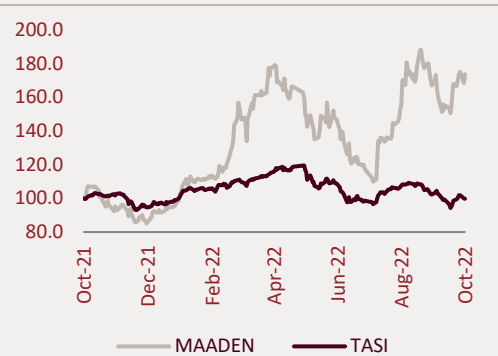


2Q22 Results Update

October 11, 2022

Recommendation	Neutral
Previous Recommendation	Overweight
Current Price (SAR)	72.0
Target Price (SAR)	66.0
Upside/Downside (%)	(8.3%)
<i>As of October 10, 2022</i>	
Key Data (Source: Bloomberg)	
Market Cap (SAR bn)	177.2
52-wk High (SAR)	80.3
52-wk Low (SAR)	34.2
Total Outstanding shares (in bn)	2.5
Free Float (%)	32.8%

MAADEN vs. TASI (Rebased)

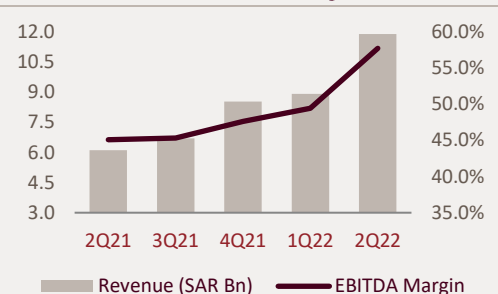


Price Performance (%)	Absolute	Relative
1m	4.0%	6.6%
6m	(2.4%)	11.5%
12m	73.7%	74.0%

Major Shareholders (%)

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



Source: Bloomberg, Company Financials, Yaqeen Capital;
Data as of October 10, 2022

Topline surged on improved sales prices and volumes in 2Q22

Saudi Arabian Mining Co. (Ma'aden)'s revenue surged 94.6% YoY to SAR 11.9bn in 2Q22, driven by higher average realized sales prices of all products, except industrial mineral products; and increase in sales volumes, mainly from ammonia, primary aluminum, ammonia phosphate fertilizer, industrial mineral products and gold. The company's gross profit advanced 199.4% YoY to SAR 6.2bn as cost of sales grew at a slower pace compared to the topline. Consequently, gross margins expanded to 51.9% in 2Q22 from 33.7% in 2Q21. Operating profit grew 244.5% YoY to SAR 5.6bn as higher topline offset the rise in SG&A expenses as well as higher exploration and technical services expenditure in 2Q22. Subsequently, operating margin advanced to 46.8% in 2Q22 from 26.4% in 2Q21. Rise in share of net profit of joint ventures offset the rise in zakat expenses and helped Ma'aden record a 264.7% YoY increase in net profit to SAR 4.0bn in 2Q22. Meanwhile, net margin stood at 33.9% in 2Q22 vis-à-vis 18.1% in 2Q21.

Ma'aden continued to exhibit robust performance in 2Q22 compared to the same period last year as topline rose during the quarter. The performance was driven by an increase in average sales prices of all its products, except industrial mineral products, coupled with rise in sales volumes from ammonia, primary aluminum, ammonia phosphate fertilizer, industrial mineral products and gold. However, growth was slightly offset by lower sales volume for flat rolled products, alumina and Meridian's products. The bottom line advanced during the quarter on higher commodity prices and improved margins, but was slightly offset by higher raw material costs, rise in cost of personnel and contracted services as well as increase in exploration and technical services due to higher drilling activities. Phosphate sales accounted for nearly 65.7% of the company's total sales, while aluminum and gold accounted for 28.6% and 4.8%, respectively. The company improved operational efficiencies of almost all its plants, which also contributed to its strong earnings. Ma'aden launched commercial operations at the third ammonia plant in Ras Al-Khair with capacity of about 1.1 million tons per annum. The company also announced that the construction of Mansorah and Massarah gold mines is almost complete, with trial operations expected to commence from 4Q22. This will support earnings going forward. However, the company could face headwinds due to high feedstock and gas prices, which are likely to remain elevated in FY22 amid the ongoing geopolitical crisis in Europe, leading to higher production costs. In view of these factors, we revise our rating to "Neutral" on the stock.

- Ma'aden's revenue grew 94.6% YoY to SAR 11.9bn in 2Q22 on higher average selling prices of all products, except industrial mineral products, as well as higher volumetric sales.
- Cost of sales grew at a slower rate (up 41.4% YoY to SAR 5.7bn) compared to the topline, leading to a 199.4% YoY rise in gross profit to SAR 6.2bn during the quarter. Consequently, the company's gross margin advanced 18.1ppt YoY to 51.9% in 2Q22.
- Despite rise in SG&A as well as exploration and technical expenses, the company's operating profit increased 244.5% YoY to SAR 5.6bn in 2Q22 due to higher topline. Subsequently, EBIT margin expanded 20.3ppt YoY to 46.8% during the quarter.
- Increase in joint ventures' share of net profit offset lower other income and rise in zakat expenses, leading to the company reporting a 264.7% YoY rise in net profit to SAR 4.0bn in 2Q22. Meanwhile, net margin improved 15.8ppt to 33.9% in 2Q22.
- On August 25, 2022, Ma'aden signed four MoUs with the largest Indian fertilizer companies. This will double the company's annual exports of phosphate and ammonia products to the Indian market from 2023.

Valuation: We revise our target price to a fair value of SAR 66.0 per share and change our rating to "Neutral" on the stock.

	2Q22	2Q21	% YoY	FY22E	FY21	%YoY
Revenues (SAR bn)	11.9	6.1	94.6%	37.3	26.8	39.3%
Gross Profit (SAR bn)	6.2	2.1	199.4%	15.7	9.2	71.1%
EBITDA (SAR bn)	6.9	2.8	149.1%	17.8	12.0	48.1%
Net Profit (SAR bn)	4.0	1.1	264.7%	9.7	5.2	85.5%
EPS Basic (SAR)	3.27	0.90	264.7%	3.94	2.12	85.5%
Gross Margin (%)	51.9%	33.7%	18.1%	42.0%	34.2%	7.8%
EBITDA Margin (%)	57.7%	45.1%	12.6%	47.8%	44.9%	2.8%
Net Profit Margin (%)	33.9%	18.1%	15.8%	26.0%	19.5%	6.5%

Source: Company Financials, Yaqeen 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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