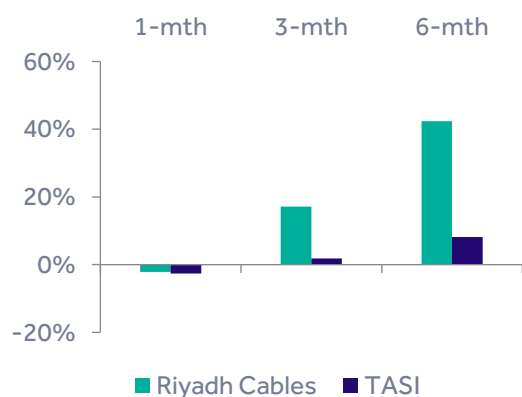


Market Data	
52-week high/low	SAR 72.80/35.60
Market Cap	SAR 10,035 mln
Shares Outstanding	150 mln
Free-float	31.03%
12-month ADTV	573,839
Bloomberg Code	RIYADHCA AB



■ Margins Improve Despite Lower Volumes Q/Q

August 16, 2023

Upside to Target Price	(8.8%)	Rating	Neutral
Expected Dividend Yield	3.3%	Last Price	SAR 66.90
Expected Total Return	(5.5%)	12-mth target	SAR 61.00

Riyadh Cables	2Q2023	2Q2022	Y/Y	1Q2023	Q/Q	RC Estimate
Sales	1,918	1,691	13%	1,937	(1%)	2,034
Gross Profit	237	142	67%	219	8%	233
Gross Margins	12%	8%		11%		11%
Operating Profit	163	93	76%	155	5%	178
Net Profit	127	69	84%	125	2%	142

(All figures are in SAR mln)

- RCG topline markedly inclined Y/Y by +13% but was lower by -1% Q/Q to SAR 1.9 bln, close to our estimates. For 1H2023, volumes increased by +28% Y/Y on the back of strong domestic and GCC demand, whereas Q/Q RCG experienced a decline in volumes of -10% due to the holiday season, characterized by a good product mix and direct export growth.
- Gross profit witnessed a substantial growth with an improvement of +67% Y/Y and +8% Q/Q to SAR 237 mln. Gross margin expanded significantly Y/Y from 8% in 2Q2022 to 12% this quarter while showing a +1% increase Q/Q. We believe margins improved as a result of better product mix and operational efficiencies as transmission products remained strong, while share of Aluminum products of total volumes normalized to 43% compared to 51% in 1Q. EBITDA for 1H2023 rose by +56% to SAR 352 mln on the back of higher demand and cost control.
- Bottom-line grew substantially by +84% Y/Y and slightly by +2% Q/Q to SAR 127 mln on stronger local transmission projects and higher export volumes. We raise our target price to SAR 61.00 but maintain our Neutral rating as additional capacity is expected along with higher utilization rates.

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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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