to SAR 480 mln, up from 452 mln in 4Q2023.
- **Jarir:** We expect a flat performance in top-line, coupled with slightly lower to flat gross margins, driven by greater marketing expenditures, as well as price competition. Moreover, we also expect a -26% Y/Y decrease in net profits, to SAR 233 mln versus SAR 316 mln in 4Q2023; due to seasonal spending habits and margins.
- **Budget Saudi:** Budget's revenues are expected to grow by +14% Q/Q and +55% Y/Y, reaching SAR 574 mln, driven by an increase in long-term rentals. The gross margin is projected to rise slightly to 31.2% compared with 31.0% in 3Q2024. Net income is expected to reach SAR 78 mln, reflecting an +8% increase Q/Q and +17% Y/Y.
- **BDH:** We expect a decrease in top-line from 4Q23, lower by -2% Y/Y to SAR 1.42 bln, driven by strategic acquisitions, while revenues from corporate customers fall, slightly offsetting growth. We also believe lower margins will impact net income, driving it lower Y/Y, to SAR 74 mln compared to SAR 123 mln in 4Q2023.
- **Fourth Milling:** We expect a +3% Y/Y growth in revenues driven by increased business activity, and a +27% Y/Y growth in net income, reaching SAR 45 mln.
- **Riyadh Cables:** We expect a robust +35% Y/Y growth in revenues driven by the backlog and a favorable product mix. We forecast net income to rise by +61% Y/Y to SAR 223 mln as the proportion of higher margin products increase.
- **Burgerzzir:** Given the opening of new branches, we expect revenues to grow by +9% Y/Y and Q/Q, reaching SAR 84 mln. However, we estimate the gross margin will decline from 33% in Q4 2023 to 30% in 4Q2024E due to an increase in food costs and rent. Net income is projected to rise by +18% Q/Q reaching SAR 3.4 mln.
- **Nahdi:** We expect revenues to grow steadily, by +4% Q/Q and by +8% Y/Y. Gross margins, which were higher in 4Q23, are expected to be lower Y/Y. Driven by these lower margin expectations, we project operating profit to decline, decreasing by -2% Y/Y to SAR 182 mln.
- **Aldawaa:** We expect minor growth of +3% Q/Q in top-line driven by store-expansions, while we expect strong top-line growth Y/Y of +13%. The margin contraction experienced in 1H24, based on our estimates, we believe will persist, bringing a contracted gross margin Y/Y, coming in at 35%.

Energy, Utilities, and Materials Sectors

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	Y/Y	4Q2023	4Q2024E	4Q2023	4Q2024E
ADES	1,272	1,465	15%	41%	36%	420	387	(8%)	167	156	(6%)	13%	11%	0.15	0.14
Arabian Drilling	987	892	(10%)	28%	24%	243	167	(32%)	183	107	(42%)	19%	12%	2.05	1.20
Marafiq	1,623	1,750	8%	15%	11%	187	157	(16%)	72	36	(50%)	4%	2%	0.29	0.14
SEC*	18,434	20,954	14%	(0%)	5%	(577)	1,108	-	(91)	(32)	65%	(1%)	(0%)	(0.02)	(0.01)
MAADEN	8,035	8,036	0%	35%	30%	1,831	1,767	(3%)	890	1,137	28%	11%	14%	0.24	0.31

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

- **ADES:** ADES has been successfully pivoting after rig suspensions in early 2024, we expect that further rig deployment will support higher revenues Y/Y.
- **Arabian Drilling:** We expect the Company to generate lower revenues by -10% Y/Y, driven by rig suspensions, however, we also expect a rebound in 2025.
- **Marafiq:** In a seasonally low quarter, we predict a +8% rise in revenues to SAR 1.7 bln. However, net profit is likely to halve Y/Y to SAR 36 mln.
- **SEC:** We forecast SEC revenues to rise by +14% Y/Y to SAR 20.9 bln on the back of higher consumption Y/Y, although this quarter experiences seasonally low demand. We expect gross margins to improve Y/Y but remain lower sequentially.
- **MAADEN:** MAADEN will benefit from higher product prices Y/Y, including gold, which has increased over +20% since 1Q24, while DAP price recovery in 3Q24, which continued in 4Q24, will drive higher performance. We expect revenues to be flat Y/Y, net profits to increase via J.V.'s, and realized production guidance.

Nomu Market: Semi-Annual Results

Distribution & Retail Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	2H2023	2H2024E	Y/Y	2H2023	2H2024E	2H2023	2H2024E	Y/Y	2H2023	2H2024E	Y/Y	2H2023	2H2024E	2H2023	2H2024E
Alhasoob	124	128	3%	6.3%	6.7%	0.9	2.4	176%	0.3	1.7	438%	0.3%	1.3%	0.11	0.60

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

- **Alhasoob:** We expect second-half revenues to grow by +4% H/H and +3% Y/Y, reaching SAR 128 mln. However, the gross margin is expected to decline from 6.7% in 1H 2024 to 6.3% compared to the same period of the previous year. Additionally, net income is projected to rise by +7% H/H, reaching SAR 1.69 mln.

■ 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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