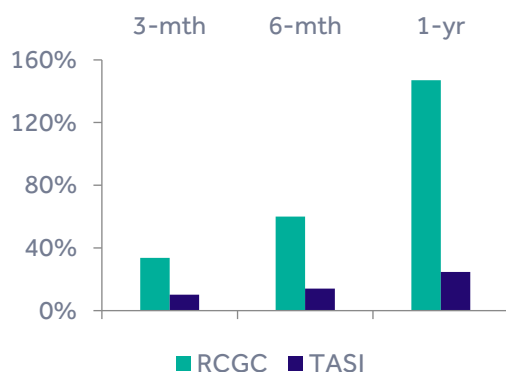


Market Data	
52-week high/low	SAR 122.00/45.70
Market Cap	SAR 17,040 mln
Shares Outstanding	150 mln
Free-float	46.8%
12-month ADTV	546,261
Bloomberg Code	RIYADHCA AB



■ Solid Prospects Despite Sequential Slowdown

March 14, 2024

Upside to Target Price	(3.2%)	Rating	Neutral
Expected Dividend Yield	2.6%	Last Price	SAR 113.60
Expected Total Return	(0.6%)	12-mth target	SAR 110.00

Riyadh Cables	4Q2023	4Q2022	Y/Y	3Q2023	Q/Q	RC Estimate
Sales	1,890	1,831	3%	2,081	(9%)	2,185
Gross Profit	238	190	26%	279	(15%)	293
Gross Margins	13%	10%		13%		13%
Operating Profit	175	144	21%	168	4%	189
Net Profit	134	106	26%	133	1%	150

(All figures are in SAR mln)

- Although revenues grew by +3% Y/Y in 4Q to SAR 1.9 bln, they declined by -9% Q/Q, missing our estimates. For the full year 2023, topline grew by +14% Y/Y to SAR 7.8 bln. Sales volume increased by +15% Y/Y in 2023 while there was a minor slowdown in the Utility segment in 4Q. 4Q volume was at 51kt versus 52kt last year
- Gross margins have contracted by 80bps Q/Q to 12.6% leading to a sequential drop in gross profit by -15% to SAR 238 mln. Management has attributed the decline in gross margin to a change in sales mix. Market share has risen to 38% from 36% last year.
- Free cash flows have further grown to SAR 1.19 bln by December-end allowing Capex as well as dividend payment. DPS for 2023 is at SAR 2.50. Net profit was reported at SAR 134 mln (+26% Y/Y, +1% Q/Q) below our SAR 150 mln forecast due to lower revenues and tighter gross margins.
- Backlog continues to increase and stands at SAR 3.9 bln by 2023-end, +15% higher Y/Y while capacity utilization is at 92% for FY2023. 6% additional capacity (approx. 12k tons) has come online in 2023 while the other half of the expansion is expected by 2Q2024-end. Gross profit/ton around the SAR 4,400 mark is expected to be stable going forward in view of the Company's effective hedging mechanism which ensures profitability despite volatile commodity prices. Demand from Neom has also commenced. We raise our target price to SAR 110.00 and 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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