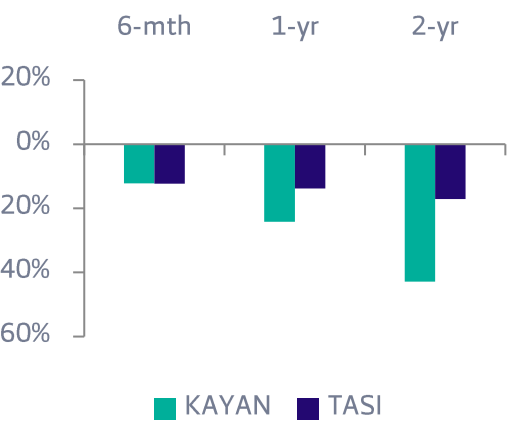


Market Data	
52-week high/low	SAR 6.20 / 4.50
Market Cap	SAR 7,260 mln
Shares Outstanding	1,500 mln
Free-float	65.00%
12-month ADTV	6,336,849
Bloomberg Code	KAYAN AB



■ 50% Threshold Not Met, Margins Turn Positive; Upgrade to Neutral October 22, 2026

Upside to Target Price	(12.2%)	Rating	Neutral
Expected Dividend Yield	-	Last Price	SAR 4.84
Expected Total Return	(12.2%)	12-mth target	SAR 4.25

SAUDI KAYAN	3Q2026	3Q2025	Y/Y	2Q2026	Q/Q	RC Estimate
Sales	2,188	2,153	2%	2,009	9%	2,216
Gross Profit	195	(88)	-	(339)	-	(86)
Gross Margins	9%	(4%)	-	(17%)	-	(4%)
Operating Profit	52	(163)	-	(522)	-	(277)
Net Profit	(94)	(336)	72%	(673)	86%	(424)

(All figures are in SAR mln)

- Kayan’s sales increased +9% Q/Q and +2% Y/Y to SAR 2.2 bln, in line with our estimate, as sales volumes recovered +46% Q/Q against average selling prices of -25% Q/Q (PR, Table 2). This could represent the volume recognition we flagged in our 3Q26 Equity Preview, as some cargoes held back during 2Q26 left the Arabian Gulf in the late-June transit window. Volumes remain below last year (9M26: -25% Y/Y), and the Company again cites supply chain challenges and higher logistics costs.
- Gross margin of 9% was the first positive margin in over six quarters (3Q25: (4%); 2Q26: (17%); our estimate: (4%)), on fixed-cost absorption, lower butane (Aramco CP -22% Q/Q) and a one-off SAR 129 mln spare parts provision reversal. Net losses of SAR (94) mln compared with our wider estimate of SAR (424) mln; excluding the reversal, SAR (223) mln. Accumulated losses were 48.54% of share capital (PR, p.3), below the 50% threshold we expected to be crossed this quarter, leaving headroom of ~SAR 218 mln.
- We upgrade Kayan to Neutral from Sell and raise our target price to SAR 4.25 from SAR 4.00. Kayan’s share price has declined roughly -19% since our October 2025 downgrade, but current market dynamics and the Company’s position as a SABIC subsidiary make the stock, at SAR 4.84, less asymmetric to the downside. Our target remains ~1.15x forward book value, now assuming quarterly losses revert to around SAR (570) mln as the provision reversal and the feedstock lag fall away, between our 3Q26 estimate and the 2Q26 run-rate. We would turn more positive on a recapitalization that materially reduces finance costs or on the 2H26 feedstock allocation, and more negative if weaker 4Q26 pricing returns losses to the 2Q26 rate.

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 SAR 500 million. Licensed by the Saudi Arabian Capital Market Authority (No. 07070-37). Commercial Registration No. 1010239234. Head Office: 3128 Financial Boulevard, 6671 Al Aqeeq Dist., Riyadh 13519, Kingdom of 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.