

Market Data	
52-week high/low	SAR 60.60/48.80
Market Cap	SAR 8,553 mln
Shares Outstanding	153 mln
Free-float	92.27%
12-month ADTV	143,515
Bloomberg Code	SACCO AB

Local Volumes Under Pressure

August 14, 2023

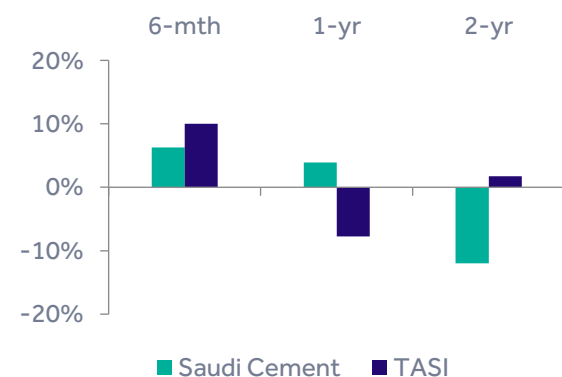
Upside to Target Price	0.2%	Rating	Neutral
Expected Dividend Yield	4.6%	Last Price	SAR 55.90
Expected Total Return	4.8%	12-mth target	SAR 56.00

Saudi Cement	2Q2023	2Q2022	Y/Y	1Q2023	Q/Q	RC Estimate
Sales	356	349	2%	410	(13%)	387
Gross Profit	145	146	(1%)	176	(17%)	159
Gross Margins	41%	42%		43%		41%
Operating Profit	94	103	(9%)	124	(24%)	109
Net Profit	85	103	(17%)	124	(31%)	103

(All figures are in SAR mln)

- Saudi Cement Co. reported a top-line of SAR 356 mln (+2% Y/Y, -13% Q/Q), close to our estimates. The Y/Y growth was attributed to +6% higher total sales volume (Clinker and Cement) despite a decline of -17% Y/Y in local sales volume. Moreover, prices showed a -5% Y/Y decline. On a quarterly basis, the decline was attributed to -13% lower total sales volume. 2Q2023 prices at SAR 192/ton were stable Q/Q. We believe the stability in prices were driven by +28% Q/Q growth in higher priced cement exports.
- Gross Profit showed a -1% Y/Y and -17% Q/Q decline to SAR 145 mln. Gross margins contracted by -110 bps Y/Y and -219 bps Q/Q to 41% this quarter. Net margins of 24% this quarter followed the same movement on higher Opex.
- For 2Q2023, Saudi Cement's local Cement sales declined -16.6% Y/Y and -22.2% Q/Q to 997K ton. We expect better volumes in the coming months.
- Saudi Cement bottom-line declined by -17% Y/Y and -31% Q/Q to SAR 85 mln, missing our forecast on lower than expected top-line. We maintain our target price and Neutral rating.

Abdullah D Alharbi
 abdullah.ulihan.alharbi@riyadcapital.com
 +966-11-486-5680



■ 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

Riyad Capital is a Saudi Closed Joint Stock Company with Paid up capital of SR 500 million, licensed by the Saudi Arabian Capital Market Authority NO.07070-37. Commercial Registration No: 1010239234. Head Office: Granada Business Park 2414 Al-Shohda Dist. – Unit No 69, Riyadh 13241 - 7279 Saudi Arabia. Ph: 920012299.

The information in this report was compiled in good faith from various public sources believed to be reliable. Whilst all reasonable care has been taken to ensure that the facts stated in this report are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable. Riyad Capital makes no representations or warranties whatsoever as to the accuracy of the data and information provided and, in particular, Riyad Capital does not represent that the information in this report is complete or free from any error. This report is not, and is not to be construed as, an offer to sell or solicitation of an offer to buy any financial securities. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this report. Riyad Capital accepts no liability whatsoever for any loss arising from any use of this report or its contents, and neither Riyad Capital nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof. Riyad Capital or its employees or any of its affiliates or clients may have a financial interest in securities or other assets referred to in this report. Opinions, forecasts or projections contained in this report represent Riyad Capital's current opinions or judgment as at the date of this report only and are therefore subject to change without notice. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections which represent only one possible outcome. Further, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified and future actual results or events could differ materially. The value of, or income from, any investments referred to in this report may fluctuate and/or be affected by changes. Past performance is not necessarily an indicative of future performance. Accordingly, investors may receive back less than originally invested amount. This report provides information of a general nature and does not address the circumstances, objectives, and risk tolerance of any particular investor. Therefore, it is not intended to provide personal investment advice and does not take into account the reader's financial situation or any specific investment objectives or particular needs which the reader may have. Before making an investment decision the reader should seek advice from an independent financial, legal, tax and/or other required advisers due to the investment in such kind of securities may not be suitable for all recipients. This research report might not be reproduced, nor distributed in whole or in part, and all information, opinions, forecasts and projections contained in it are protected by the copyright rules and regulations.