

## Cement Sector

<b>Yamama Cement</b>	<b>Neutral</b>
12M Price Target (SAR)	35.00
CMP (SAR)	36.95
Potential Upside (%)	-5.3%
P/E (2025e)	16.6x
Dividend Yield (2025e)	2.7%
<b>Saudi Cement</b>	<b>Hold</b>
12M Price Target (SAR)	45.00
CMP (SAR)	44.85
Potential Upside (%)	0.3%
P/E (2025e)	17.1x
Dividend Yield (2025e)	5.6%
<b>Southern Cement</b>	<b>Hold</b>
12M Price Target (SAR)	34.00
CMP (SAR)	31.65
Potential Upside (%)	7.4%
P/E (2025e)	21.7x
Dividend Yield (2025e)	2.8%
<b>Yanbu Cement</b>	<b>Hold</b>
12M Price Target (SAR)	24.00
CMP (SAR)	22.38
Potential Upside (%)	7.2%
P/E (2025e)	22.8x
Dividend Yield (2025e)	5.6%
<b>Arabian Cement</b>	<b>Hold</b>
12M Price Target (SAR)	28.00
CMP (SAR)	25.95
Potential Upside (%)	7.9%
P/E (2025e)	17.6x
Dividend Yield (2025e)	5.8%
<b>Riyadh Cement</b>	<b>Hold</b>
12M Price Target (SAR)	36.00
CMP (SAR)	33.80
Potential Upside (%)	6.5%
P/E (2025e)	14.1x
Dividend Yield (2025e)	4.4%
<b>Najran Cement</b>	<b>Hold</b>
12M Price Target (SAR)	9.30
CMP (SAR)	8.55
Potential Upside (%)	8.8%
P/E (2025e)	22.7x
Dividend Yield (2025e)	0.0%
<b>Eastern Cement</b>	<b>Buy</b>
12M Price Target (SAR)	40.00
CMP (SAR)	34.00
Potential Upside (%)	17.6%
P/E (2025e)	10.4x
Dividend Yield (2025e)	4.7%
<b>City Cement</b>	<b>Neutral</b>
12M Price Target (SAR)	19.00
CMP (SAR)	20.56
Potential Upside (%)	-7.6%
P/E (2025e)	17.5x
Dividend Yield (2025e)	5.7%

## Saudi Cement Update – Limited Upside

Cement volumes bounced back strongly in 2024 growing 3.7% YoY, powered mainly by a recovery in the offtake in 2H24. This trend has broadly continued in 1Q25, with the growth remaining robust at 6.4% YoY. The quarterly performance comes despite a relatively early onset of Ramadan in the current year. Cement sales have been driven by firm real estate activity and an improvement in the infrastructure spending, especially in the Central region. Going forward, we expect growth in cement volumes to remain strong. We see the gradual easing of interest rates as a major positive to boost construction activity within the country. Though concerns in the form of falling oil prices and the risk of increasing geopolitical tensions on account of tariff wars remain, medium-term drivers in the form of prestigious international events to be held in Saudi Arabia is expected to drive growth. Overall, we expect cement volume to grow by 5-8% YoY in 2025e.

The pricing scenario in the industry remained positive, with the average cement realization for the companies under our coverage increasing by 17% YoY for 2024. This improvement comes at the back of a lower base in 2023 but is also supported by strong industry fundamentals, especially in the Central and Western regions. However, clinker inventory levels continue to remain high in the industry, c.9-10 months of production, and the historical trends of price competition between players make us cautious. Further, we note that the volume growth has been slightly lopsided and concentrated mainly in the Central and Western regions. This poses the risk of increased cross-selling within regions, causing higher level of competition. Overall, we expect 2025e cement realization to remain strong, with increasing cost pressures having the potential to discourage price competition.

The cost of production remained high in the current year as the cost of sales per ton increased by 7% YoY for 2024 for our coverage companies. This continues to remain a major headwind, as Aramco has announced another round of increases in fuel prices, which will keep the cost elevated in the current year. This in turn will keep profitability growth under check. Overall, we expect the net income of the companies under our coverage to remain flat (YoY) in 2025e.

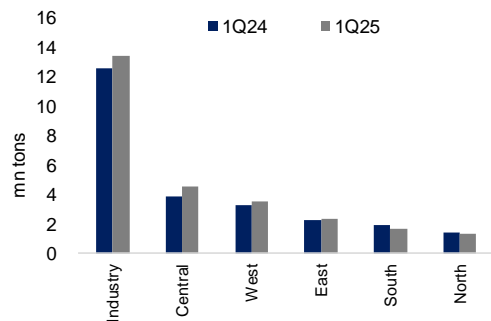
Company	Old	TP	CMP	+/- from TP	Rating	P/E	
						2025e	2026e
Yamama Cement	31.0	35.0	37.0	-5.3%	Neutral	16.6x	15.9x
Saudi Cement	45.0	45.0	44.9	0.3%	Hold	17.1x	16.6x
Southern Cement	36.0	34.0	31.7	7.4%	Hold	21.7x	20.0x
Yanbu Cement	25.0	24.0	22.4	7.2%	Hold	22.8x	21.6x
Arabian Cement	30.0	28.0	26.0	7.9%	Hold	17.6x	17.5x
Riyadh Cement	30.0	36.0	33.8	6.5%	Hold	14.1x	13.7x
Najran Cement	9.6	9.3	8.6	8.8%	Hold	22.7x	20.5x
Eastern Cement	40.0	40.0	34.0	17.6%	Buy	10.4x	10.2x
City Cement	18.0	19.0	20.6	-7.6%	Neutral	17.5x	17.4x

