

■ Topline and Profits Surge

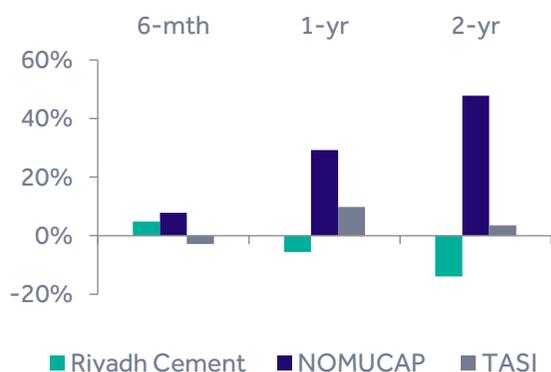
November 07, 2024

| | | | |
|-------------------------|-------|---------------|-----------|
| Upside to Target Price | 10.5% | Rating | Buy |
| Expected Dividend Yield | 5.4% | Last Price | SAR 28.95 |
| Expected Total Return | 15.9% | 12-mth target | SAR 32.00 |

| Market Data | |
|--------------------|-----------------|
| 52-week high/low | SAR 38.25/22.64 |
| Market Cap | SAR 3,474 mln |
| Shares Outstanding | 120 mln |
| Free-float | 63.09% |
| 12-month ADTV | 246,289 |
| Bloomberg Code | SAWCEM AB |

| Riyadh Cement | 3Q2024 | 3Q2023 | Y/Y | 2Q2024 | Q/Q | RC Estimate |
|------------------|--------|--------|------|--------|-----|-------------|
| Sales | 203 | 127 | 60% | 164 | 24% | 204 |
| Gross Profit | 84 | 30 | 181% | 79 | 6% | 97 |
| Gross Margins | 41% | 23% | | 48% | | 48% |
| Operating Profit | 75 | 21 | 251% | 69 | 8% | 86 |
| Net Profit | 95 | 19 | 406% | 64 | 47% | 83 |

(All figures are in SAR mln)



- Riyadh Cement reported SAR 203 mln in revenues, up +60% Y/Y and +24% Q/Q, matching our SAR 204 mln estimate. The company recorded 852k tons in grey cement sales volume, up +7.2% Y/Y and +20.0% Q/Q, matching our 850k tons forecast. Blended average selling prices (ASP) also increased sequentially by +3.4% to SAR 238 per ton, also matching our SAR 239 per ton forecast. The annual growth is mainly due to higher ASP, while sequential growth is from volume sales. Furthermore, 9M2024 topline and bottomline showed strong performance, up by +17.7% and +57.6%, respectively.
- Gross margin was lower than our estimate, but rose to 41.3% compared to 23.5% last year (likely on higher ASP) and decline from 48.5% last quarter, on higher cost per ton at SAR 140 versus SAR 119 last quarter.
- This quarter's OPEX remained stable at SAR 9 mln, compared to both comparable periods. Operating margin came in at 36.8% versus 16.7% last year and 42.3% last quarter.
- Net profit surged by +406% Y/Y and +47% Q/Q to SAR 95 mln, driven by higher revenues coupled with a SAR 25 mln withholding tax reversal. As a result, net margin was higher than operating margin at 46.6%. Bottomline came in higher than both our SAR 83 mln estimate and SAR 81 mln market consensus. We maintain our target price 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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