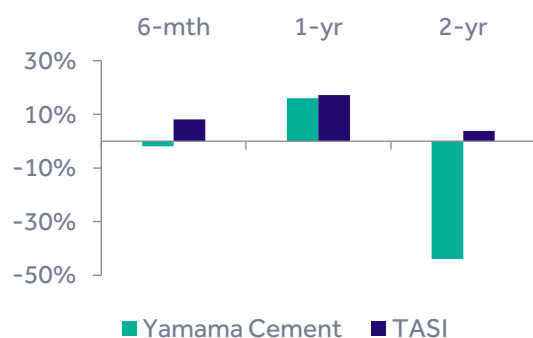


Market Data	
52-week high/low	SAR 38.55/28.10
Market Cap	SAR 6,774 mln
Shares Outstanding	203 mln
Free-float	88.92%
12-month ADTV	226,322
Bloomberg Code	YACCO AB



Margins Under Pressure

February 15, 2024

Upside to Target Price (14.8%)
 Expected Dividend Yield 3.0%
 Expected Total Return (11.8%)

Rating Neutral
 Last Price SAR 33.45
 12-mth target SAR 28.50

Yamama Cement	4Q2023	4Q2022	Y/Y	3Q2023	Q/Q	RC Estimate
Sales	225	334	(33%)	212	6%	231
Gross Profit	80	161	(50%)	38	113%	104
Gross Margins	36%	48%		18%		45%
Operating Profit	58	132	(56%)	21	180%	89
Net Profit	53	134	(61%)	41	29%	98

(All figures are in SAR mln)

- Yamama Cement's annual sales dipped by -7% to SAR 935 mln compared to SAR 1,008 mln in prior year, primarily attributed to decline in both volumes sold and average selling price (ASP) by -6% and -2%, respectively. The Company sold 6.6 mln tons at an ASP of 142 SAR/ton, down from 7.0 mln tons at an ASP of SAR 145/ton in 2022, due to weaker local demand.
- In 4Q2023, Yamama sold 1.5 mln tons, generating SAR 225 mln in revenues, down -33% Y/Y but up +6% Q/Q. The Y/Y decline was driven by -16% decrease in volumes sold and a -20% decline in ASP, while the sequential increase resulted from a +43% increase in ASP to SAR 149/ton in 4Q, despite a -26% decline in volumes.
- Although profitability ratios witnessed a significant improvement Q/Q, they declined annually. Gross margin doubled from 18% to 36% sequentially but contracted annually by -468 bps to 26%, primarily due to fluctuations in ASP.
- The Company reported a bottom line of SAR 304 mln for the full year, down -14% Y/Y, pressured by the volumes sold, the ASP, and higher financing costs. 4Q2023 bottom line was reported at SAR 53 mln (-61% Y/Y, +29% Q/Q), missing both our estimates and market consensus of SAR 98 mln and SAR 61 mln, respectively, due to margin contraction, contrary to our expectations. As feedstock prices are expected to impact margins going forward, we tweak our TP to SAR 28.50 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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