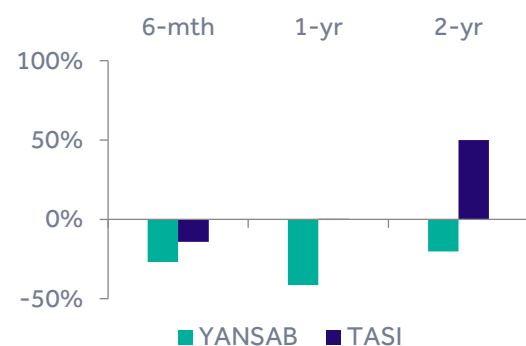


Market Data	
52-week high/low	SAR 77.10 / 43.95
Market Cap	SAR 25,116 mln
Shares Outstanding	562.5 mln
Free-float	49.00%
12-month ADTV	929,427
Bloomberg Code	YANSAB AB



## Net Loss in 3Q

October 30, 2022

Upside to Target Price	9.7%	Rating	Neutral
Expected Dividend Yield	4.5%	Last Price	SAR 44.65
Expected Total Return	14.2%	12-mth target	SAR 49.00

Yansab	3Q2022	3Q2021	Y/Y	2Q2022	Q/Q	RC Estimate
Sales	1,595	1,780	(10%)	2,062	(23%)	1,662
Gross Profit	75	344	(78%)	400	(81%)	315
Operating Profit	(46)	215	-	277	-	210
Net Profit	(61)	180	-	289	-	213

(All figures are in SAR mln)

- Yansab top-line declined by -10% Y/Y and -23% Q/Q to SAR 1.60 bln, in line with our SAR 1.66 bln forecast. The decline was attributed to lower average sales prices for all of the products, down by -23% Q/Q and -30% Y/Y, despite higher production and increase in sales volume by +17% Q/Q and +11% Y/Y.
- Gross margin weakened to 4.7% for the quarter as compared to 19.4% in the preceding quarter and 21.8% in 1Q2022. Yansab faced higher shipment costs despite lower feedstock cost, higher production and sales quantity. As a result, gross profit declined by -78% Y/Y and -81% Q/Q to SAR 75 mln.
- Yansab recorded net losses of SAR (61) mln, after several years of profits. Bottomline missed both our forecast of SAR 213 million and consensus of SAR 185 million. The unexpected net loss appears to be due to greater decline in product prices than feedstock prices, which hit margins. Net margins were negative compared to 14% in the preceding quarter.
- We revise our target price to SR 49.00 and downgrade to 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](mailto:research@riyadcapital.com)

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