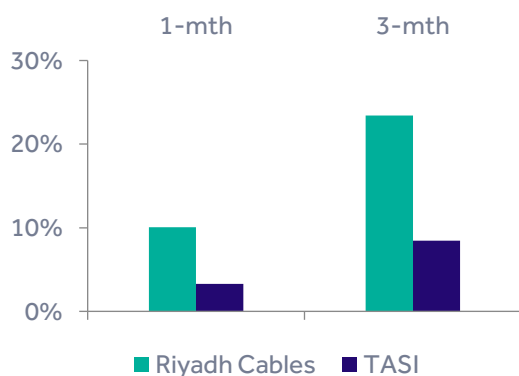


Market Data	
52-week high/low	SAR 61.00/35.60
Market Cap	SAR 8,685 mln
Shares Outstanding	150 mln
Free-float	31.06%
12-month ADTV	778,251
Bloomberg Code	RIYADHCA AB



Backlog Remains Strong

Upside to Target Price	(4.1%)
Expected Dividend Yield	3.9%
Expected Total Return	(0.2%)

Rating	Neutral
Last Price	SAR 57.90
12-mth target	SAR 55.50

May 14, 2023

Riyadh Cables	1Q2023	1Q2022	Y/Y	4Q2022	Q/Q	RC Estimate
Sales	1,937	1,561	24%	1,831	6%	1,941
Gross Profit	219	152	44%	184	19%	195
Gross Margins	11%	10%		10%		10%
Operating Profit	155	101	54%	144	8%	150
Net Profit	125	84	48%	106	18%	112

(All figures are in SAR mln)

- Riyadh Cables Group Co.'s top-line grew strongly on both yearly and quarterly basis by +24% and +6%, respectively, to SAR 1.9 bln, matching our estimates. The growth was driven by higher volumes (up +31% Y/Y and +13% Q/Q) on the back of a healthy backlog as well as higher demand locally and regionally. We expect growth to remain strong as a significant backlog remains, especially in Medium Voltage and Overhead Lines.
- Gross profit witnessed a substantial +44% Y/Y growth to SAR 219 mln. Gross margin expanded on both yearly and quarterly basis by +156 bps and +122 bps, respectively, to 11% this quarter. Margin expansion can be attributed to better product mix as the share of Aluminum products (51% of total volumes) showed a strong increase due to heavier demand on Overhead Lines. EBITDA rose by +47% Y/Y and +6% Q/Q to SAR 172 mln on the back of higher demand and cost efficiency.
- Bottom-line rose by +48% Y/Y and +18% Q/Q to SAR 125 mln on stronger operating income driven by higher volumes and cost efficiency. We remain positive on the short and long-term fundamentals of the Company. We raise our TP to SAR 55.50 but maintain our Neutral rating.

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الرياض المالية
Riyad Capital

■ 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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