**Cement volumes grow by 6.4% YoY for 1Q25.**

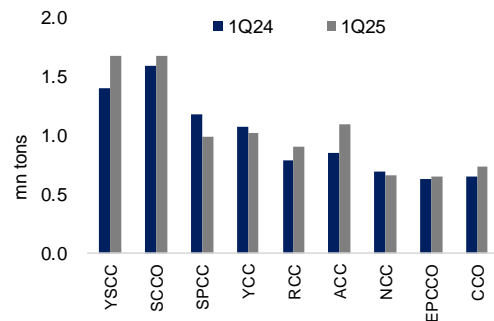
**After a strong finish to 2024, 2025 commences positively**

Cement volumes in KSA for 2024 reported a 3.7% YoY improvement to 51.1mn tons, aided by a robust performance in 2H24. This momentum has largely continued in the current year with 1Q25 volumes increasing by 6.4% YoY, despite the onset of the holy month of Ramadan early in March 2025. This growth has been driven primarily by the performance of the Central region, which reported a 17.4% YoY increase in 1Q25. Western region on the other hand increased by 9.7% YoY, while East reported a more moderate 5.2% YoY improvement. The performance in the Southern and Northern regions on the other hand continued to face pressure falling by 11.9% YoY and 5.6% YoY respectively. Acceleration in key infrastructure projects and a recovery in real estate activities, along with a softening of interest rates have all aided in the cement offtake. However, these seem to be concentrated primarily in the Central and Western regions for now.

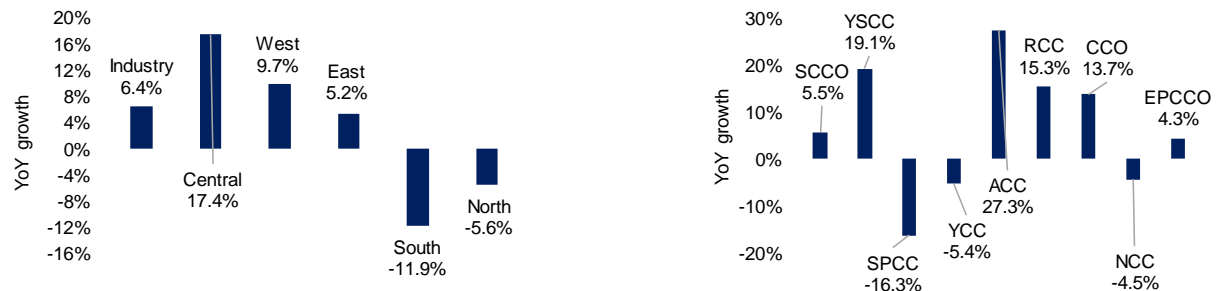
**Cement sales shows improvement in most regions**



**Coverage companies report robust performance**



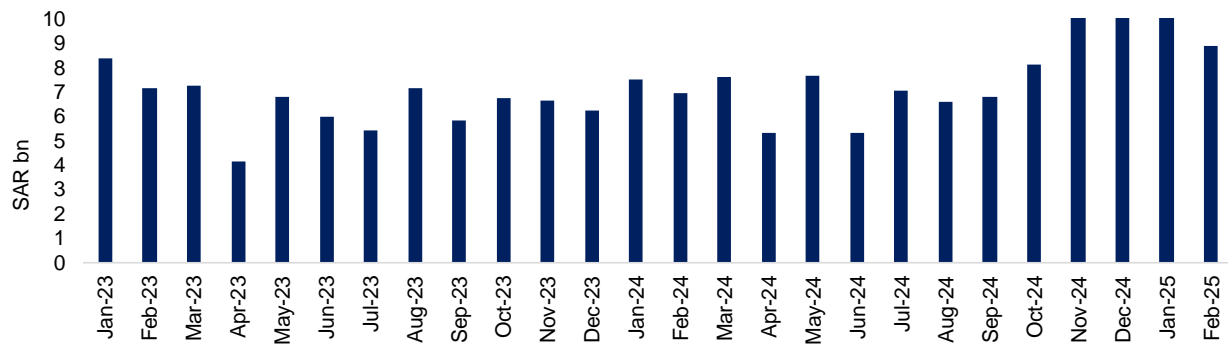
**ACC and YSCC substantially outperform peers, with the Central region reporting stellar performance**



Source: Yamama Cement, Company filings, US Research (YSCC: Yamama Cement, SCCO: Saudi Cement, SPCC: Southern Province Cement, YCC: Yanbu Cement, RCC: Riyadh Cement, ACC: Arabian Cement, NCC: Najran Cement, EPCCO: Eastern Province Cement, CCO: City Cement)

Companies under our coverage have mostly reported a positive performance, with ACC, YSCC, RCC, and CCO delivering a standout double-digit increase in cement volumes in 1Q25. ACC volumes for 1Q25 grew by 27.3% YoY, while the same for YSCC grew by 19.1% YoY. RCC on the other hand reported a solid 15.3% YoY improvement, with CCO reporting a 13.7% rise. SCCO saw an improvement of 5.5% YoY, even as EPCCO's volume grew by 4.3% YoY. The growth of both companies comes on the back of a higher base in 2024, though it underperformed the overall sector performance. SPCC, with volumes coming 16.3% lower YoY, YCC (-5.4% YoY), and NCC (-4.5% YoY), all underperformed its peers.

