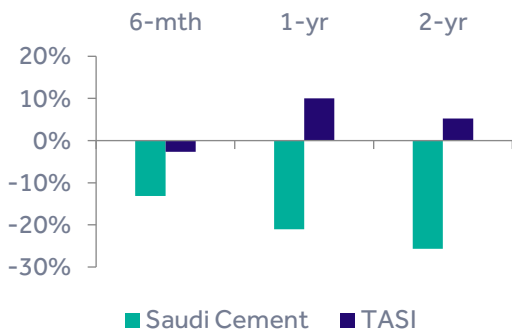


Market Data	
52-week high/low	SAR 54.40/39.65
Market Cap	SAR 6,074 mln
Shares Outstanding	153 mln
Free-float	93.20%
12-month ADTV	157,897
Bloomberg Code	SACCO AB



Operational Efficiencies Improve Profitability

November 05, 2024

Upside to Target Price	5.8%	Rating	Neutral
Expected Dividend Yield	6.3%	Last Price	SAR 39.70
Expected Total Return	12.1%	12-mth target	SAR 42.00

Saudi Cement	3Q2024	3Q2023	Y/Y	2Q2024	Q/Q	RC Estimate
Sales	387	315	23%	378	2%	420
Gross Profit	154	114	35%	144	7%	164
Gross Margins	40%	36%		38%		39%
Operating Profit	98	61	61%	84	17%	102
Net Profit	100	68	47%	87	15%	99

(All figures are in SAR mln)

- Saudi Cement’s 3Q revenues grew by +23% Y/Y and +2% Q/Q to SAR 387 mln, lower than both Bloomberg consensus and our estimates. The company recorded 2.0 mln tons in sales volume (for both cement and clinker), up +13.6% Y/Y and +3.1% Q/Q, compared to our 2.1 mln tons estimate. The realized blended average selling prices (ASP) came in at SAR 193/ton, up +8.1% Y/Y but down -0.7% Q/Q, compared to our SAR 200/ton estimate. 9M2024 performance was better on both topline and bottomline levels, up by +10.3% and +8.7%, respectively, driven by both ASP and volumes.
- COGS per ton came in at 116 SAR/ton, compared with 113 SAR/ton last year and 120 SAR/ton last quarter, versus our 122 SAR/ton estimate, which helped to offset our topline deviation. This resulted in a higher gross margin at 40% than both comparable periods, and our 39% estimate. OPEX rose by +5% Y/Y but is down -6% Q/Q to SAR 56 mln, lower than our SAR 62 mln estimate. Operating margin was at 25.3% versus 19.3% last year and 22.2% last quarter.
- The Company recorded SAR 100 mln in net income (up +47% Y/Y, +15% Q/Q), matching our SAR 99 mln estimate but higher than SAR 92 mln market consensus. This increase was driven by topline growth. Retained earnings continue to decline Y/Y, despite the transferred statutory reserve to retained earnings in 2Q, likely to temporarily support dividend payout and avoid impacting cashflow directly. Given the current financial performance, we anticipate further pressure on these reserves and potentially lower dividends in the future, although the current dividend yield remains at 6.3%. We revise our stance to Neutral and tweak our target price to SAR 42.00 per share.

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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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