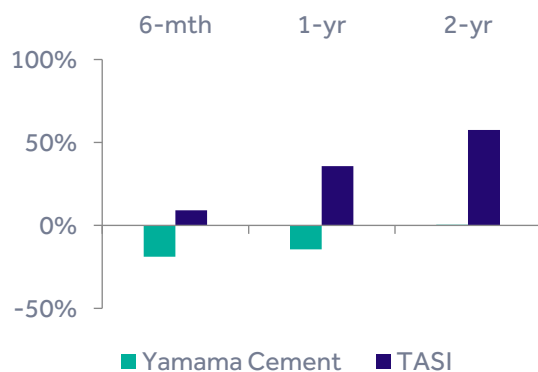


Market Data	
52-week high/low	SAR 35.65/25.00
Market Cap	SAR 5,336 mln
Shares Outstanding	203 mln
Free-float	86.9%
12-month ADTV	491,347
Bloomberg Code	YACCO AB



Low Selling Prices Leads to Loss

February 16, 2022

Upside to Target Price	2.5%	Rating	Neutral
Expected Dividend Yield	2.8%	Last Price	SAR 26.35
Expected Total Return	5.3%	12-mth target	SAR 27.00

Yamama Cement	4Q2021	4Q2020	Y/Y	3Q2021	Q/Q	RC Estimate
Sales	182	249	(27%)	171	7%	237
Gross Profit	5	102	(95%)	54	(90%)	52
Gross Margins	3%	41%		32%		22%
Operating Profit	(14)	85	-	40	-	32
Net Profit	(12)	135	-	40	-	30

(All figures are in SAR mln)

- In 2021, Sales fell by -23% Y/Y to SAR 736 million despite the increase in local sales volume, which is up by +14% Y/Y to 5.2 mln tons during the year. The decline was attributed to lower prices which translated negatively into margins and resulted in a decline in net income by -60% Y/Y to SAR 161 million.
- For 4Q2021, Sales fell by -27% Y/Y but are up by +7% Q/Q to SAR 182 mln. Yamama showed strong local sales volume during the quarter, which increased by +61% Y/Y and +66% Q/Q to 1.9 mln tons, while the average selling price fell sharply Y/Y and Q/Q by -53% and -34% respectively to SAR 95/ton. Since October 2021, the company leads the market share in the sector on the back of moving to its new factory.
- Gross Profit tumbled by -95% Y/Y and by -90% Q/Q to SAR 5 mln, while the gross margin contracted by 38% Y/Y and by 29% Q/Q to 3% this quarter due to lower prices.
- We expect higher competition, especially in the Central region, to continue in the upcoming months. Overall, our view on the sector is positive due to giga projects and housing sector demand.
- A decline in average selling price and higher competition resulted in a net loss of SAR (12) mln in 4Q2021. We reduce our target price to SAR 27.00 but maintain our 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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