

February 20, 2024

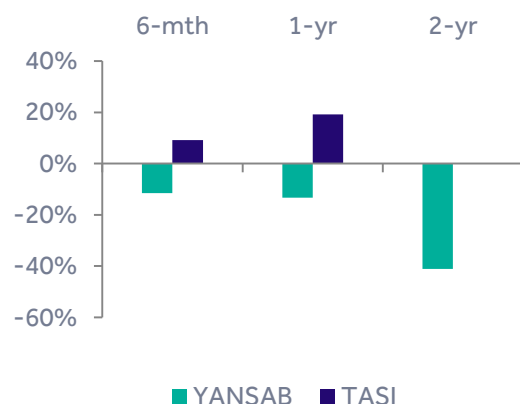
Profit Returns

Upside to Target Price	2.0%	Rating	Neutral
Expected Dividend Yield	3.8%	Last Price	SAR 39.20
Expected Total Return	5.9%	12-mth target	SAR 40.00

Market Data	
52-week high/low	SAR 49.55 / 36.35
Market Cap	SAR 22,050 mln
Shares Outstanding	562.5 mln
Free-float	49.00%
12-month ADTV	675,353
Bloomberg Code	YANSAB AB

Yansab	4Q2023	4Q2022	Y/Y	3Q2023	Q/Q	RC Estimate
Sales	1,445	1,396	4%	1,098	32%	1,395
Gross Profit	138	67	105%	(44)	-	42
Gross Margins	10%	5%		(4%)		3%
Operating Profit	21	(12)	-	(153)	-	(71)
Net Profit	18	(96)	-	(161)	-	(55)

(All figures are in SAR mln)



- Yansab quarterly topline increased by +32% Q/Q and +4% Y/Y to SAR 1.4 bln, in-line with our forecast. The decrease in annual revenue for 2023 Y/Y was driven by lower average sales prices, which according to management, was for all end-products. Average annual sales prices and volumes both declined Y/Y, by -15% and -24%, respectively. Along with the lower end product prices, there was also lower input costs (feedstocks), this factor naturally provided a boost to gross margin, which came in positive, at 10% for the quarter versus negative margins of (4%) for its previous quarter. This was mainly attributed to lower end-product sale prices, which were offset by lower average feedstock prices, such as Propane, in 3Q23; driving quarterly gross profit higher by +105% Y/Y.
- The Company's scheduled turnaround of a complex for preventative maintenance during 1Q23 (announced November 2022), as well as a temporary shutdown in order to perform emergency repairs (as announced on August 21st, 2023), negatively impacted Yansab's production. This lower production influenced gross margins to turn negative in 3Q23, which also cascaded into operating profit, as reflected in the 3Q23 operating loss of SAR (153) mln; further exacerbated by a continued soft pricing environment. After production ramped up again later in the year, Yansab recorded quarterly operating profit in 4Q23 of SAR 21 mln, up +273% Q/Q.
- Net profit of SAR 18 mln was recorded for the quarter, a stark comparison to a loss of SAR (161) mln in the preceding quarter. Management noted that the stability in production level during 4Q23 provided the lift in net income both Y/Y and Q/Q. We also note, that an improved 4Q23 driven by lower feedstock prices and resumed production was in-line with our expectations, we therefore maintain our target price of SAR 40.00 and 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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