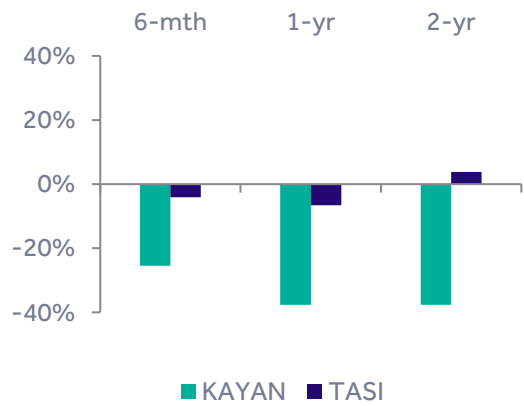


Market Data	
52-week high/low	SAR 9.31 / 5.44
Market Cap	SAR 8,655 mln
Shares Outstanding	1,500 mln
Free-float	65.00%
12-month ADTV	2,944,620
Bloomberg Code	KAYAN AB



■ Negative Gross Margins Persist

May 04, 2025

Upside to Target Price	12.7%	Rating	Neutral
Expected Dividend Yield	-	Last Price	SAR 5.77
Expected Total Return	12.7%	12-mth target	SAR 6.50

SAUDI KAYAN	1Q2025	1Q2024	Y/Y	4Q2024	Q/Q	RC Estimate
Sales	2,062	1,976	4%	2,245	(8%)	2,040
Gross Profit	(389)	(275)	(41%)	(390)	0%	(410)
Gross Margins	(19%)	(14%)		(17%)		(20%)
Operating Profit	(649)	(442)	(47%)	(523)	(24%)	(573)
Net Profit	(776)	(572)	(36%)	(686)	(13%)	(742)

(All figures are in SAR mln)

- Saudi Kayan posted a decline in sales of -8% Q/Q and a +4% Y/Y increase, coming in at SAR 2.1 bln, in-line with our estimates. According to management, Kayan’s average sales prices and volumes both decreased Q/Q, with volumes decreasing -1% and average prices declining -7%, since 4Q24. Y/Y changes were mixed, with volumes decreasing slightly (-1%), while sales prices traded up +6% Y/Y. However, the Y/Y increase in prices was not high enough to offset the increase in feedstock costs this quarter, which was announced by Aramco in January.
- Gross margins came in at (19%), lower than (17%) in the previous quarter, and a notable decrease from (14%) in 1Q24. We believe our estimates for gross losses were sober, noting that Q/Q changes in feedstock costs, such as Butane - 2% and Ethane +20%, would have a net-negative effect on gross margins.
- Net losses were SAR (776) mln in 1Q25, compared to losses of SAR (686) mln in 4Q24, and SAR (572) mln in 1Q24. The Company finished 2024 with the restoration of Bisphenol A and Polycarbonate production, however, the financial effect of this has included some insurance payouts which reduced previous losses. One of these insurance collections occurred in 1Q24, totaling SAR 47 mln, while in 4Q24, Kayan received SAR 75 mln. To avoid misinterpretation, we focus on free cash flow generation, which reduced significantly Q/Q and Y/Y; we trim our target price and maintain our rating.

Brennan Eatough
brennan.eatough@riyadcapital.com
+966-11-203-6808

■ 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

Riyad Capital is a Saudi Closed Joint Stock Company with Paid up capital of SR 500 million, licensed by the Saudi Arabian Capital Market Authority NO.07070-37. Commercial Registration No: 1010239234. Head Office: Granada Business Park 2414 Al-Shohda Dist. – Unit No 69, Riyadh 13241 - 7279 Saudi Arabia. Ph: 920012299.

The information in this report was compiled in good faith from various public sources believed to be reliable. Whilst all reasonable care has been taken to ensure that the facts stated in this report are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable. Riyad Capital makes no representations or warranties whatsoever as to the accuracy of the data and information provided and, in particular, Riyad Capital does not represent that the information in this report is complete or free from any error. This report is not, and is not to be construed as, an offer to sell or solicitation of an offer to buy any financial securities. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this report. Riyad Capital accepts no liability whatsoever for any loss arising from any use of this report or its contents, and neither Riyad Capital nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof. Riyad Capital or its employees or any of its affiliates or clients may have a financial interest in securities or other assets referred to in this report. Opinions, forecasts or projections contained in this report represent Riyad Capital's current opinions or judgment as at the date of this report only and are therefore subject to change without notice. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections which represent only one possible outcome. Further, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified and future actual results or events could differ materially. The value of, or income from, any investments referred to in this report may fluctuate and/or be affected by changes. Past performance is not necessarily an indicative of future performance. Accordingly, investors may receive back less than originally invested amount. This report provides information of a general nature and does not address the circumstances, objectives, and risk tolerance of any particular investor. Therefore, it is not intended to provide personal investment advice and does not take into account the reader's financial situation or any specific investment objectives or particular needs which the reader may have. Before making an investment decision the reader should seek advice from an independent financial, legal, tax and/or other required advisers due to the investment in such kind of securities may not be suitable for all recipients. This research report might not be reproduced, nor distributed in whole or in part, and all information, opinions, forecasts and projections contained in it are protected by the copyright rules and regulations.