#### Monthly new residential mortgage remains firm in 2025



Source: SAMA, US Research

#### New residential mortgages average SAR7.5bn per month for 2024.

New residential mortgages averaged SAR7.5bn per month in 2024, with the same averaging SAR9.7bn for YTD' Feb-25 better than SAR6.5bn per month in 2023. The 3M-SIBOR averaged at 6.0% for 2024, relatively flat compared to 2023 levels, with the same cooling since 2H24. This trend has broadly continued in the current year and the same has averaged 5.4% (YTD' Apr-24). Easing inflation and sagging growth rates in the US have given potential headroom for lowering the Fed rates in the periods to come. Given this, we expect interest rates to trend lower, though political uncertainties and the ongoing tariff wars could potentially slow this process. This in turn is likely to aid in the continued recovery of mortgages. New residential mortgages grew by 17.1% YoY in 2024 and by 33.8% YoY YTD' Feb-25. In line with this, real estate loans have grown by a strong 15.1% YoY for 2024, driven largely by loans to corporate (26.2% YoY), even as retail grew by a respectable 12.2% YoY. Though our concerns over

possible delay in key infrastructure projects on account of lower oil prices continue, prestigious events, including the Asian Winter Games, Riyadh Expo, and FIFA World Cup to be held in the country will keep the investments consistently high. Overall, we have revised our forecast of cement volume growth to 5-8% YoY for 2025e.

### **Cement prices improve in 2024, likely to remain firm**

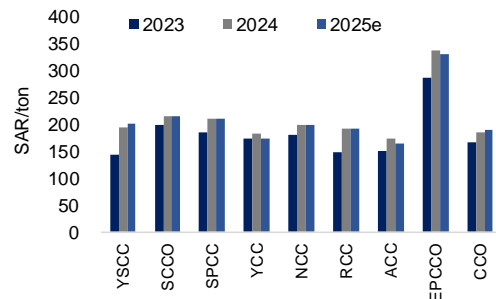
Cement prices recovered in 2024, as the average realization of the companies under our coverage increased by 17% YoY in 2024. This improvement comes at the back of severe pricing pressure in 2023, due to the oversupply situation. This recovery in prices has been despite clinker inventories remaining high, as they increased by 14% YoY to 45.5mn tons as of Dec-24, equivalent to c.10 months of production.

### **Cement realization of the companies in the Central region report growth.**

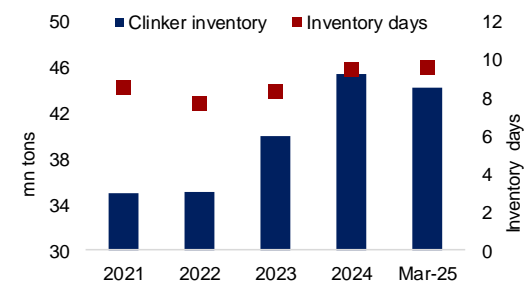
The major beneficiaries of the recovery in cement prices were largely the companies in the Central region, which were also the most impacted by the pressure on realization in 2023. YSCC's 2024 average realization at SAR193/ton was an improvement of 36% YoY, while RCC witnessed an improvement of 30% YoY to SAR191/ton. The average realization of CCO on the other hand increased by 11% YoY SAR184/ton, given that the company had witnessed the least resistance in prices in the region in 2023.

YCC, in the Western region, saw its average realization improve by 5% on a YoY basis to SAR182/ton for 2024. ACC on the other hand witnessed an improvement of 15% YoY to SAR172/ton, though its realization in 4Q witnessed pressure. Overall, the companies in the Western regions reported a decent improvement in their average realization. The average realization of SCCO increased by 8% YoY to SAR215/ton, while EPCCO continued to maintain its premium pricing, with the same improving by a robust 17% YoY. These improvements come despite the region being one of the least affected in 2023. Najran cement too witnessed an improvement in its realization by 10% YoY to SAR197/ton.

#### 2024 realization improves; 2025 levels to remain firm



#### Clinker inventory remain high



Source: Yamama Cement, Company filings, US Research

**Cement prices to remain strong, though will be flat in 2025 vs 2024.**

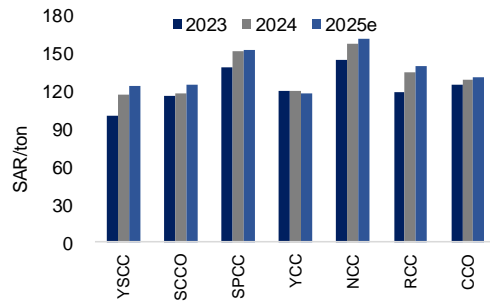
Going forward, we remain positive on the pricing scenario and expect the same to remain firm in 2025e. We also take into account a 1% QoQ improvement in the realization of our coverage companies in 4Q24, after a QoQ fall in 3Q24. However, we continue to remain cautious about pricing given the historical trend of price competition within the industry, along with the sustained levels of high clinker inventory. Overall, we forecast 2025e cement realization to remain flat at 2024 levels or witness a marginal improvement (low single digit).

**Cost of production to remain high, restricting profit growth.**

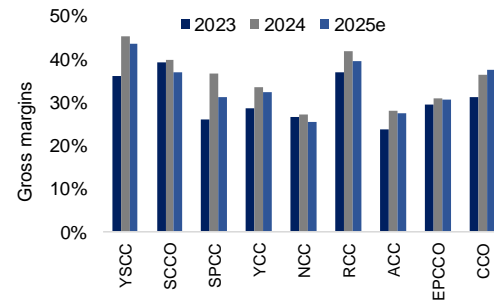
#### Improved pricing compensates higher cost of production

The cost of sales per ton of the companies under our coverage increased by 7% YoY for 2024 predominantly on account of higher fuel cost. However, this increase is less than our initial forecast, as most of these companies have joined the Industrial Sector Competitiveness Program, which offers solutions to raising the efficiency and quality of energy sources used in industrial facilities. Saudi Aramco has announced another round of increases in fuel costs, which will keep the costs trending high. We estimate this to increase the cost of production of the companies under our coverage by c.5-8%. Improved pricing scenario has aided the companies to manage their costs, as gross margins increased across our coverage. Overall, the average margins among the companies under our coverage improved to 35% in 2024 compared to 31% in the previous year. However, for 2025e, there is likely to be some pressure and we have forecasted the same to decline by 150bps YoY.

