

Market Data	
52-week high/low	SAR 73.20 / 38.55
Market Cap	SAR 23,821.8 mln
Shares Outstanding	562.5mln
12-month ADTV	784,836
Bloomberg Code	YANSAB AB

Earnings Retreat Significantly

April 22, 2020

Upside to Target Price 9.2%
 Expected Dividend Yield 7.0%
 Expected Total Return 16.2%

Rating Neutral
 Last Price SAR 43.05
 12-mth target SAR 47.00

Yansab	1Q2020	1Q2019	Y/Y	4Q2019	Q/Q	RC Estimate
Sales	1,195	1,522	(21%)	1,482	(19%)	1,319
Gross Profit	199	473	(58%)	298	(33%)	185
Operating Profit	102	379	(73%)	182	(44%)	92
Net Profit	105	391	(73%)	171	(39%)	114

(All figures are in SAR mln)

- Revenues dropped on a quarterly and yearly basis as the company cited lower average sales prices for most products. Surprisingly, it did not cite lower sales volume on a quarterly basis as was expected. MEG prices declined -6% Q/Q and -17% Y/Y, PE prices fell -3% Q/Q and -22% Y/Y.
- Gross margin contracted from 20% last quarter and 31% last year to reach 17% as the company cited higher feedstock costs Q/Q. Operating margin contracted from 12% last quarter and 25% last year to reach 9%.
- Earnings came below our expectations and street estimate of SAR 118 mln. Net margin contracted from 12% last quarter and 26% last year to reach 9%.
- We expect slight improvement in the company's margins next quarter as feedstock prices are expected to decline drastically. Given its strong financial position and our high conviction that Yansab will announce a 1H2020 dividend close to SR 1.5 per share, the stock is attractive for dividend capture.

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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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