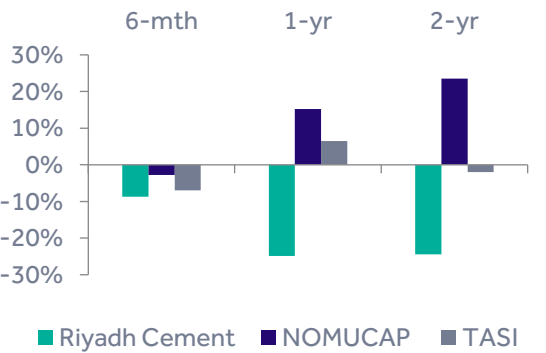


Market Data	
52-week high/low	SAR 38.25/22.64
Market Cap	SAR 3,066 mln
Shares Outstanding	120 mln
Free-float	63.09%
12-month ADTV	30,762
Bloomberg Code	SAWCEM AB



Competitiveness Program Boosts Margins

September 15, 2024

Upside to Target Price	24.8%	Rating	Buy
Expected Dividend Yield	6.0%	Last Price	SAR 25.65
Expected Total Return	30.8%	12-mth target	SAR 32.00

Riyadh Cement	2Q2024	2Q2023	Y/Y	1Q2024	Q/Q	RC Estimate
Sales	164	155	6%	189	(13%)	182
Gross Profit	79	65	21%	77	3%	84
Gross Margins	48%	42%		41%		46%
Operating Profit	69	57	21%	72	(3%)	76
Net Profit	64	53	21%	70	(8%)	75

(All figures are in SAR mln)

- In 2Q2024, Riyadh Cement reported revenues of SAR 164 mln, up +6% Y/Y but down -13% Q/Q, falling short of our SAR 182 mln estimate, likely due to less than expected average selling prices (ASP). The company’s grey cement sales volume declined by -3% Y/Y and -9.4% Q/Q to 710k tons, in-line with our 711k tons forecast. ASP increased +9.3% Y/Y but dropped -4.3% Q/Q to SAR 230 per ton.
- Profitability margins demonstrated strong performance this quarter. Gross margin rose to 48.5% compared to 40.6% last quarter and 42.3% in 2Q2023, exceeding our estimate of 46.4%. We attribute this robust gross margin to lower COGS/ton at SAR 119, which was in-line with our estimate, on the back of joining the Competitiveness Industrial Program.
- OPEX reached SAR 10 mln, rising +22% Y/Y and nearly doubling Q/Q. Nevertheless, operating margin improved by 538 bps Y/Y to 42.3% and by 441 bps Q/Q, exceeding our 41.9% estimates.
- Net profit surged by +21% Y/Y to SAR 64 mln, driven by higher revenues and other income, but declined -8% Q/Q due to lower revenues. Bottomline came in below both the consensus estimate of SAR 69 mln and our estimate of SAR 75 mln. We tweak our target price to SAR 32.00 per share and maintain our Buy stance.

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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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