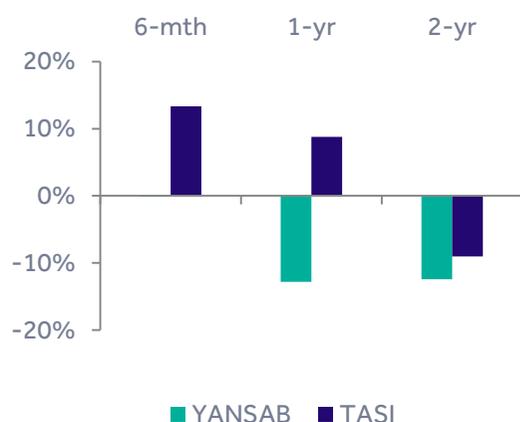


Market Data	
52-week high/low	SAR 49.55 / 36.35
Market Cap	SAR 21,319 mln
Shares Outstanding	562.5 mln
Free-float	49.00%
12-month ADTV	675,353
Bloomberg Code	YANSAB AB



Restarting Post-Shutdowns Boosts Profits

May 12, 2024

Upside to Target Price	6.2%	Rating	Neutral
Expected Dividend Yield	4.0%	Last Price	SAR 37.65
Expected Total Return	10.2%	12-mth target	SAR 40.00

Yansab	1Q2024	1Q2023	Y/Y	4Q2023	Q/Q	RC Estimate
Sales	1,391	667	108%	1,445	(4%)	1,533
Gross Profit	229	(240)	-	138	66%	114
Gross Margins	16%	(36%)	-	10%	-	7%
Operating Profit	101	(367)	-	21	388%	9
Net Profit	100	(370)	-	19	438%	44

(All figures are in SAR mln)

- Yansab quarterly topline decreased by -4% Q/Q but more than doubled Y/Y to SAR 1.4 bln, slightly below our more optimistic forecast. The Q/Q decrease in revenue was driven by lower sales volumes of -13% Q/Q, which were not offset by higher sales prices (+11% Q/Q). According to management's commentary, increase in average sales prices Q/Q was for all end-products. KPI results Y/Y performed in reverse, with sales prices decreasing -3% Y/Y and volumes increasing +114% Y/Y. This improvement sequentially also occurred in an environment with higher input costs (feedstocks), as the effect of Saudi Aramco's price increases have taken effect (Ethane & Methane price increases). Gross margins also experienced a material improvement in 1Q24 to 16%, moving up from 10% in 4Q23. Higher sales prices were a key driver in these results, for margins in particular.
- We have previously commented on scheduled turnaround's for preventative maintenance during 1Q23 (announced November 2022), as well as other emergency repairs (announced on August 21st, 2023), and their negative impact on production in 2023; because of this we believe Y/Y comparisons of performance will be unreliable. The Q/Q results for the topline provide a sobering view, while the operating profit, as reflected in the 1Q24 of SAR 101 mln, driven by higher prices, supports further optimism.
- Net profit of SAR 100 mln was recorded for the quarter, a significant change from a net income of SAR 19 mln in the preceding quarter. However, with all end-products experiencing increases in their prices, profitability has naturally followed. Although we expected a strong improvement in profitability, it remains difficult to predict the changes in production volumes after restarting plants. With the state of the global economy and future chemical demand being uncertain, we avidly await the commentary from the newly appointed CEO (as of April 18, 2024), before changing our view; therefore we maintain our target price and rating.

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■ 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
For any feedback on our reports, please contact research@riyadcapital.com

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