

FY21 Results Update

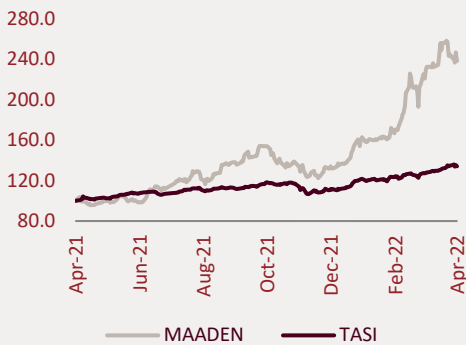
April 22, 2022

Recommendation	Neutral
Previous Recommendation	Neutral
Current Price (SAR)	137.0
Target Price (SAR)	140.0
Upside/Downside (%)	2.2%

As of April 21, 2022

Key Data (Source: Bloomberg)	
Market Cap (SAR bn)	168.6
52-wk High (SAR)	150.8
52-wk Low (SAR)	54.4
Total Outstanding shares (in mn)	1.2
Free Float (%)	32.8%

MAADEN vs. TASI (Rebased)

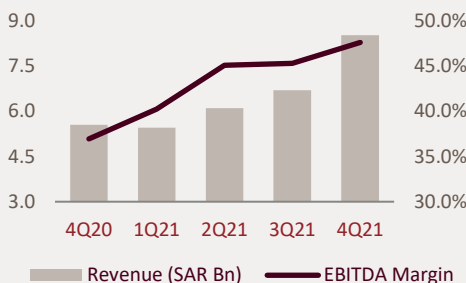


Price Performance (%)	Absolute	Relative
1m	7.9%	2.4%
6m	54.5%	41.1%
12m	138.3%	104.2%

Major Shareholders (%)

Public Investment Fund (PIF)	67.18%
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Revenue (SAR bn) and EBITDA Margin (%)



Source: Bloomberg, Company Financials, Yaqaen Capital;
Data as of April 21, 2022

Ma'aden swings to profit in FY21 on higher sales price

Saudi Arabian Mining Co. (Ma'aden)'s revenue soared 44.1% YoY to SAR 26.8bn, driven by higher average realized sales prices of all products, except industrial mineral products. The rise in sales prices was partially offset by lower sales volume of ammonia, gold, and flat-rolled products. Despite a 10.0% YoY rise in cost of sales, the company's gross profit surged 256.6% YoY to SAR 9.2bn. Consequently, gross margins expanded to 34.2% in FY21 from 13.8% in FY20. Higher topline and improved margins countervailed the rise in SG&A expenses, as the company's operating profit surged 814.6% YoY to SAR 7.4bn in FY21 from SAR 810.6mn in FY20. Lower finance expenses and higher profit contribution from joint ventures (JVs) helped Ma'aden record higher net profit of SAR 5.2bn in FY21 compared with loss of SAR 209.0mn in FY20; meanwhile, net margin stood at 19.5% in FY21 as against (1.1%) in FY20.

Ma'aden reported strong performance in FY21 compared with that in FY20, as a surge in average sales prices of all its products, except industrial mineral products, drove the top line, counterbalanced by lower sales volume during the year. Consequently, the company reported its highest ever net profit in FY21. Increase in commodity prices and high demand for the company's product boosted the company's top and bottom lines. Ma'aden remained largely immune from global supply chain challenges due to local supply of raw material, which led to improvement in its gross margins. Phosphate sales accounted for nearly 54.5% of Ma'aden's total sales, while aluminum and gold accounted for 36.9% and 8.6%, respectively. However, the company could face several headwinds due to high feedstock and gas prices as well as rising inflation, lowering consumers' spending power. Commodity prices are likely to remain high in FY22 amid the ongoing geopolitical crisis in Europe. Nevertheless, Ma'aden's board of directors recently recommended 100% capital increase via one-for-one bonus issue, which would boost its capital base and finance its future growth plans. The company also announced it completed its third ammonia plant and commercial production will begin in 3Q22, which would boost Ma'aden's top line. Due to the abovementioned factors, we maintain our "Neutral" rating on the stock.

- Ma'aden's revenue surged 44.1% YoY to SAR 26.8bn, driven by higher average selling prices of all products, except industrial mineral products, slightly offset by lower sales volume of ammonia, gold, and flat-rolled products.
- Cost of sales rose slow (up 10.0% YoY to SAR 17.6bn), which led to a 256.6% YoY rise in gross profit to SAR 9.2bn in FY21. Consequently, the company's gross margin expanded to 34.2% from 13.8% in FY20.
- Rise in SG&A expenses were offset by higher top line, as the company's operating profit increased to SAR 7.4bn in FY21 from SAR 810.6mn in FY20. Simultaneously, EBIT margin expanded to 27.7% in FY21 from 4.4% in FY20.
- Lower finance charges and higher contribution from JVs led to Ma'aden reporting net profit of SAR 5.2bn in FY21 compared with net loss of SAR 209.0mn in FY20. Consequently, net margin improved to 19.5% in FY21 from (1.1%) in FY20.
- On February 24, 2022, Ma'aden's board of directors recommended 100% capital increase via a one-for-one bonus issue.
- Maaden announced it completed the construction of its third ammonia plant in Ras Al-Khair. Commercial production is expected in 3Q22.

Valuation: We revise our target price to a fair value of SAR 140.0 per share but maintain our "Neutral" rating on the stock.

	4Q21	4Q20	% YoY	FY22E	FY21	%YoY
Revenues (SAR mn)	8.5	5.5	53.5%	34.0	26.8	27.2%
Gross Profit (SAR mn)	3.4	1.3	156.6%	14.4	9.2	56.9%
EBITDA (SAR mn)	4.1	2.0	97.8%	17.0	12.0	41.3%
Net Profit (SAR mn)	2.1	0.6	265.5%	9.0	5.2	71.9%
EPS Basic (SAR)	1.70	0.46	265.5%	7.30	4.25	71.9%
Gross Margin (%)	39.8%	23.8%	16.0%	42.2%	34.2%	8.0%
EBITDA Margin (%)	47.6%	36.9%	10.7%	50.0%	44.9%	5.0%
Net Profit Margin (%)	24.5%	10.3%	14.2%	26.4%	19.5%	6.9%

Source: Company Financials, Yaqaen Capital

Yaqeen Capital Rating Methodology

Yaqeen Capital uses its own evaluation structure, and its recommendations are based on quantitative and qualitative data collected by the analysts. Moreover, the evaluation system places covered shares under one of the next recommendation areas based on the closing price of the market, the fair value that we set and the possibility of ascent/descent.

Overweight: The Target share price exceeds the current share price by $\geq 10\%$.

Neutral: The Target share price is either more or less than the current share price by 10% .

Underweight: The Target share price is less than the current share price by $\geq 10\%$.

To be Revised: No target price had been set for one or more of the following reasons: (1) waiting for more analysis, (2) waiting for detailed financials, (3) waiting for more data to be updated, (4) major change in company's performance, (5) change in market conditions or (6) any other reason from Yaqeen Capital.

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