#### Cost of sales/ton to increase in 2025e



#### 2025e margins to mostly fall from current levels



Source: Yamama Cement, Company filings, US Research

We expect the net income of the companies under our coverage to remain flat or report low single-digit growth YoY in 2025. Strong growth in volume and stable pricing is likely to be offset by the increasing cost of production, on account of higher fuel costs.

#### Companies Under Our Coverage

Companies	CMP	TP	Up/Down	Rating	Volume Sold			Revenue			Net Income		
					1Q24	1Q25	YoY	2024	2025e	YoY	2024	2025e	YoY
Yamama Cement	37.0	35.0	-5.3%	Neutral	1,406	1,675	19.1%	1,173	1,334	13.7%	421	450	6.9%
Saudi Cement	44.9	45.0	0.3%	Hold	1,590	1,678	5.5%	1,676	1,745	4.1%	422	401	-4.9%
Southern Cement	31.7	34.0	7.4%	Hold	1,182	989	-16.3%	935	981	5.0%	244	204	-16.3%
Yanbu Cement	22.4	24.0	7.2%	Hold	1,079	1,021	-5.4%	876	900	2.7%	157	154	-1.8%
Arabian Cement	26.0	28.0	7.9%	Hold	857	1,091	27.3%	858	889	3.7%	160	147	-7.9%
Riyadh Cement	33.8	36.0	6.5%	Hold	784	904	15.3%	789	855	8.4%	310	288	-7.4%
Najran Cement	8.6	9.3	8.8%	Hold	696	665	-4.5%	535	561	5.0%	68	64	-6.4%
Eastern Cement	34.0	40.0	17.6%	Buy	625	652	4.3%	1,211	1,239	2.4%	248	281	13.4%
City Cement	20.6	19.0	-7.6%	Neutral	652	741	13.7%	521	593	13.8%	144	165	14.2%

Saudi Cement Company	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
<b>Key Financials (SAR mn)</b>									
Revenue	1,570	1,410	1,420	1,462	1,676	1,745	1,775	1,806	1,837
Gross profit	666	530	569	573	667	644	652	660	668
Operating profit	479	344	404	362	428	397	400	404	407
Net income	456	332	399	381	422	401	414	419	424
Total assets	3,678	3,392	3,278	3,214	3,137	3,112	3,084	3,056	3,028
Debt	431	374	348	446	299	249	199	149	99
Cash	125	81	91	115	121	183	264	264	221
M-Cap	6,862	6,862	6,862	6,862	6,862	6,862	6,862	6,862	6,862
EV	7,157	7,113	7,069	7,144	6,987	6,871	6,735	6,601	6,469
<b>Key Ratios</b>									
<b>Per Share (SAR)</b>									
EPS	3.0	2.2	2.6	2.5	2.8	2.6	2.7	2.7	2.8
BVPS	17.3	15.9	15.0	14.1	14.6	14.8	14.9	15.0	15.2
DPS	3.5	3.5	3.3	2.5	2.8	2.5	2.6	2.6	2.6
<b>Valuations</b>									
P/E	15.0	20.7	17.2	18.0	16.3	17.1	16.6	16.4	16.2
EV/EBITDA	10.2	12.4	11.1	12.3	10.8	11.1	10.8	10.6	10.3
Div. yield	7.8%	7.8%	7.2%	5.6%	6.1%	5.6%	5.7%	5.8%	5.9%
<b>Liquidity</b>									
Cash Ratio	0.1	0.1	0.1	0.1	0.2	0.3	0.4	0.5	0.4
Current ratio	1.3	1.2	1.2	1.3	1.6	1.9	2.2	2.4	2.6
Quick ratio	0.6	0.6	0.6	0.6	0.8	1.0	1.2	1.3	1.3
<b>Return ratio</b>									
ROA	12.3%	9.7%	12.2%	11.9%	13.4%	12.9%	13.4%	13.7%	14.0%
ROE	17.2%	13.6%	17.4%	17.6%	18.8%	17.7%	18.1%	18.2%	18.3%
ROCE	13.0%	10.1%	12.3%	11.3%	13.7%	12.8%	13.0%	13.2%	13.4%
<b>Profitability ratio</b>									
Gross margins	42.5%	37.6%	40.1%	39.2%	39.8%	36.9%	36.7%	36.6%	36.4%
EBITDA margins	44.8%	40.6%	44.7%	39.8%	38.6%	35.4%	35.0%	34.6%	34.2%
Operating margins	30.5%	24.4%	28.4%	24.8%	25.6%	22.7%	22.6%	22.4%	22.2%
Net margins	29.0%	23.5%	28.1%	26.1%	25.2%	23.0%	23.3%	23.2%	23.1%
<b>Leverage</b>									
Debt/Capital	13.9%	13.3%	13.2%	17.1%	11.8%	9.9%	8.0%	6.1%	4.1%
Debt/Total assets	11.7%	11.0%	10.6%	13.9%	9.5%	8.0%	6.4%	4.9%	3.3%
Debt/Equity	16.1%	15.4%	15.2%	20.6%	13.3%	11.0%	8.7%	6.5%	4.3%
Debt/EBITDA	0.6	0.7	0.5	0.8	0.5	0.4	0.3	0.2	0.2
Net debt/EBITDA	0.4	0.5	0.4	0.6	0.3	0.1	(0.1)	(0.2)	(0.2)

