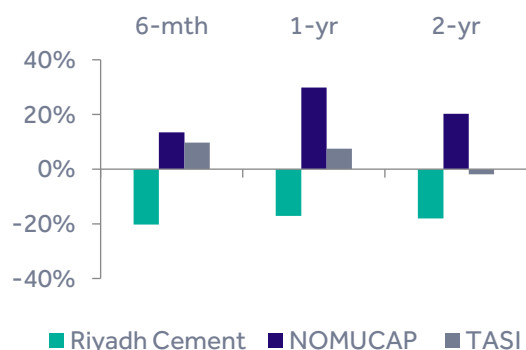


Market Data	
52-week high/low	SAR 38.25/26.50
Market Cap	SAR 3,234 mln
Shares Outstanding	120 mln
Free-float	57.05%
12-month ADTV	30,762
Bloomberg Code	SAWCEM AB



Flat Topline Despite Higher Prices

May 20, 2024

Upside to Target Price	26.2%	Rating	Buy
Expected Dividend Yield	5.8%	Last Price	SAR 26.95
Expected Total Return	31.9%	12-mth target	SAR 34.00

Riyadh Cement	1Q2024	1Q2023	Y/Y	4Q2023	Q/Q	RC Estimate
Sales	189	190	(1%)	-	-	160
Gross Profit	77	87	(11%)	-	-	58
Gross Margins	41%	46%	-	-	-	36%
Operating Profit	72	78	(8%)	-	-	50
Net Profit	70	73	(4%)	-	-	47

(All figures are in SAR mln)

- In 1Q2024, Riyadh Cement recorded SAR 189 mln in revenues, almost flat Y/Y but higher than our SAR 160 mln estimate most likely on the back of higher average selling prices (ASP) versus our conservative forecast. The company's grey cement sales volume declined Y/Y by -10% to 784k ton from 871k ton in 1Q2023, but close to our 728k tons forecast.
- The increase in ASP positively impacted the 1Q2024 gross margin of 41% vs our estimate of 36%. Yet, gross margin decreased Y/Y from 46%, on the back of higher COGS/ton.
- OPEX plummeted to SAR 5 mln compared to SAR 9 mln in 1Q2023, yet operating margin fell by 297 bps to 38%.
- Net profit decreased by -4% Y/Y to SAR 70 mln on the back of higher cost of sales and lower sales volumes. Furthermore, bottomline came +21% higher than the consensus estimate of SAR 58 mln. On May 16, 2024, the company announced the new impact of fuel prices on production costs to be approximately 12.0% instead of the previously announced 24.7%. We increase our target price to SAR 34.00 per share and upgrade our rating to Buy based on the softer fuel impact announced by management.

Abdulrahman M Barghouth
 abdulrahman.barghouth@riyadcapital.com
 +966-11-203-6815

■ 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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