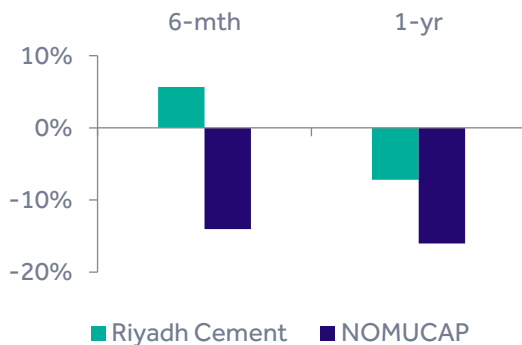


Market Data	
52-week high/low	SAR 38.40/29.50
Market Cap	SAR 4,248 mln
Shares Outstanding	120 mln
Free-float	100%
12-month ADTV	66,798
Bloomberg Code	SAWCEM AB



Black Cement Volumes Fall Significantly

September 06, 2022

Upside to Target Price	1.7%	Rating	Neutral
Expected Dividend Yield	5.1%	Last Price	SAR 35.40
Expected Total Return	6.8%	12-mth target	SAR 36.00

Riyadh Cement	1H2022	1H2021	Y/Y	2H2021	H/H	RC Estimate
Sales	259	401	(36%)	270	(4%)	275
Gross Profit	106	185	(43%)	79	33%	122
Gross Margins	41%	46%		29%		45%
Operating Profit	90	173	(48%)	58	56%	114
Net Profit	85	160	(47%)	51	66%	109

(All figures are in SAR mln)

- Riyadh Cement Co. reported a top-line of SAR 259 mln (-36% Y/Y, -4% H/H) in-line with our forecast. The decline was attributed to lower local black cement volumes on both Y/Y and H/H basis.
- Gross profit of SAR 106 mln dropped by -43% Y/Y but is up by +33% H/H. We believe the Y/Y decline can be attributed to lower volumes while the improvement in prices H/H translated positively into margins despite lower volumes. Gross margin of 41% contracted by 5% Y/Y but is up by 11% H/H.
- For 1H2022, the company sold 1.4 mln tons in black cement versus 1.9 mln tons in the same period last year and 1.7 mln tons in 2H2021.
- Riyadh Cement Co. reported a bottom-line of SAR 85 mln (-47% Y/Y, +66% H/H). We reduce our target price from SAR 38.00 to SAR 36.00 but maintain a Neutral rating.
- We expect an improvement in volumes (both black and white cement) due to its prime location in the Central region, near to giga projects.

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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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