Yamama Cement Company	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
<b>Key Financials (SAR mn)</b>									
Revenue	956	736	1,008	935	1,173	1,334	1,360	1,388	1,415
Gross profit	440	220	409	335	529	579	590	600	609
Operating profit	371	157	333	264	444	491	499	507	515
Net income	406	154	356	304	421	450	471	483	491
Total assets	5,594	5,923	6,351	6,483	7,317	7,298	7,419	7,608	7,805
Debt	1,311	1,181	1,109	1,324	1,793	1,470	1,366	1,366	1,366
Cash	72	74	76	160	61	70	321	631	942
M-Cap	7,482	7,482	7,482	7,482	7,482	7,482	7,482	7,482	7,482
EV	8,329	8,001	7,695	8,069	8,719	8,388	8,032	7,722	7,412
<b>Key Ratios</b>									
<b>Per Share (SAR)</b>									
EPS	2.0	0.8	1.8	1.5	2.1	2.2	2.3	2.4	2.4
BVPS	19.4	21.1	23.0	23.4	23.9	25.1	26.2	27.1	28.0
DPS	0.0	0.0	1.0	1.0	1.0	1.0	1.3	1.5	1.5
<b>Valuations</b>									
P/E	18.4	48.7	21.0	24.6	17.8	16.6	15.9	15.5	15.2
EV/EBITDA	22.0	48.4	20.9	18.2	13.9	11.8	11.2	10.7	10.3
Div. yield	0.0%	0.0%	2.7%	2.7%	2.7%	2.7%	3.4%	4.1%	4.1%
<b>Liquidity</b>									
Cash Ratio	0.3	0.2	0.1	0.2	0.1	0.1	0.6	1.1	1.6
Current ratio	2.9	1.5	1.0	1.3	1.2	1.8	2.5	3.1	3.6
Quick ratio	1.4	0.7	0.7	0.7	0.5	0.8	1.4	1.9	2.4
<b>Return ratio</b>									
ROA	7.2%	2.6%	5.6%	4.7%	5.7%	6.2%	6.3%	6.4%	6.3%
ROE	10.3%	3.6%	7.6%	6.4%	8.7%	8.8%	8.9%	8.8%	8.7%
ROCE	6.6%	2.6%	5.2%	4.1%	6.1%	6.7%	6.7%	6.7%	6.6%
<b>Profitability ratio</b>									
Gross margins	46.0%	30.0%	40.5%	35.9%	45.1%	43.5%	43.4%	43.2%	43.1%
EBITDA margins	39.6%	22.4%	36.6%	47.4%	53.5%	53.5%	52.7%	51.8%	50.9%
Operating margins	38.8%	21.3%	33.0%	28.2%	37.8%	36.8%	36.7%	36.6%	36.4%
Net margins	42.4%	20.9%	35.3%	32.5%	35.9%	33.7%	34.6%	34.8%	34.7%
<b>Leverage</b>									
Debt/Capital	25.0%	21.6%	19.2%	21.9%	27.0%	22.4%	20.5%	19.9%	19.4%
Debt/Total assets	23.4%	19.9%	17.5%	20.4%	24.5%	20.1%	18.4%	18.0%	17.5%
Debt/Equity	0.3	0.3	0.2	0.3	0.4	0.3	0.3	0.2	0.2
Debt/EBITDA	3.5	7.1	3.0	3.0	2.9	2.1	1.9	1.9	1.9
Net debt/EBITDA	3.3	6.7	2.8	2.6	2.8	2.0	1.5	1.0	0.6



Southern Province Cement	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
<b>Key Financials (SAR mn)</b>									
Revenue	1,653	1,339	1,222	1,070	935	981	1,002	1,023	1,044
Gross profit	679	505	361	277	343	307	326	345	363
Operating profit	628	443	298	200	262	212	230	246	263
Net income	609	429	301	195	244	204	221	238	253
Total assets	4,144	4,005	3,872	4,083	4,428	4,518	4,605	4,698	4,635
Debt	398	328	253	362	649	649	649	649	487
Cash	543	504	320	363	186	74	285	293	135
M-Cap	4,431	4,431	4,431	4,431	4,431	4,431	4,431	4,431	4,431
EV	4,287	4,256	4,364	4,430	4,894	4,806	4,595	4,387	4,183
<b>Key Ratios</b>									
<b>Per Share (SAR)</b>									
EPS	4.4	3.1	2.1	1.4	1.7	1.5	1.6	1.7	1.8
BVPS	23.4	22.8	22.9	23.5	24.1	24.7	25.3	25.9	26.6
DPS	4.8	2.5	1.3	1.0	1.2	0.9	1.0	1.0	1.1
<b>Valuations</b>									
P/E	7.3	10.3	14.7	22.7	18.2	21.7	20.0	18.6	17.5
EV/EBITDA	5.2	6.6	8.5	11.2	10.7	12.0	11.2	10.5	9.8
Div. yield	15.0%	7.9%	3.9%	3.2%	3.8%	2.8%	3.0%	3.3%	3.5%
<b>Liquidity</b>									
Cash Ratio	1.3	1.1	0.9	1.1	0.5	0.2	0.9	0.6	0.3
Current ratio	2.8	2.6	3.0	3.9	3.9	4.4	5.1	3.4	3.1
Quick ratio	1.5	1.4	1.2	1.6	1.1	0.9	1.6	1.1	0.7
<b>Return ratio</b>									
ROA	14.7%	10.7%	7.8%	4.8%	5.5%	4.5%	4.8%	5.1%	5.5%
ROE	18.6%	13.5%	9.4%	5.9%	7.2%	5.9%	6.3%	6.6%	6.8%
ROCE	15.2%	11.1%	7.7%	4.9%	5.9%	4.7%	5.0%	5.2%	5.7%
<b>Profitability ratio</b>									
Gross margins	41.1%	37.7%	29.5%	25.8%	36.7%	31.2%	32.5%	33.7%	34.8%
EBITDA margins	50.2%	48.4%	41.8%	37.0%	49.1%	40.8%	40.9%	40.9%	41.0%
Operating margins	38.0%	33.1%	24.4%	18.7%	28.0%	21.6%	22.9%	24.1%	25.2%
Net margins	36.9%	32.0%	24.6%	18.3%	26.1%	20.8%	22.1%	23.3%	24.2%
<b>Leverage</b>									
Debt/Capital	10.8%	9.3%	7.3%	9.9%	16.1%	15.8%	15.5%	15.2%	11.5%
Debt/Total assets	9.6%	8.2%	6.5%	8.9%	14.7%	14.4%	14.1%	13.8%	10.5%
Debt/Equity	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.1
Debt/EBITDA	0.5	0.5	0.5	0.9	1.4	1.6	1.6	1.6	1.1
Net debt/EBITDA	(0.2)	(0.3)	(0.1)	(0.0)	1.0	1.4	0.9	0.9	0.8

