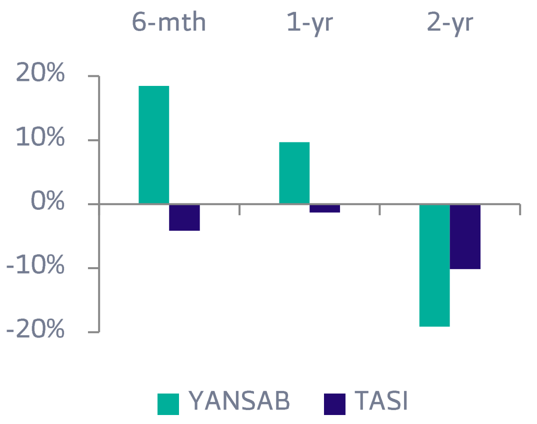
Hormuz Helping Prices, Prices Captured, Volume Defended

July 26, 2026

Upside to Target Price	8.5%	Rating	Buy
Expected Dividend Yield	6.4%	Last Price	SAR 31.02
Expected Total Return	15.0%	12-mth target	SAR 33.66

Market Data	
52-week high/low	SAR 38.44 / 24.00
Market Cap	SAR 17,989 mln
Shares Outstanding	562.5 mln
Free-float	49.00%
12-month ADTV	779,178
Bloomberg Code	YANSAB AB



Yansab	2Q2026	2Q2025	Y/Y	1Q2026	Q/Q	RC Estimate
Sales	1,879	1,394	35%	1,320	42%	1,851
Gross Profit	534	185	188%	153	248%	414
Gross Margins	28%	13%		12%		22%
Operating Profit	274	48	476%	12	2,149%	255
Net Profit	259	45	482%	11	2,205%	231

(All figures are in SAR mln)

- Yansab's topline increased +42% Q/Q and +35% Y/Y to SAR 1.9 bln, in-line with our SAR 1.9 bln estimate. The quarter's key driver was significantly higher realized prices, which unlike many East Coast operators, Yansab was able to capture: management reported average selling prices +48% Q/Q and +38% Y/Y. With prices up +48% against revenue up +42%, implied volumes were only modestly lower – the West Coast export advantage in one line. This answers the volume question from our previous Yansab report – whether greater West Coast terminal usage could slow export volumes; this quarter, only modestly.
- Yansab generated gross profit of SAR 534 mln in 2Q26, +248% Q/Q, though the 1Q26 glycol plant turnaround flatters the sequential move; the cleaner comparison is +188% Y/Y (vs. SAR 185 mln). The question now is about sustainability. Under our medium-term Hormuz disruption scenario – continued disruption of Gulf feedstock supply chains and of petrochemical exports from Hormuz-dependent producers – The Kingdom's West Coast operators remain structurally advantaged, and we believe strong margins can persist while that regime holds. What we reject is the cavalier extrapolation that current spreads continue indefinitely regardless of structural market changes.
- Net profit was SAR 259 mln in 2Q26, slightly above our SAR 231 mln estimate, +482% Y/Y, and after SAR 104 mln in provisions, underlying profitability was stronger (2Q26 financials will show provision detail). With the oscillation regime we flagged in our July 22 Petchem Pulse intact (to be formalized in our forthcoming sector update), we upgrade Yansab to Buy with a SAR 33.66 target. We would reassess on a sustained recovery in Hormuz transits toward the 2025 high-water mark accompanied by normalizing freight and insurance – the same bar we set publicly, which the data has not approached. We also note that we are monitoring potential disruptions in the Red Sea; the 2024–25 precedent saw freight rates spike and fade without durably impairing Yanbu throughput, and initial indications suggest containment rather than escalation. A sustained disruption of Red Sea transit impairing Yanbu loadings would challenge the West Coast advantage underpinning our rating that, alongside our stated Hormuz reassessment bar, defines the risk to our call.

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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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