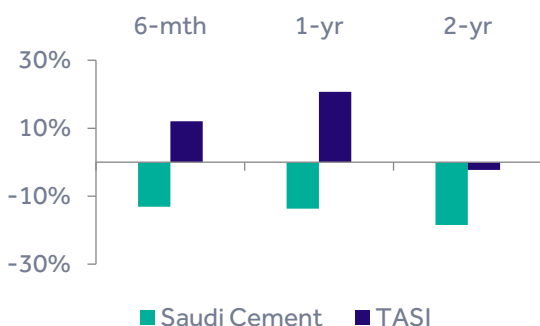


Market Data	
52-week high/low	SAR 60.60/46.00
Market Cap	SAR 7,122 mln
Shares Outstanding	153 mln
Free-float	92.28%
12-month ADTV	122,501
Bloomberg Code	SACCO AB



■ Annual Sales Volume Up 6% Y/Y

March 10, 2024

Upside to Target Price	18.2%	Rating	Buy
Expected Dividend Yield	5.4%	Last Price	SAR 46.55
Expected Total Return	23.5%	12-mth target	SAR 55.00

Saudi Cement	4Q2023	4Q2022	Y/Y	3Q2023	Q/Q	RC Estimate
Sales	381	428	(11%)	315	21%	425
Gross Profit	138	198	(30%)	114	20%	162
Gross Margins	36%	46%		36%		38%
Operating Profit	84	155	(46%)	61	39%	108
Net Profit	104	155	(33%)	68	52%	101

(All figures are in SAR mln)

- Saudi Cement’s annual revenues grew by +3% Y/Y to SAR 1,462 mln, led by an increase in total volumes (7.8 mln tons vs. 7.4 mln tons for both cement and clinker) and higher average selling prices (ASP), as per management. 4Q2023 revenues declined Y/Y by -11% but are up +21% Q/Q to SAR 381 mln. The Y/Y decline was attributed to -13% lower ASP despite a +4% growth in volumes, helped by export sales. On a quarterly basis, the increase was attributed to +18% higher total sales volume to 2,080 tons and +3% rise in ASP to SAR 183/ton.
- The quarterly gross margins showed normal ups and downs during the year due to ASP fluctuations while COGS/ton ranged between SAR 110 and 120. The annual gross margin was flat, showing decent cost management by the Company. The -30% Y/Y decline in gross profit and the -1,011 bps Y/Y gross margin contraction were not unexpected. Annual OPEX significantly inclined by +28% to SAR 211 mln as both S&D and G&A expenses increased.
- Annual bottomline declined by -5% due to an increase in OPEX, financial charges, Zakat and decrease in share of profit from associate in spite of higher other revenues and a gain on sale of investment related to subsidiary. 4Q bottomline of SAR 104 mln (-33% Y/Y, +52% Q/Q) came in-line with our forecast but above market consensus of SAR 90 mln. Trading at 18.6x 2024E P/E, we maintain our target price but upgrade to a Buy rating. The stock has declined -13% in the past 6 months.

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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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