Yanbu Cement	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
<b>Key Financials (SAR mn)</b>									
Revenue	940	934	981	827	876	900	918	936	955
Gross profit	342	224	276	236	292	289	299	308	317
Operating profit	301	176	225	126	180	174	182	189	195
Net income	281	160	215	120	157	154	163	171	177
Total assets	3,629	3,393	3,349	3,368	3,251	3,179	3,117	3,084	3,062
Debt	84	282	171	417	318	289	260	253	251
Cash	137	61	101	74	55	60	66	73	80
M-Cap	3,525	3,525	3,525	3,525	3,525	3,525	3,525	3,525	3,525
EV	3,504	3,779	3,574	3,783	3,772	3,693	3,628	3,565	3,506
<b>Key Ratios</b>									
<b>Per Share (SAR)</b>									
EPS	1.8	1.0	1.4	0.8	1.0	1.0	1.0	1.1	1.1
BVPS	19.0	17.7	17.6	16.8	16.5	16.3	16.1	15.9	15.8
DPS	2.3	2.3	1.5	1.5	1.3	1.3	1.3	1.3	1.3
<b>Valuations</b>									
P/E	12.5	22.1	16.4	29.4	22.4	22.8	21.6	20.6	20.0
EV/EBITDA	7.1	10.3	9.1	12.8	10.9	11.2	11.0	10.9	10.7
Div. yield	10.1%	10.1%	6.7%	6.7%	5.6%	5.6%	5.6%	5.6%	5.6%
<b>Liquidity</b>									
Cash Ratio	0.3	0.2	0.3	0.1	0.1	0.3	0.3	0.3	0.4
Current ratio	2.0	2.0	2.4	2.0	2.2	4.8	5.5	6.0	6.4
Quick ratio	0.7	0.7	0.8	0.7	0.6	1.3	1.6	1.9	2.2
<b>Return ratio</b>									
ROA	7.8%	4.8%	6.4%	3.6%	4.8%	4.9%	5.2%	5.5%	5.8%
ROE	9.4%	5.7%	7.8%	4.5%	6.0%	6.0%	6.4%	6.8%	7.1%
ROCE	8.3%	5.2%	6.7%	3.7%	5.5%	5.5%	5.8%	6.1%	6.4%
<b>Profitability ratio</b>									
Gross margins	36.4%	23.9%	28.2%	28.5%	33.3%	32.2%	32.6%	33.0%	33.2%
EBITDA margins	52.6%	39.4%	39.9%	35.7%	39.4%	36.8%	35.9%	35.1%	34.2%
Operating margins	32.0%	18.8%	22.9%	15.3%	20.5%	19.4%	19.9%	20.2%	20.4%
Net margins	29.9%	17.1%	22.0%	14.5%	17.9%	17.2%	17.8%	18.3%	18.5%
<b>Leverage</b>									
Debt/Capital	2.7%	9.1%	5.8%	13.6%	10.9%	10.1%	9.3%	9.2%	9.2%
Debt/Total assets	2.3%	8.3%	5.1%	12.4%	9.8%	9.1%	8.4%	8.2%	8.2%
Debt/Equity	0.0	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Debt/EBITDA	0.2	0.8	0.4	1.4	0.9	0.9	0.8	0.8	0.8
Net debt/EBITDA	(0.1)	0.6	0.2	1.2	0.8	0.7	0.6	0.5	0.5

