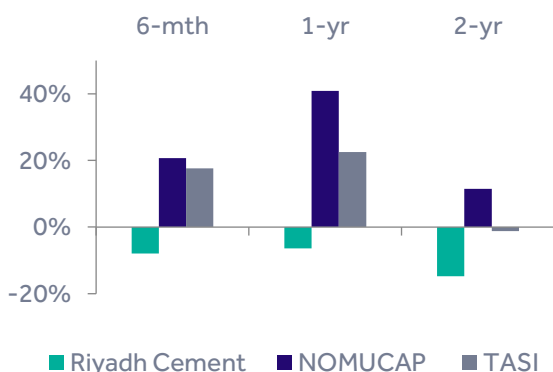


Market Data	
52-week high/low	SAR 38.25/27.60
Market Cap	SAR 3,426 mln
Shares Outstanding	120 mln
Free-float	56.72%
12-month ADTV	30,762
Bloomberg Code	SAWCEM AB



Prices and Margins Under Pressure

March 26, 2024

Upside to Target Price	7.6%	Rating	Neutral
Expected Dividend Yield	5.4%	Last Price	SAR 28.80
Expected Total Return	13.0%	12-mth target	SAR 31.00

Riyadh Cement	2H2023	2H2022	Y/Y	1H2023	H/H	RC Estimate
Sales	299	339	(12%)	345	(13%)	374
Gross Profit	85	126	(33%)	152	(44%)	172
Gross Margins	28%	37%		44%		46%
Operating Profit	67	111	(39%)	134	(50%)	151
Net Profit	62	105	(41%)	127	(51%)	144

(All figures are in SAR mln)

- In 2H2023, Riyadh Cement recorded lower profits and margins Y/Y and H/H, as well as versus our estimates. 2H topline declined -12% Y/Y to SAR 299 mln driven by the -16% lower average selling prices (ASP) to 178 SAR/ton vs 212 SAR/ton in the corresponding period, while the sales volume increased by +4.5% to 1,675k ton. For the full year, topline increased by +8% to SAR 643 mln, driven by +10% higher sales volume to 3,280k ton.
- The decrease in ASP significantly impacted the 2H2023 gross margin, reaching 28% vs 44% in the previous half and 37% in the corresponding period. The lower than expected gross margin was the main factor which deviated the actuals vs our 2H bottomline estimate. Full year gross margin remained flat.
- 2H OPEX slightly declined compared to previous half, yet operating margin fell to 23% vs 39%. Full year OPEX increased by +21%, including a non-recurring transition cost of SAR 3.0 mln from Nomu to the main market.
- Net profit for 2H was SAR 62 mln, lower than our estimates. 2H net margin contracted to 21% vs 31% in the corresponding period and 37% from the previous half. 2022 DPS was SAR 1.50 vs SAR 1.55 in 2023. We trim our target price to SAR 31.00 per share based on the estimated fuel impact announced by management.

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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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