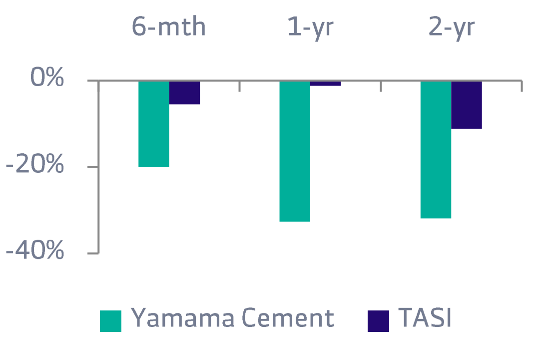
Capital Gains Offset Pricing & OPEX Pressure

August 03, 2026

Upside to Target Price	13.4%	Rating	Buy
Expected Dividend Yield	4.4%	Last Price	SAR 22.93
Expected Total Return	17.7%	12-mth target	SAR 26.00

Market Data	
52-week high/low	SAR 34.50/22.13
Market Cap	SAR 4,518 mln
Shares Outstanding	203 mln
Free-float	83.62%
12-month ADTV	468,927
Bloomberg Code	YACCO AB



Yamama Cement	2Q2026	2Q2025	Y/Y	1Q2026	Q/Q	RC Estimate
Sales	355	362	(2%)	340	4%	356
Gross Profit	150	157	(4%)	155	(3%)	140
Gross Margins	42%	43%		46%		39%
Operating Profit	123	134	(8%)	132	(7%)	117
Net Profit	122	121	0%	144	(16%)	114

(All figures are in SAR mln)

- Yamama reported 2Q2026 sales of SAR 355 mln (-2% Y/Y, +4% Q/Q), in line with our SAR 356 mln estimate. Y/Y decline was driven by lower prices, while Q/Q growth reflected stronger sales volumes. ASP remained under pressure at SAR 172/ton (-8% Y/Y, -8% Q/Q), in line with our SAR 173/ton estimate. Meanwhile, sales volumes continued to improve, up +7% Y/Y on stronger demand and +14% Q/Q on seasonality to 2,058k tons, in line with estimates. 1H2026 topline declined -2% to SAR 695 mln, as weaker prices more than offset stronger volumes.
- Cost per ton improved to SAR 100/ton, compared with SAR 106/ton last year, SAR 102/ton last quarter, and our SAR 105/ton estimate. However, the weaker pricing more than offset cost improvement, leading gross margin to decline to 42%, from 43% last year and 46% last quarter. Consequently, gross profit declined to SAR 150 mln (-4% Y/Y, -3% Q/Q), broadly in line with estimates.
- OPEX increased to SAR 27 mln (+18% Y/Y, +20% Q/Q), above our SAR 23 mln estimate, further pressuring operating profitability. As a result, operating profit declined -8% Y/Y in 2Q2026 and -10% in 1H2026.
- Bottomline slightly increased to SAR 122 mln (+0.4% Y/Y, -16% Q/Q), broadly in line with market consensus of SAR 113 mln and our SAR 114 mln estimate. Despite weaker operating profitability, earnings inched up as higher gains on the sale of production line accessories reduced net other expenses to SAR 2 mln, from SAR 13 mln last year. Q/Q earnings declined as 1Q benefited from higher capital gains. 1H2026 earnings increased +1% to SAR 265 mln, supported by higher gains on the sale of production line accessories and gas turbines. The stock trades at forward P/E and P/B of 11x and 0.9x, respectively. We maintain a Buy rating, while trimming our target price to SAR 26.00 per share.

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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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