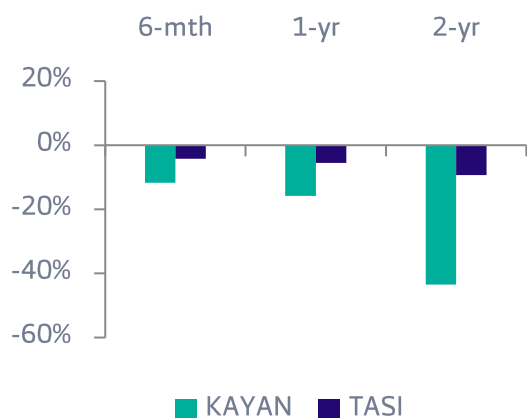


Market Data	
52-week high/low	SAR 6.41 / 4.46
Market Cap	SAR 7,980 mln
Shares Outstanding	1,500 mln
Free-float	65.00%
12-month ADTV	6,588,691
Bloomberg Code	KAYAN AB



## Challenges Likely to Persist in 2Q2026

April 27, 2026

Upside to Target Price	(18.0%)	Rating	Sell
Expected Dividend Yield	-	Last Price	SAR 5.32
Expected Total Return	(18.0%)	12-mth target	SAR 4.36

SAUDI KAYAN	1Q2026	1Q2025	Y/Y	4Q2025	Q/Q	RC Estimate
Sales	1,488	2,062	(28%)	2,013	(26%)	1,795
Gross Profit	(284)	(389)	27%	(305)	7%	(374)
Gross Margins	(19%)	(19%)		(15%)		(21%)
Operating Profit	(462)	(649)	29%	(525)	12%	(542)
Net Profit	(615)	(776)	21%	(686)	10%	(702)

(All figures are in SAR mln)

- Kayan sales decreased -26% Q/Q and -28% Y/Y, coming in at SAR 1.5 bln, below our more optimistic forecast of SAR 1.8 bln. According to Kayan's PR, sales volumes dropped -29% Q/Q and -24% Y/Y. As we have previously discussed in our 1Q26 Equity Preview, higher prices of some chemicals should not be taken at face value, as the logistical challenges via Hormuz disruptions are more material for some firms, Kayan being one of them. For our analysis, we note that the annually disclosed kmt sales volume numbers were ~2,749 in 2025, ~2,591 in 2024, and ~2,671 in 2023. Based on these numbers and the lower Q/Q sales volume disclosed for 1Q23 of -23% (during scheduled shutdown), we can conclude that the 1Q26 Q/Q sales volume drop of -29% was at least as weak, implying shipping disruptions are material and, if continued into May, carry downside risk into 2Q26.
- Gross margins were (19%), lower than (15%) in 4Q25 but higher than our estimate of (21%). The deviation from our margin estimate is driven by our original scenario analysis having a more conservative view on sales volume disruption. Net losses were SAR (615) mln in 1Q26, compared to losses of SAR (686) mln in 4Q25, potentially helped by lower butane prices. We also speculate that significantly lower sales and production volumes lowered the variable costs for the quarter.
- With lower volumes of distillate expected to come from Aramco (lower feedstock supply) and higher prices for distillate feedstocks in general, we believe Kayan will produce lower volumes at a higher cost than previously, while shipping disruptions via Hormuz remain a challenge. We maintain our price target and our 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](mailto:research@riyadcapital.com)

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