YANSAB

RESULT ANALYSIS

Q2 2026

Highest net income since Q2 22

Yansab reported a strong set of Q2 26 results with a net profit of SAR259mn, compared to profits of SAR11.2mn and SAR44.6mn in Q1 26 and Q2 25, respectively. The results were higher than the SNB Capital and consensus estimates of SAR180mn and SAR190mn, respectively. This is the highest net income since Q2 22. We believe the variance was driven by 1) higher realized selling prices and 2) exceptional gross margins, which came in at 28.4% (vs our estimates of 18.6%) and reached the highest level since Q2 21. However, this was partly mitigated by a provision of SAR104mn. Adjusting for that, net income would be SAR363mn, the highest since Q1 19. In general, the sector results are showing better than expected realized prices but with major variance in volumes sold, impacted by the supply chain challenges. The expectations for Q3 26 remains highly uncertain.

- Revenues came in at SAR1.88bn, up 34.8% yoy (+42.3% qoq), higher than our estimates of SAR1.76bn. The growth, and positive variance, was driven by a 38% yoy (+48% qoq) increase in selling prices of products rather than higher volume sold. We believe that the realized selling prices for Yansab were at a premium to the broader market. However, we believe that the revenue growth was not supported by higher sales volumes.
- Gross profit stood at SAR534mn, up 188% yoy (+248% qoq) and was significantly higher than our estimates of SAR328mn. Gross margins stood at 28.4%, reaching its highest level since Q2 21 and was higher than our estimates of 18.6%, and Q1 26 levels of 11.6%. We believe the improvement is due to higher realized prices and high plant reliability post the shutdown in Q1 26.
- EBIT stood at SAR274mn, up 477% yoy, vs SAR47.6mn in Q1 26 and our estimates of SAR180mn. Net opex stood at SAR259mn (+88.2% yoy, +83.6% qoq), higher than our estimates of SAR148m. We believe the variance was due to SAR104mn provisions in Q2 26. EBITDA stood at SAR625mn (+116% yoy, +152% qoq).
- In Q2 26, MEG increased 17.8% yoy (+24.2% qoq) to USD592. PP increased 28.6% yoy (+32.3% qoq) to USD1,158 and HDPE increased 32.7% yoy (+33.8% qoq) to USD1,244. The sector's results are showing that companies were able to realize better than expected prices. However, supply chain challenges impacted volumes, mainly for companies in the Eastern region.
- **Q3 26 outlook:** The sector is expected to continue to face another challenging quarter with the recent regional re-escalation. Companies in the Western region are expected to be better-off than those located in Eastern region with the product mix (liquid vs solid) playing an important role.

Outlook

We are Neutral on Yansab with a PT of SAR27.0. In the current situation, we believe Yansab is reaping the benefit of its location advantage compared to its Saudi peers. However, the absence of a strong growth in volumes is the only negative. The stock trades at 2026f EV/EBITDA of 14.2x, vs the peer group average of 11.0x.

Q2 26 Results Summary (SAR mn)

	Q2 26	Q2 25	%yoy	Q2 26f	%Var^	Q1 26	% qoq
Revenue	1,879	1,394	34.8%	1,761	6.7%	1,320	42.3%
Gross income	534	185	188%	328	62.5%	153	248%
Gross margin (%)	*28.4%*	*13.3%*	*15.1%*	*18.6%*	*9.8%*	*11.6%*	*16.8%*
EBIT	274	47.6	477%	180	52.2%	12.2	2154%
EBIT margin (%)	*14.6%*	*3.4%*	*11.2%*	*10.2%*	*4.4%*	*0.9%*	*13.7%*
Net income	259	44.6	481%	180	43.8%	11.2	2205%
EPS (SAR)	0.46	0.08	481%	0.32	43.8%	0.02	2205%

Source: Company, SNB Capital Research, ^ % Var indicates variance from SNB Capital forecasts

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