

Market Data	
52-week high/low	SAR 43.90/30.50
Market Cap	SAR 5,158 mln
Shares Outstanding	158 mln
Free-float	99.43%
12-month ADTV	167,670
Bloomberg Code	YNCCO AB

## Lower Prices Hit Earnings

October 31, 2023

Upside to Target Price	9.9%	Rating	Neutral
Expected Dividend Yield	3.2%	Last Price	SAR 32.75
Expected Total Return	13.1%	12-mth target	SAR 36.00

Yanbu Cement	3Q2023	3Q2022	Y/Y	2Q2023	Q/Q	RC Estimate
Sales	189	262	(28%)	174	9%	229
Gross Profit	39	89	(57%)	55	(30%)	68
Gross Margins	20%	34%		32%		30%
Operating Profit	25	75	(67%)	41	(40%)	51
Net Profit	16	69	(78%)	35	(56%)	45

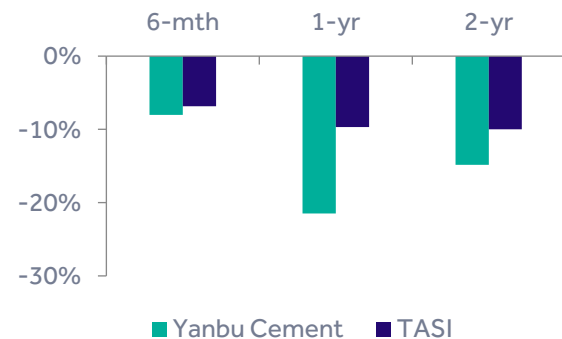
(All figures are in SAR mln)

- Yanbu Cement top-line went down by -28% Y/Y to SAR 189 mln. The decline was attributed to both lower volumes and prices, which weakened by -22% and -7%, respectively. However, top-line rose +9% sequentially driven by +25% Q/Q growth in volumes, despite -13% lower prices to SAR 140/ton.
- 3Q2023 Gross Profit declined significantly by -57% Y/Y and -30% Q/Q to SAR 39 mln. Gross margins contracted to 20% this quarter versus 34% last year and 32% in 2Q23. Net margins at 8% were under pressure Y/Y and Q/Q. This decline is led by lower prices coupled with higher COGS per ton.
- The Company sold 1.3 mln tons in 3Q2023 compared to 1.7 mln in the same period last year and 1.1 mln tons in 2Q2023. We maintain our view of an improvement in volumes in 4Q23 while we keep our deep concern about prices.
- Yanbu Cement bottom-line came down -78% Y/Y and -56% Q/Q to SAR 16 mln, missing both our estimates and market expectations. We revised our target price to SAR 36.00 from SAR 38.00, but maintain our 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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