

■ Bottomline Halves Q/Q

August 12, 2020

Upside to Target Price (4.4%)
 Expected Dividend Yield 6.5%
 Expected Total Return 2.1%

Rating Neutral
 Last Price SAR 56.50
 12-mth target SAR 54.00

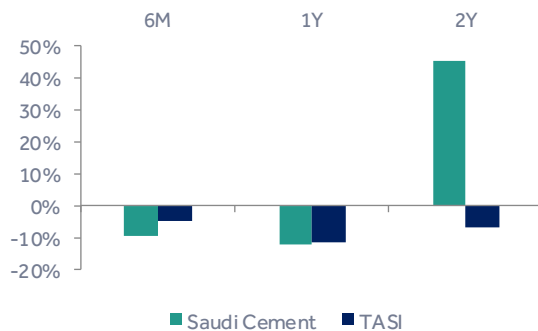
Market Data	
52-week high/low	SAR 73.30/41.00
Market Cap	SAR 8,645 mln
Shares Outstanding	153 mln
Free-float	92.2%
12-month ADTV	315,405
Bloomberg Code	SACCO AB

Saudi Cement	2Q2020	2Q2019	Y/Y	1Q2020	Q/Q	RC Estimate
Sales	298	339	(12%)	450	(34%)	255
Gross Profit	124	140	(12%)	203	(39%)	166
Gross Margins	42%	41%		45%		42%
Operating Profit	83	100	(17%)	158	(47%)	78
Net Profit	75	92	(19%)	148	(50%)	70

(All figures are in SAR mln)

- Saudi Cement's net profit for 2Q2020 declined by -19% Y/Y and -50% Q/Q to settle at SAR 75 million close to our SAR 70 mln estimate.
- On a yearly basis, bottom-line declined on lower sales, increase in selling and distribution expenses, increase in zakat provision and decrease in share in net results of associates, in spite of the decrease in G&A expenses and a decrease in financial charges.
- On a quarterly basis, net income halved as local sales volume went down from 1.5 mln tons in 1Q2020 to 952K tons in 2Q2020 due to the impact from Covid-19. Net margin for the quarter fell by -800 bps compared to the previous quarter to reach 25% this quarter.
- We maintain a Neutral rating but raise our target price to SAR 54.00 per share on better prospects.

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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