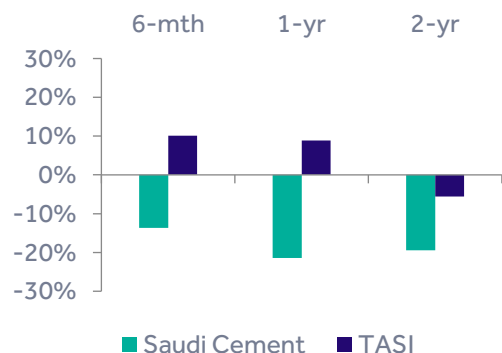


Market Data	
52-week high/low	SAR 60.60/44.50
Market Cap	SAR 6,816 mln
Shares Outstanding	153 mln
Free-float	92.40%
12-month ADTV	122,501
Bloomberg Code	SACCO AB



### Selling Prices Higher than 4 Preceding Quarters

May 16, 2024

Upside to Target Price	19.0%	Rating	Buy
Expected Dividend Yield	5.6%	Last Price	SAR 44.55
Expected Total Return	24.6%	12-mth target	SAR 53.00

Saudi Cement	1Q2024	1Q2023	Y/Y	4Q2023	Q/Q	RC Estimate
Sales	427	410	4%	381	12%	396
Gross Profit	175	176	(1%)	138	27%	150
Gross Margins	41%	43%		36%		38%
Operating Profit	119	124	(4%)	84	42%	98
Net Profit	114	124	(8%)	104	10%	94

(All figures are in SAR mln)

- Saudi Cement's 1Q revenues grew by +4% Y/Y and +12% Q/Q to SAR 427 mln, broadly in line with our SAR 396 mln estimates. The Y/Y increase came from +3% higher average selling prices (ASP) to SAR 198/ton, in addition to surprising us with +1% more total volumes to 2.2 mln tons for both cement and clinker, despite having more Ramadan days in this quarter. The Q/Q incline was also attributed to growth in both ASP and volumes by +4% and +8%, respectively.
- Gross margin in 1Q came at 41% vs our 38% estimate on the back of achieving higher ASP coupled with lower COGS per ton. The Company achieved SAR 117 COGS/ton, close to our SAR 120 COGS/ton estimate, likely on the back of factors other than fuel impact as the company did not publish the estimated impact of new fuel prices.
- 1Q OPEX rose by +7% Y/Y and +4% Q/Q to SAR 56 mln, sequentially affected by higher S&D expenses.
- SCC recorded SAR 114 mln in bottomline (-8% Y/Y but up +10% Q/Q), higher than both our SAR 94 mln estimate and SAR 97 mln market consensus. The annual decline was due to gain on sale of investment in 1Q2023 worth SAR 9 mln, in addition to higher direct and indirect expenses. We slightly lower our target price on fuel impact uncertainty to SAR 53.00 per share, but keep our Buy rating. The stock has been underperforming since mid-2023.

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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](mailto:research@riyadcapital.com)

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