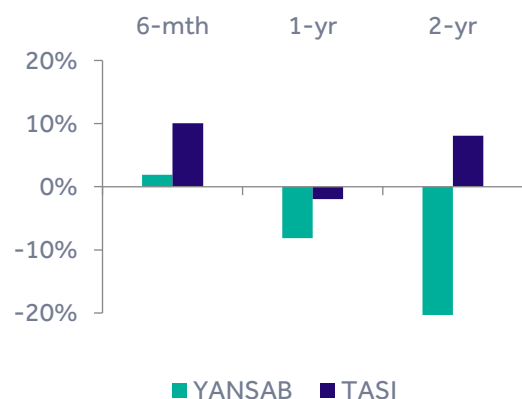


Market Data	
52-week high/low	SAR 53.60/ 38.85
Market Cap	SAR 25,144 mln
Shares Outstanding	562.5 mln
Free-float	49.00%
12-month ADTV	728,777
Bloomberg Code	YANSAB AB



## Modest Profit After Challenging Quarters

July 24, 2023

Upside to Target Price	(10.5%)	Rating	Neutral
Expected Dividend Yield	4.5%	Last Price	SAR 44.70
Expected Total Return	(6.0%)	12-mth target	SAR 40.00

Yansab	2Q2023	2Q2022	Y/Y	1Q2023	Q/Q	RC Estimate
Sales	1,323	2,069	(36%)	667	98%	1,372
Gross Profit	92	407	(77%)	(240)	-	212
Gross Margins	7%	22%	-	-	-	15%
Operating Profit	13	322	(96%)	(367)	-	90
Net Profit	27	289	(91%)	(370)	-	79

(All figures are in SAR mln)

- Yansab top-line improved by +98% Q/Q but declined -36% Y/Y to SAR 1.3 bln, matching with our forecast. The increase came on the back of restarting factories which led to higher sales volume (up +124% Q/Q, down -8% Y/Y) although average selling prices declined on both Q/Q and Y/Y by -11% and -30%, respectively.
- Gross margin was in excess of 7% for the quarter versus negative margins for the past 3 quarters and 22% in 2Q2022. This was mainly attributed to much lower average feedstock prices as compared to product prices, particularly as Propane returned to lower levels.
- Operating profit declined by -96% Y/Y to reach SAR 13 mln compared to SAR (367) mln in the preceding quarter. We believe this was mainly due to lower operating efficiency and gross margins. Moving forward, we believe a decline in operating expenses tied with lower shipping cost will be a key positive.
- Net profit was reported at SAR 27 million for the quarter, after 3 quarter of losses and compared to SAR (370) mln in the preceding quarter. This was much lower than market consensus estimate of SAR 78 mln. Lower gross margin followed higher than expected operating expenses, resulting in the deviation versus our estimates. Net margins were thin compared to the same period last year, reported at 2% for the quarter as compared to 14% in 2Q2022.
- While 2Q has been below expectations, we believe 3Q would be better on the back of lower feedstock prices. We maintain our target price of SAR 40.00 and a Neutral rating.

**Ghadah A. Bin Ekresh**  
ghadah.bin.aekresh@riyadcapital.com  
+966-11-203-6812

## ■ 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)

Riyad Capital is a Saudi Closed Joint Stock Company with Paid up capital of SR 500 million, licensed by the Saudi Arabian Capital Market Authority NO.07070-37. Commercial Registration No: 1010239234. Head Office: Granada Business Park 2414 Al-Shohda Dist. – Unit No 69, Riyadh 13241 - 7279 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.