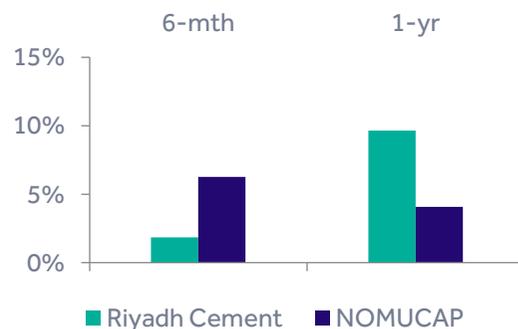


Market Data	
52-week high/low	SAR 39.30/30.60
Market Cap	SAR 4,356 mln
Shares Outstanding	120 mln
Free-float	100%
12-month ADTV	102,948
Bloomberg Code	SAWCEM AB



Net Income Falls -68% H/H

March 31, 2022

Upside to Target Price	4.7%
Expected Dividend Yield	4.6%
Expected Total Return	9.3%

Rating	Neutral
Last Price	SAR 36.30
12-mth target	SAR 38.00

Riyadh Cement	2H2021	2H2020	Y/Y	1H2021	H/H	RC Estimate
Sales	270	291	(7%)	401	(33%)	312
Gross Profit	79	119	(33%)	185	(57%)	109
Gross Margins	29%	41%		46%		35%
Operating Profit	58	103	(44%)	173	(67%)	100
Net Profit	51	99	(48%)	160	(68%)	91

(All figures are in SAR mln)

- For the year 2021, revenues increased by +14% Y/Y to SAR 671 mln as the company sold 4.4 mln tons in black cement (+30% Y/Y) while gross profit for the year was up just +4% Y/Y, affected by lower prices. Net income for 2021 declined by -4% Y/Y to SAR 212 mln on the back of a rise in G&A and Zakat expenses.
- For 2H2021, despite an increase in black cement volume sales by +24% Y/Y (but a -13% decline H/H) to 1.6 mln tons, the company reported a decline in revenues by -7% Y/Y and by -33% H/H to SAR 270 mln. The decline was attributed to lower prices which translated negatively into margins and resulted in a decline in net income by -48% Y/Y and -68% H/H to SAR 51 mln.
- For 2H2021, gross profit dropped by -33% Y/Y and by -57% H/H to SAR 79 mln, while the gross margin contracted by 11% Y/Y and by 17% Q/Q to 29% due to lower prices.
- We expect an improvement in volumes (both black and white cement) as well as prices in the short term. Hence, we maintain our target price of SAR 38.00 and 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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