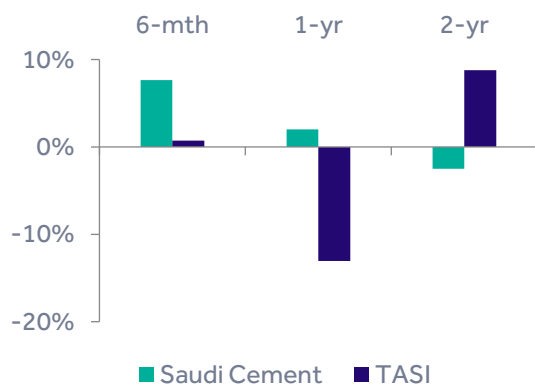


Market Data	
52-week high/low	SAR 58.60/48.80
Market Cap	SAR 8,629 mln
Shares Outstanding	153 mln
Free-float	92.27%
12-month ADTV	148,492
Bloomberg Code	SACCO AB



Prices Under Pressure Q/Q

May 16, 2023

Upside to Target Price	(0.7%)	Rating	Neutral
Expected Dividend Yield	4.6%	Last Price	SAR 56.40
Expected Total Return	3.9%	12-mth target	SAR 56.00

Saudi Cement	1Q2023	1Q2022	Y/Y	4Q2022	Q/Q	RC Estimate
Sales	410	315	30%	428	(4%)	424
Gross Profit	176	101	75%	198	(11%)	191
Gross Margins	43%	32%		46%		45%
Operating Profit	124	60	106%	155	(20%)	144
Net Profit	124	61	103%	155	(20%)	139

(All figures are in SAR mln)

- Saudi Cement Co. reported a top-line of SAR 410 mln (+30% Y/Y, -4% Q/Q), in-line with our estimates. The Y/Y growth was attributed to +13% higher sales volume (Clinker and Cement) as well as a +15% increase in prices. On a quarterly basis, the decline was attributed to -9% lower prices at SAR 192/ton. We believe the decline in prices was driven by a +166% Q/Q growth in lower priced Clinker exports.
- Gross Profit is up +75% Y/Y but fell -11% Q/Q to SAR 176 mln. Gross Margins expanded by 11% Y/Y but contracted by -333 bps Q/Q to 43% this quarter. Net margins of 30% this quarter followed the same movement. We believe the Y/Y expansions in margins occurred on the back of higher prices.
- In 1Q2023, local Cement sales declined by -8.8% Y/Y and -10.5% Q/Q to 1.3 mln ton for Saudi Cement versus a decline on both yearly and quarterly basis of -9.3% and -7.3%, respectively, for the sector. We expect better volumes in the coming months especially for Cement exports, which increased +145% Y/Y.
- Saudi Cement reported a bottom-line of SAR 124 mln (+103% Y/Y, -20% Q/Q), missing our forecast on lower than expected margins. We increase our target price to SAR 56.00 from SAR 55.00 but maintain a Neutral 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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