# Yanbu Cement Co.

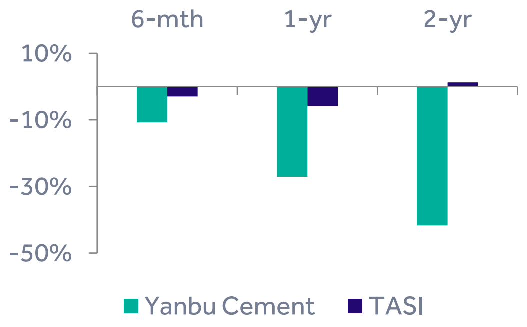
# 1Q2025 First Look

## Reclassification Lifts Sales; Margins Pressured

**May 18, 2025**

| | | | |
|---|---|---|---|
| Upside to Target Price | (0.3%) | Rating | Neutral |
| Expected Dividend Yield | 4.7% | Last Price | SAR 21.06 |
| Expected Total Return | 4.5% | 12-mth target | SAR 21.00 |

| Market Data | |
|---|---|
| 52-week high/low | SAR 29.75/20.72 |
| Market Cap | SAR 3,317 mln |
| Shares Outstanding | 158 mln |
| Free-float | 99.42% |
| 12-month ADTV | 270,972 |
| Bloomberg Code | YNCCO AB |




| Yanbu Cement | 1Q2025 | 1Q2024 | Y/Y | 4Q2024 | Q/Q | RC Estimate |
|---|---|---|---|---|---|---|
| Sales | 266 | 242 | 10% | 221 | 20% | 244 |
| Gross Profit | 75 | 92 | (18%) | 63 | 20% | 62 |
| Gross Margins | 28% | 38% | | 28% | | 26% |
| Operating Profit | 36 | 65 | (45%) | 35 | 3% | 36 |
| Net Profit | 30 | 58 | (49%) | 28 | 7% | 29 |

(All figures are in SAR mln)

- Yanbu Cement reported revenues of SAR 266 mln (+10% Y/Y, +20% Q/Q), exceeding our SAR 244 mln estimate. Y/Y growth was driven by stronger export volumes, while Q/Q rise reflected a higher ASP coupled with export volumes gains. ASP came in at SAR 178/ton, down from SAR 183/ton last year, but up from SAR 158/ton last quarter, well above our SAR 141/ton estimate on more favorable revenue mix. Total sales volumes (both clinker and cement) stood at 1,495k tons (+13% Y/Y, +7% Q/Q), driven by clinker exports despite lower local sales, and below our 1,726k tons estimate on high exports expectations.
- We note that, previously, certain transportation expenses under the Selling & Distribution line item were netted against clinker export revenue. These expenses are now reclassified and reported separately, no longer netted against revenue. This change results in higher reported clinker export sales, which in turn inflates revenues, selling prices (for clinker and overall ASP, but not cement), gross margins, and OPEX, without any impact on net income. This led to an uplift in key metrics (revenues, clinker selling prices, ASP, gross margins, and OPEX), when compared with figures reported under the old classification. However, all figures in this report have been reclassified and are comparable.
- Cost per ton rose to SAR 128/ton, up from SAR 113/ton in both comparable periods. Consequently, gross margin declined to 28.2%, versus 38.0% last year and 28.4% last quarter. OPEX surged +47% Y/Y and +40% Q/Q to SAR 39 mln, leading to a muted operating margin of 13.5% versus 26.9% last year and 15.7% last quarter, missing our 14.7% estimate.
- Lackluster bottomline for the quarter of SAR 30 mln (-49% Y/Y, +7% Q/Q), came in marginally below SAR 32 mln market consensus and in line with our SAR 29 mln estimate. Net margin compressed further to 11.2% from 24.1% last year and 12.6% last quarter. We maintain our Neutral stance, but tweak the target price from SAR 25.00 to SAR 21.00 per share.

**Abdulrahman M Barghouth**
abdulrahman.barghouth@riyadcapital.com
+966-11-203-6815

# Disclaimer

## 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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