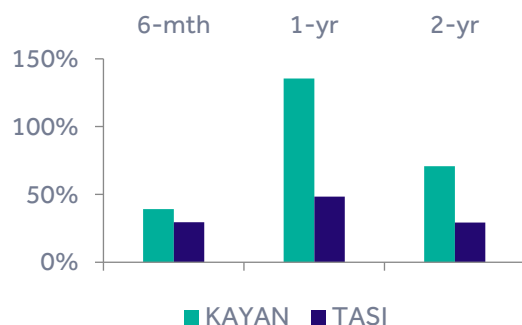


Market Data

52-week high/low	SAR 20.00/8.08
Market Cap	SAR 28,980 mln
Shares Outstanding	1,500 mln
Free-float	65.0%
12-month ADTV	10,246,961
Bloomberg Code	KAYAN AB



Margins Expand Further in 2Q

August 03, 2021

Upside to Target Price (4.2%)
 Expected Dividend Yield 0.0%
 Expected Total Return (4.2%)

Rating Neutral
 Last Price SAR 19.32
 12-mth target SAR 18.50

SAUDI KAYAN	2Q2021	2Q2020	Y/Y	1Q2021	Q/Q	RC Estimate
Sales	2,974	1,537	93%	2,688	11%	2,818
Gross Profit	1,041	(71)	-	750	39%	845
Operating Profit	895	(215)	-	587	53%	673
Net Profit	781	(398)	-	493	58%	576

(All figures are in SAR mln)

- Saudi Kayan posted revenues of close to SAR 3 billion (+93% Y/Y and +11% Q/Q), beating our SAR 2.8 billion forecast, despite a scheduled shutdown. Although LDPE and Polypropylene prices are almost flat Q/Q, specialized petrochemical prices have risen with Polycarbonate and MEG (China) prices rising by +24% and +13% respectively over the preceding quarter.
- Margins have widened further in 2Q2021 after having witnessed a rise in 1Q2021 as well. Gross margins are at 35% from 28% in 1Q2021 and net margins have come in at 26%, 800 bps higher than the previous quarter largely due to better product spread.
- Saudi Kayan recorded another strong bottomline posting SAR 781 million in net income, +58% higher than last quarter and the best net income since 2Q2018. Lower operating expenses including financing costs coupled with better spreads helped.
- In view of continued good performance by the Company, we raise the target price to SAR 18.50.

Muhammad Faisal Potrik
 muhammed.faisal@riyadcapital.com
 +966-11-203-6807

■ 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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