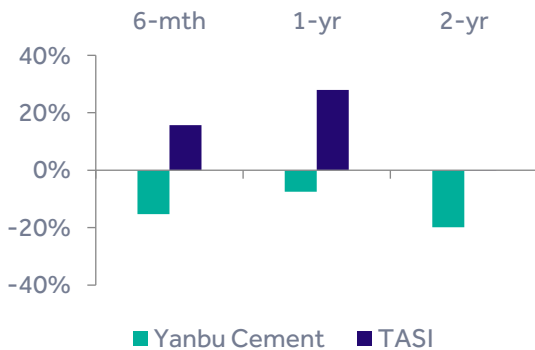


Market Data	
52-week high/low	SAR 43.90/29.50
Market Cap	SAR 4,709 mln
Shares Outstanding	158 mln
Free-float	99.43%
12-month ADTV	167,969
Bloomberg Code	YNCCO AB



Demand, Prices and Competition Hit Performance

March 18, 2024

Upside to Target Price	3.7%	Rating	Neutral
Expected Dividend Yield	3.3%	Last Price	SAR 29.90
Expected Total Return	7.0%	12-mth target	SAR 31.00

Yanbu Cement	4Q2023	4Q2022	Y/Y	3Q2023	Q/Q	RC Estimate
Sales	194	239	(19%)	189	3%	228
Gross Profit	23	69	(67%)	39	(40%)	68
Gross Margins	12%	29%		20%		30%
Operating Profit	4	59	(92%)	25	(80%)	51
Net Profit	18	59	(69%)	16	16%	43

(All figures are in SAR mln)

- Yanbu Cement recorded 4Q revenues at SAR 194 mln (-19% Y/Y, +3% Q/Q). The annual decline stemmed from reaching the lowest prices levels in 10 years according to our database (-10% to 131 SAR/ton) and volumes down -10% to 1,480k tons. Sequential growth was driven by increased volumes sold despite lower prices. For FY23, topline declined by -20% to SAR 781 mln, attributed to -23% lower volumes (5,262 tons), despite the +4% improvement in average prices to 148 SAR/ton.
- Profitability ratios showed a contraction theme on both the annual and quarterly results. 4Q gross profit declined significantly (-67% Y/Y, -40% Q/Q) to SAR 23 mln. Gross margin contracted to 12% this quarter versus 29% last year and 20% in 3Q23. This decline was led by higher COGS per ton coupled with lower prices. For FY23, gross margin also narrowed by 394 bps to 24% due to +11% increase in COGS/ton.
- 4Q OPEX increased by +36% and full year OPEX by +22%. Operating margin is at 2.3% in 4Q23 vs 24.6% in 4Q22.
- 4Q bottomline was supported by other income with 9.3% net margin, higher than operating margin, and came down -69% Y/Y but is up +16% Q/Q to SAR 18 mln, missing both our estimates and market consensus of SAR 30 mln. Full year bottom line declined by -44% due to lower demand, more financing costs despite higher other income. We revise our target price to SAR 31.00, but maintain our 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
For any feedback on our reports, please contact research@riyadcapital.com

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