Arabian Cement	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
<b>Key Financials (SAR mn)</b>									
Revenue	872	1,033	971	876	858	889	907	925	944
Gross profit	303	309	275	207	240	221	222	223	231
Operating profit	231	195	193	153	174	153	153	153	159
Net income	185	162	181	140	160	147	148	150	157
Total assets	3,637	3,433	3,280	3,136	3,094	3,054	3,059	3,053	3,052
Debt	339	262	236	151	90	34	33	19	4
Cash	234	143	264	218	145	63	112	158	255
M-Cap	2,595	2,595	2,595	2,595	2,595	2,595	2,595	2,595	2,595
EV	2,546	2,383	2,479	2,450	2,471	2,392	2,283	2,174	2,054
<b>Key Ratios</b>									
<b>Per Share (SAR)</b>									
EPS	1.8	1.6	1.8	1.4	1.6	1.5	1.5	1.5	1.6
BVPS	28.7	27.5	26.4	25.7	25.7	25.6	25.6	25.6	25.7
DPS	2.3	2.8	2.2	1.5	1.5	1.5	1.5	1.5	1.5
<b>Valuations</b>									
P/E	14.0	16.1	14.3	18.6	16.2	17.6	17.5	17.3	16.5
EV/EBITDA	6.9	7.1	7.3	8.1	7.4	7.6	7.3	6.9	6.4
Div. yield	8.7%	10.6%	8.5%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%
<b>Liquidity</b>									
Cash Ratio	0.9	0.6	1.1	1.0	0.6	0.3	0.4	0.6	1.0
Current ratio	4.0	4.2	3.9	4.2	4.2	4.3	4.3	4.5	5.2
Quick ratio	1.9	2.4	2.0	2.1	1.6	1.4	1.5	1.7	2.1
<b>Return ratio</b>									
ROA	5.3%	5.0%	5.6%	4.6%	5.3%	5.0%	5.0%	5.0%	5.3%
ROE	6.4%	5.9%	6.9%	5.4%	6.2%	5.8%	5.8%	5.9%	6.1%
ROCE	7.0%	6.3%	6.5%	5.4%	6.3%	5.7%	5.7%	5.7%	5.9%
<b>Profitability ratio</b>									
Gross margins	34.7%	29.9%	28.3%	23.6%	28.0%	24.8%	24.5%	24.2%	24.5%
EBITDA margins	42.6%	32.6%	34.8%	34.6%	39.0%	35.2%	34.5%	33.8%	33.8%
Operating margins	26.5%	18.9%	19.9%	17.5%	20.3%	17.2%	16.8%	16.5%	16.9%
Net margins	21.2%	15.6%	18.6%	15.9%	18.7%	16.6%	16.3%	16.2%	16.6%
<b>Leverage</b>									
Debt/Capital	10.3%	8.5%	8.0%	5.4%	3.3%	1.3%	1.2%	0.7%	0.2%
Debt/Total assets	9.3%	7.6%	7.2%	4.8%	2.9%	1.1%	1.1%	0.6%	0.1%
Debt/Equity	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Debt/EBITDA	0.9	0.8	0.7	0.5	0.3	0.1	0.1	0.1	0.0
Net debt/EBITDA	0.3	0.4	(0.1)	(0.2)	(0.2)	(0.1)	(0.3)	(0.4)	(0.8)

Riyadh Cement	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
<b>Key Financials (SAR mn)</b>									
Revenue	590	671	598	643	789	855	873	890	908
Gross profit	254	267	232	237	329	337	347	357	366
Operating profit	231	229	199	200	293	301	310	319	327
Net income	220	214	190	189	310	288	296	305	313
Total assets	1,905	1,888	1,891	1,839	1,970	2,083	2,200	2,326	2,459
Debt	4	4	4	4	4	4	4	4	4
Cash	20	36	90	81	149	159	170	182	195
M-Cap	4,056	4,056	4,056	4,056	4,056	4,056	4,056	4,056	4,056
EV	4,040	4,024	3,970	3,978	3,911	3,901	3,890	3,878	3,865
<b>Key Ratios</b>									
<b>Per Share (SAR)</b>									
EPS	1.8	1.8	1.6	1.6	2.6	2.4	2.5	2.5	2.6
BVPS	14.1	13.9	14.0	14.0	14.8	15.7	16.7	17.7	18.9
DPS	1.8	1.8	1.5	1.6	1.5	1.5	1.5	1.5	1.5
<b>Valuations</b>									
P/E	18.4	19.0	21.4	21.5	13.1	14.1	13.7	13.3	13.0
EV/EBITDA	12.1	12.5	13.4	13.0	9.8	9.7	9.6	9.4	9.3
Div. yield	5.2%	5.2%	4.4%	4.6%	4.4%	4.4%	4.4%	4.4%	4.4%
<b>Liquidity</b>									
Cash Ratio	0.1	0.2	0.5	0.6	1.0	1.0	1.1	1.1	1.2
Current ratio	2.9	2.9	3.3	4.9	4.9	5.8	6.8	7.8	8.9
Quick ratio	1.2	1.4	1.7	2.6	3.0	3.7	4.7	5.7	6.8
<b>Return ratio</b>									
ROA	11.5%	11.3%	10.0%	10.3%	15.8%	13.8%	13.5%	13.1%	12.7%
ROE	13.0%	12.9%	11.3%	11.2%	17.4%	15.2%	14.8%	14.3%	13.8%
ROCE	12.1%	12.1%	10.5%	10.9%	14.9%	14.4%	14.1%	13.7%	13.3%
<b>Profitability ratio</b>									
Gross margins	43.0%	39.7%	38.7%	36.8%	41.6%	39.4%	39.8%	40.1%	40.3%
EBITDA margins	56.5%	48.1%	49.4%	47.6%	50.6%	47.0%	46.6%	46.2%	45.8%
Operating margins	39.2%	34.1%	33.2%	31.0%	37.1%	35.1%	35.5%	35.8%	36.0%
Net margins	37.3%	31.8%	31.7%	29.3%	39.3%	33.6%	33.9%	34.2%	34.4%
<b>Leverage</b>									
Debt/Capital	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Debt/Total assets	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Debt/Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt/EBITDA	(0.0)	(0.1)	(0.3)	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)	(0.5)

