

Market Data	
52-week high/low	SAR 37.00/28.60
Market Cap	SAR 3,978 mln
Shares Outstanding	120 mln
Free-float	56.41%
12-month ADTV	30,905
Bloomberg Code	SAWCEM AB

Volume and Prices Improve Y/Y

September 05, 2023

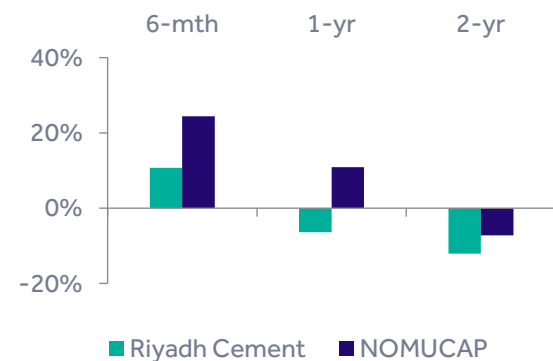
Upside to Target Price	5.6%	Rating	Neutral
Expected Dividend Yield	5.4%	Last Price	SAR 33.15
Expected Total Return	11.0%	12-mth target	SAR 35.00

Riyadh Cement	1H2023	1H2022	Y/Y	2H2022	H/H	RC Estimate
Sales	345	259	33%	339	2%	360
Gross Profit	152	103	47%	128	18%	137
Gross Margins	44%	40%		38%		38%
Operating Profit	134	88	51%	114	18%	125
Net Profit	127	83	53%	107	18%	119

(All figures are in SAR mln)

- Riyadh Cement Co. reported a top-line of SAR 345 mln (+33% Y/Y, +2% H/H), close to our estimates. This was a result of an increase in average selling prices of Grey Cement by +17% Y/Y and +1% H/H to SAR 170/ton and +17% Y/Y increase in volumes to 1.6 mln tons coupled with a +10% Y/Y and +5% H/H growth in White Cement revenues to SAR 72 mln.
- 1H2023 gross profit came in at SAR 152 mln (+47% Y/Y, +18% H/H). Gross margin of 44% this quarter expanded +412 bps Y/Y and +628 bps H/H. We believe this was largely driven by an increase in average selling prices.
- In 1H2023 the Company sold 1.6 mln tons of Grey Cement compared to 1.4 mln tons in 1H2022. We believe the sales volume for both Black and White cement will remain healthy in the upcoming months due to its prime location.
- Riyadh Cement reported a bottom-line of SAR 127 mln versus SAR 83 mln in the same period last year and SAR 107 mln in 2H2022, in-line with our forecasts. The increase was attributed to higher average selling prices of Grey Cement on both Y/Y and H/H basis and higher revenue from White Cement as well as finance income. We increase our target price to SAR 35.00 from SAR 34.00 but maintain our Neutral rating.

Abdullah D Alharbi
 abdullah.ulihan.alharbi@riyadcapital.com
 +966-11-486-5680



■ 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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