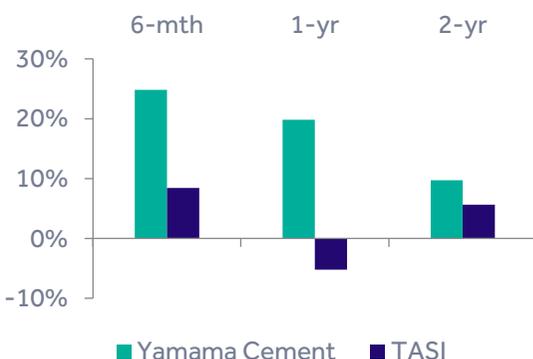


Market Data	
52-week high/low	SAR 38.55/25.30
Market Cap	SAR 7,280 mln
Shares Outstanding	203 mln
Free-float	88.92%
12-month ADTV	238,712
Bloomberg Code	YACCO AB



## Prices Decline Y/Y and Q/Q

Upside to Target Price	(8.2%)
Expected Dividend Yield	4.5%
Expected Total Return	(3.7%)

**August 01, 2023**

Rating	Neutral
Last Price	SAR 35.95
12-mth target	SAR 33.00

Yamama Cement	2Q2023	2Q2022	Y/Y	1Q2023	Q/Q	RC Estimate
Sales	219	209	5%	283	(23%)	246
Gross Profit	84	101	(17%)	137	(39%)	117
Gross Margins	38%	48%		48%		47%
Operating Profit	67	81	(17%)	117	(42%)	96
Net Profit	98	91	8%	112	(13%)	86

(All figures are in SAR mln)

- Yamama Cement reported a top-line of SAR 219 mln, up +5% Y/Y on the back of +10% Y/Y increase in volumes sold, despite a decline in average selling prices by -5% Y/Y. On a quarterly basis, top-line declined by -23%. This is attributed to a decline in both volumes and prices by -9% and -15% respectively, for the third consecutive quarter. Sales volume during the quarter was recorded at 1.4 mln tons while selling price averaged SAR 151/ton. We believe the decline in prices was on the back of higher competition in the sector, which could impact the Company's earnings in upcoming quarters as well.
- Gross profit fell on both yearly and quarterly basis by -17% and -39%, respectively, to SAR 84 mln. Gross margin at 38% this quarter contracted by -10%, both Y/Y and Q/Q. The decline is due to lower prices coupled with a higher COGS per ton. Net margin at 45% expanded by 2% Y/Y and 5% Q/Q.
- The Company continued its leadership position in the sector during 2Q. We expect an improvement in volumes in the coming months but we are concerned about prices.
- Yamama Cement Co. bottom-line is up +8% Y/Y but fell -13% Q/Q to SAR 98 mln. 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](mailto:research@riyadcapital.com)

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