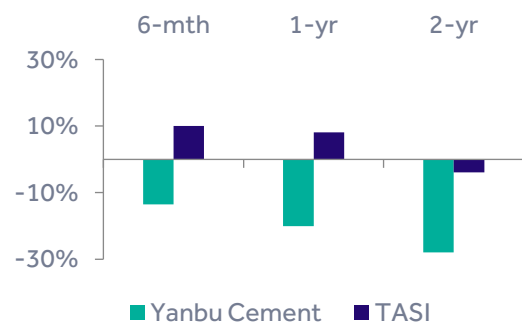


| Market Data | |
|--------------------|-----------------|
| 52-week high/low | SAR 43.90/27.50 |
| Market Cap | SAR 4,607 mln |
| Shares Outstanding | 158 mln |
| Free-float | 99.43% |
| 12-month ADTV | 167,969 |
| Bloomberg Code | YNCCO AB |



Prices Drive Profitability

May 19, 2024

| | | | |
|-------------------------|------|---------------|-----------|
| Upside to Target Price | 6.0% | Rating | Neutral |
| Expected Dividend Yield | 3.4% | Last Price | SAR 29.25 |
| Expected Total Return | 9.4% | 12-mth target | SAR 31.00 |

| Yanbu Cement | 1Q2024 | 1Q2023 | Y/Y | 4Q2023 | Q/Q | RC Estimate |
|------------------|--------|--------|-----|--------|-------|-------------|
| Sales | 234 | 224 | 5% | 194 | 21% | 215 |
| Gross Profit | 84 | 73 | 16% | 23 | 262% | 59 |
| Gross Margins | 36% | 32% | | 12% | | 27% |
| Operating Profit | 65 | 56 | 17% | 4 | 1376% | 44 |
| Net Profit | 58 | 51 | 14% | 18 | 222% | 38 |

(All figures are in SAR mln)

- Yanbu Cement recorded 1Q revenues at SAR 234 mln (+5% Y/Y, +21% Q/Q), broadly in-line with our SAR 215 mln estimate. The annual increase was influenced by the +7% higher products' blended average selling prices (ASP) at 176 SAR/ton, while volumes remained flat at 1,328k tons. Sequentially, the impact was driven by +35% rise in blended ASP from 131 SAR/ton in previous quarter, despite -10% decline in volumes from 1,480k tons.
- Blended ASP cascaded into higher profitability ratios as well. 1Q gross margin inclined significantly to 36% from 12% in the previous quarter and from 32% last year. This increase was led by higher ASP coupled with lower-than-expected COGS per ton at 113 SAR/ton versus our estimate of 117 SAR/ton.
- 1Q OPEX increased by +10% Y/Y but was down -1% Q/Q, reaching SAR 19 mln.
- Bottomline in this quarter reached SAR 58 mln above both our SAR 39 mln estimate and SAR 47 mln market consensus. Net margin was supported by other income arriving at 25% vs 23% from last year, and on Q/Q basis by lower G&A expenses. We maintain our target price and a Neutral stance.

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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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