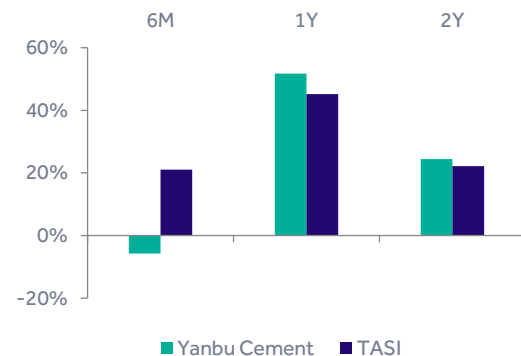


Market Data	
52-week high/low	SAR 49.40/29.20
Market Cap	SAR 7,023 mln
Shares Outstanding	158 mln
Free-float	87.4%
12-month ADTV	501,578
Bloomberg Code	YNCCO AB



Net Margin at Lowest Level Since 1Q2019

July 25, 2021

Upside to Target Price	(7.8%)	Rating	Neutral
Expected Dividend Yield	2.8%	Last Price	SAR 44.45
Expected Total Return	(5.0%)	12-mth target	SAR 41.00

Yanbu Cement	2Q2021	2Q2020	Y/Y	1Q2021	Q/Q	RC Estimate
Sales	243	157	55%	292	(17%)	285
Gross Profit	53	56	(5%)	81	(35%)	77
Gross Margins	22%	36%		28%		27%
Operating Profit	43	44	(1%)	69	(37%)	65
Net Profit	42	37	12%	73	(43%)	67

(All figures are in SAR mln)

- Yanbu Cement reported a top-line of SAR 243 mln, +55% Y/Y but down by -17% Q/Q, below our SAR 285 million forecast due to a significant decline in average selling price by -34% Y/Y despite the increase in total sales volume, which jumped by +137% Y/Y to 1.7 mln tons this quarter lifted by Clinker exports.
- Gross margin contracted by -14% Y/Y and -588 bps Q/Q for the second consecutive quarter due to rising costs on lower clinker and cement production. Net margin declined on both yearly and quarterly basis by -655 bps and -786 bps respectively to reach a level of 17% this quarter.
- Clinker inventory at 3.5 mln tons by end of 1H2021 declined by -27% compared with the same period last year and represents 11% of the Clinker inventories in the cement sector.
- Net profit for 2Q2021 is up by +12% Y/Y but down -43% Q/Q to SAR 42 mln, missing both our and market estimates due to a decline in average selling prices and lower margins. We maintain our target price of SAR 41.00 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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