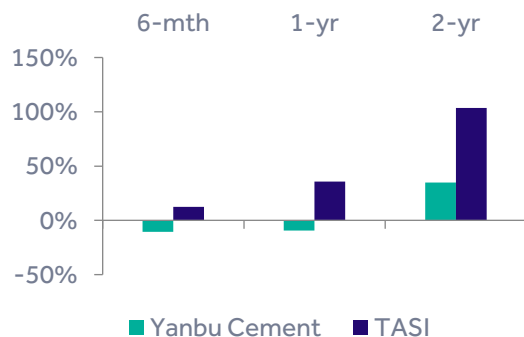


Market Data	
52-week high/low	SAR 46.70/34.50
Market Cap	SAR 6,064 mln
Shares Outstanding	158 mln
Free-float	94.8%
12-month ADTV	272,519
Bloomberg Code	YNCCO AB



Lower Prices Hit 4Q Earnings

March 09, 2022

Upside to Target Price	6.5%	Rating	Neutral
Expected Dividend Yield	2.6%	Last Price	SAR 38.50
Expected Total Return	9.1%	12-mth target	SAR 41.00

Yanbu Cement	4Q2021	4Q2020	Y/Y	3Q2021	Q/Q	RC Estimate
Sales	191	265	(28%)	208	(8%)	203
Gross Profit	39	85	(54%)	51	(23%)	53
Gross Margins	20%	32%		24%		26%
Operating Profit	27	76	(65%)	37	(29%)	43
Net Profit	10	71	(86%)	35	(72%)	43

(All figures are in SAR mln)

- Yanbu Cement Co. saw its sales slip to SAR 934 mln in 2021 from SAR 940 mln in 2020, despite an increase in volumes. Bottom-line fell sharply Y/Y by -43% to SAR 160 mln due to lower margins on the back of decline in selling prices.
- For 4Q2021, Yanbu Cement reported top-line of SAR 191 mln (-28% Y/Y, -8% Q/Q), below our estimates. The decline was attributed to lower local sales volume by -15% Y/Y and -4% Q/Q to reach 1.3 mln tons this quarter. The average selling price fell by -16% Y/Y and -4% Q/Q to SAR 144/ton.
- Gross Profit for the quarter declined by -54% Y/Y and by -23% Q/Q to SAR 39 mln, while the gross margin fell by 12% Y/Y and by 4% Q/Q to 20% this quarter due to lower prices. Net margin at 5% followed the same movement to fall by 22% Y/Y and by 14% Q/Q.
- Overall, we expect an improvement in volumes and prices in 2H2022, due to higher demand from giga projects and housing sector.
- Yanbu Cement reported a bottom-line of SAR 10 mln (-86% Y/Y, -72% Q/Q) below our and market expectations due to lower margins. We maintain our target price of SAR 41.00 and 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

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