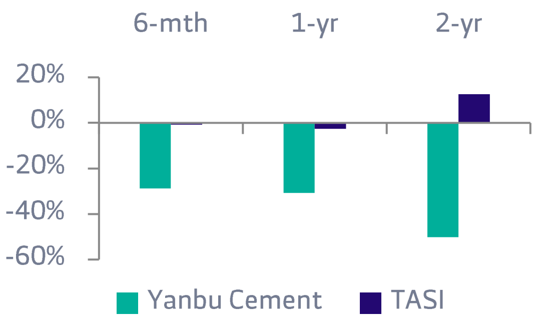
Exports Lift Sales with Soft Margins

October 23, 2025

Upside to Target Price	6.6%	Rating	Neutral
Expected Dividend Yield	6.3%	Last Price	SAR 15.94
Expected Total Return	12.9%	12-mth target	SAR 17.00

Market Data	
52-week high/low	SAR 25.50/15.82
Market Cap	SAR 2,511 mln
Shares Outstanding	158 mln
Free-float	89.42%
12-month ADTV	327,295
Bloomberg Code	YNCCO AB



Yanbu Cement	3Q2025	3Q2024	Y/Y	2Q2025	Q/Q	RC Estimate
Sales	298	211	41%	274	8%	270
Gross Profit	77	65	19%	70	11%	65
Gross Margins	26%	31%		25%		24%
Operating Profit	30	33	(8%)	28	7%	25
Net Profit	28	31	(9%)	22	31%	18

(All figures are in SAR mln)

- Yanbu Cement reported revenues of SAR 298 mln (+41% Y/Y, +8% Q/Q), above our SAR 270 mln estimate due to higher-than-expected export sales. Revenue growth was driven by stronger export clinker volumes of 1,035k tons (+209% Y/Y, +19% Q/Q), as the company incentivized exports by selling at cost (lack of profit margins on export sales), despite a modest decline in local cement volumes to 967k tons (-4% Y/Y, -3% Q/Q). Total sales volumes (both clinker and cement) rose to 2,002k tons (+49% Y/Y, +7% Q/Q), above our 1,870k tons estimate. Average selling prices (ASP) were in line with estimates at SAR 149/ton (-5% Y/Y, +1% Q/Q).
- Cost per ton inched higher to SAR 110/ton (+2% Y/Y, +1% Q/Q), likely on higher fuel costs, in line with our SAR 110/ton estimate. Gross margin contracted Y/Y to 26.0% (from 30.9% last year) due to lower ASP, but improved Q/Q from 25.4%, above estimates. Meanwhile, OPEX surged +46% Y/Y and +14% Q/Q to SAR 47 mln, mainly on higher export volumes, resulting in a soft operating margin of 10.1% versus 15.5% last year and 10.2% last quarter, also above estimates.
- Bottomline for the quarter came in mediocre at SAR 28 mln (-9% Y/Y, +31% Q/Q), well above market consensus of SAR 17 mln and our SAR 18 mln estimate. Sequential improvement was supported by lower net other expenses of SAR 2 mln, down from SAR 6 mln last quarter, similar Y/Y. The stock trades at trailing P/B of 0.96x. We trim our target price to SAR 17.00 from SAR 18.00 per share while maintaining a Neutral rating.

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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

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