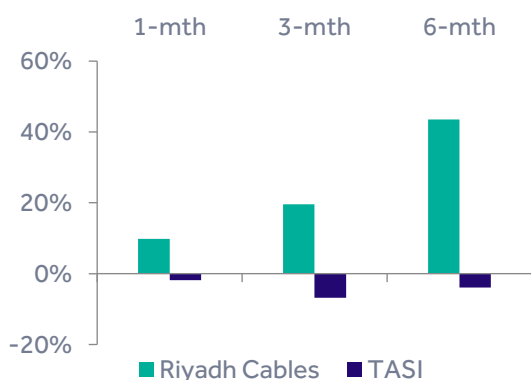


Market Data	
52-week high/low	SAR 83.70/35.60
Market Cap	SAR 10,980 mln
Shares Outstanding	150 mln
Free-float	31.03%
12-month ADTV	546,943
Bloomberg Code	RIYADHCA AB



Impressive Growth

Upside to Target Price	2.5%
Expected Dividend Yield	3.4%
Expected Total Return	5.9%

November 01, 2023	
Rating	Neutral
Last Price	SAR 73.20
12-mth target	SAR 75.00

Riyadh Cables	3Q2023	3Q2022	Y/Y	2Q2023	Q/Q	RC Estimate
Sales	2,081	1,769	18%	1,918	9%	2,042
Gross Profit	279	164	70%	237	18%	253
Gross Margins	13%	10%		12%		12%
Operating Profit	168	119	41%	136	23%	174
Net Profit	133	93	43%	127	5%	133

(All figures are in SAR mln)

- Revenues grew by +18% Y/Y and +9% Q/Q to SAR 2.08 bln, in-line with our SAR 2.04 bln estimates. For the nine months of the year, sales volume has increased by +21% Y/Y to 167kt on the back of strong demand. Local transmission projects have done well coupled with renewable and exports.
- Gross profit surged by +70% Y/Y and +18% Q/Q to SAR 279 mln, with gross profit per ton rising by +34% to SAR 4,278 for the nine-month period. Gross margin also expanded significantly by 110 bps Q/Q to 13.4% and much higher than 9.6% recording in 3Q2022. There has been a steady sequential margins expansion at Riyadh Cables on the back of a better product mix, pricing and operational efficiencies.
- Free cash flows reached a record SAR 890 mln as of September-end. Net profit witnessed a +43% and +5% Q/Q growth to SAR 133 mln, matching our forecast.
- Backlog has increased in nominal terms by +2% to SAR 3.03 bln for the nine-months, pushing utilization rate to 98%. The Company's hedging mechanism ensures profitability despite volatile commodity prices. With a strong pipeline as well as expansions, we raise our target price to SAR 75.00 but maintain a Neutral rating.

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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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