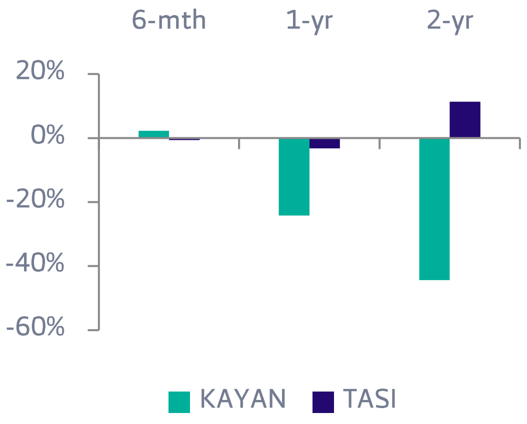
Lower Sales, Lower Volumes, Lower Input Costs

October 29, 2025

Upside to Target Price	(15.8%)	Rating	Sell
Expected Dividend Yield	-	Last Price	SAR 5.94
Expected Total Return	(15.8%)	12-mth target	SAR 5.00

Market Data	
52-week high/low	SAR 7.90 / 4.46
Market Cap	SAR 8,910 mln
Shares Outstanding	1,500 mln
Free-float	65.00%
12-month ADTV	4,941,884
Bloomberg Code	KAYAN AB



SAUDI KAYAN	3Q2025	3Q2024	Y/Y	2Q2025	Q/Q	RC Estimate
Sales	2,153	2,399	(10%)	2,231	(4%)	2,112
Gross Profit	(88)	(63)	-	(112)	22%	(50)
Gross Margins	(4%)	(3%)		(5%)		(2%)
Operating Profit	(163)	(126)	(29%)	(306)	47%	(235)
Net Profit	(336)	(296)	(14%)	(496)	32%	(394)

(All figures are in SAR mln)

- Saudi Kayan posted a decrease in sales of -4% Q/Q and -10% Y/Y, coming in at SAR 2.2 bln, in-line our estimate. According to management, Kayan's average sales prices and sales volumes both experienced a moderate -2% decrease Q/Q. While management also highlighted Y/Y changes (YTD) in prices and volumes were mixed, with prices decreasing -5% Y/Y and volumes increasing +5% Y/Y. Despite the increase in volumes, they did not offset the average drop in product prices; although it is worth noting a decrease in production inputs helped margins Q/Q.
- Gross margins came in at (4%), higher than (5%) in 2Q25, and lower than (3%) in 3Q24. We believe our estimates for gross margin losses were fair, driven by butane costs falling over -10%, both Y/Y and Q/Q. However, the lower volumes Q/Q could be driving Kayan to lose operating leverage on its fixed-costs; at this current sales volume and price level.
- Net losses were SAR (336) mln in 3Q25, compared to losses of SAR (496) mln in 2Q25, and SAR (296) mln in 3Q24. With the restoration of Bisphenol and Polycarbonate production in 2024, which we have previously noted, and now, the final insurance payment related to the BPA plant incident having been received (SAR 106 mln), investors can expect results to reflect operations more accurately. Free cashflow of SAR 95 mln in 2Q25 vs. a cash outflow SAR (73) mln in 3Q25, gives us pause, considering that input prices have dropped (butane). With negative free cash flow, especially after input costs (butane) moved to their lowest level since 2023, we maintain our target price and lower the rating until cash flows in.

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

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Disclaimer

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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