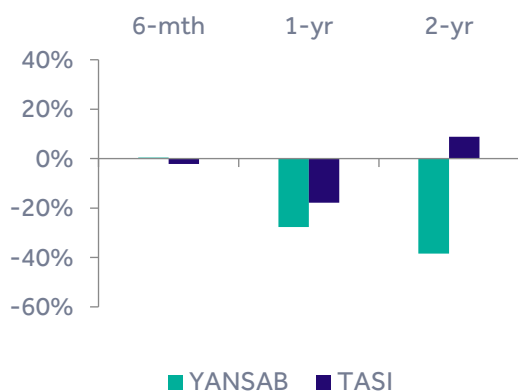


| Market Data | |
|--------------------|-------------------|
| 52-week high/low | SAR 61.40 / 38.85 |
| Market Cap | SAR 24,272 mln |
| Shares Outstanding | 562.5 mln |
| Free-float | 49.00% |
| 12-month ADTV | 821,914 |
| Bloomberg Code | YANSAB AB |



Significant Shutdown Impact

May 02, 2023

| | | | |
|-------------------------|--------|---------------|-----------|
| Upside to Target Price | (7.3%) | Rating | Neutral |
| Expected Dividend Yield | 2.3% | Last Price | SAR 43.15 |
| Expected Total Return | (5.0%) | 12-mth target | SAR 40.00 |

| Yansab | 1Q2023 | 1Q2022 | Y/Y | 4Q2022 | Q/Q | RC Estimate |
|------------------|--------|--------|-------|--------|-------|-------------|
| Sales | 667 | 1,979 | (66%) | 1,385 | (52%) | 1,104 |
| Gross Profit | (240) | 437 | - | 56 | - | 13 |
| Gross Margins | - | 22% | - | 4% | - | 1% |
| Operating Profit | (367) | 317 | - | (95) | - | (127) |
| Net Profit | (370) | 283 | - | (96) | - | (184) |

(All figures are in SAR mln)

- Yansab top-line fell markedly to SAR 667 mln (-66% Y/Y and -52% Q/Q), one of the lowest quarterly revenue by the company. This decline is attributed to the shutdown, which resulted in lower production and sale volumes, down -58% Q/Q despite the +16% Q/Q increase in average product prices.
- The Company had announced a 1H2023 financial impact of this outage at SAR 385 mln. The shutdown impact has been more than expected for this quarter. There may be a slight improvement in 2Q2023 on the back of better product prices as well as higher production as the complex restarts operations.
- 1Q2023 recorded negative gross margins on the back of unstable feedstock prices. Going forward, we expect margins to improve since Propane prices were settled at USD 555/per ton for April and May compared to USD 700/per ton in 1Q2023.
- Yansab widened its losses from SAR (96) mln in 4Q2022 to SAR (370) mln this quarter, above both our forecast and market consensus. Net margins were negative for the third consecutive quarter. We are concerned that this financial performance will impact dividend distribution. We now expect a dividend yield of 2.3% (previously 5.1%) for this year due to the net losses. Yansab has previously not recorded any yearly losses but we expect profits to improve during the second half of 2023. We revise down our target price to SAR 40.00 but maintain a Neutral 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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