Najran Cement	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
<b>Key Financials (SAR mn)</b>									
Revenue	623	582	536	486	535	561	572	584	596
Gross profit	250	230	171	128	145	142	147	151	156
Operating profit	205	181	127	83	98	93	97	101	105
Net income	201	166	113	55	68	64	71	78	85
Total assets	2,519	2,398	2,406	2,478	2,477	2,507	2,504	2,505	2,509
Debt	337	285	283	341	299	262	225	188	150
Cash	172	82	39	16	16	20	23	24	28
M-Cap	1,454	1,454	1,454	1,454	1,454	1,454	1,454	1,454	1,454
EV	1,618	1,656	1,697	1,778	1,736	1,631	1,535	1,437	1,336
<b>Key Ratios</b>									
<b>Per Share (SAR)</b>									
EPS	1.2	1.0	0.7	0.3	0.4	0.4	0.4	0.5	0.5
BVPS	12.1	11.6	11.6	11.6	12.0	12.4	12.6	12.8	13.0
DPS	1.5	1.0	0.5	0.0	0.0	0.0	0.2	0.2	0.3
<b>Valuations</b>									
P/E	7.2	8.8	12.9	26.3	21.2	22.7	20.5	18.7	17.2
EV/EBITDA	5.8	6.5	8.4	10.2	8.9	8.6	7.9	7.3	6.6
Div. yield	17.5%	11.7%	5.8%	0.0%	0.0%	0.0%	2.6%	2.8%	3.0%
<b>Liquidity</b>									
Cash Ratio	1.2	0.5	0.3	0.1	0.1	0.2	0.2	0.2	0.2
Current ratio	3.7	2.8	2.9	2.3	2.5	4.3	4.8	5.3	5.8
Quick ratio	1.7	1.0	0.8	0.4	0.4	1.1	1.5	2.0	2.5
<b>Return ratio</b>									
ROA	8.0%	6.9%	4.7%	2.2%	2.8%	2.6%	2.8%	3.1%	3.4%
ROE	9.8%	8.4%	5.7%	2.8%	3.4%	3.0%	3.3%	3.6%	3.8%
ROCE	8.1%	7.5%	5.3%	3.4%	4.0%	3.7%	3.9%	4.0%	4.2%
<b>Profitability ratio</b>									
Gross margins	40.1%	39.6%	31.9%	26.4%	27.2%	25.3%	25.6%	25.9%	26.2%
EBITDA margins	45.2%	43.8%	37.8%	36.0%	36.4%	33.8%	33.8%	33.8%	33.8%
Operating margins	32.9%	31.1%	23.8%	17.2%	18.3%	16.6%	17.0%	17.3%	17.6%
Net margins	32.2%	28.5%	21.1%	11.4%	12.8%	11.4%	12.4%	13.3%	14.2%
<b>Leverage</b>									
Debt/Capital	14.1%	12.7%	12.5%	14.7%	12.8%	11.1%	9.5%	7.9%	6.4%
Debt/Total assets	13.4%	11.9%	11.8%	13.8%	12.1%	10.4%	9.0%	7.5%	6.0%
Debt/Equity	0.2	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Debt/EBITDA	1.2	1.1	1.4	2.0	1.5	1.4	1.2	1.0	0.7
Net debt/EBITDA	0.6	0.8	1.2	1.9	1.5	1.3	1.0	0.8	0.6

Eastern Province Cement	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
<b>Key Financials (SAR mn)</b>									
Revenue	742	758	784	996	1,211	1,239	1,257	1,257	1,257
Gross profit	258	261	248	293	374	379	385	385	385
Operating profit	207	206	181	225	297	301	306	305	303
Net income	217	193	143	196	248	281	286	290	289
Total assets	2,870	2,785	2,851	2,844	2,764	2,917	3,070	3,223	3,374
Debt	0	6	7	7	6	6	6	6	6
Cash	529	402	91	87	155	70	53	233	411
M-Cap	2,924	2,924	2,924	2,924	2,924	2,924	2,924	2,924	2,924
EV	1,620	1,724	1,868	2,048	2,386	2,471	2,488	2,308	2,130
<b>Key Ratios</b>									
<b>Per Share (SAR)</b>									
EPS	2.5	2.2	1.7	2.3	2.9	3.3	3.3	3.4	3.4
BVPS	29.5	27.9	27.4	27.8	26.7	28.3	30.1	31.8	33.6
DPS	2.5	2.5	2.0	1.6	1.6	1.6	1.6	1.6	1.6
<b>Valuations</b>									
P/E	13.5	15.2	20.4	14.9	11.8	10.4	10.2	10.1	10.1
EV/EBITDA	5.4	5.6	6.5	6.2	5.9	6.1	6.1	5.7	5.3
Div. yield	7.4%	7.4%	5.9%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%
<b>Liquidity</b>									
Cash Ratio	2.4	1.6	0.3	0.3	0.5	0.2	0.2	0.7	1.2
Current ratio	5.3	4.3	3.1	4.2	4.1	3.8	3.2	3.7	4.2
Quick ratio	3.4	2.5	1.6	2.3	2.5	2.2	1.6	2.1	2.6
<b>Return ratio</b>									
ROA	7.6%	6.9%	5.0%	6.9%	9.0%	9.6%	9.3%	9.0%	8.6%
ROE	8.6%	8.0%	6.1%	8.2%	10.8%	11.5%	11.1%	10.6%	10.0%
ROCE	8.2%	8.6%	7.6%	9.4%	12.9%	12.3%	11.8%	11.1%	10.5%
<b>Profitability ratio</b>									
Gross margins	34.8%	34.4%	31.6%	29.4%	30.9%	30.5%	30.7%	30.7%	30.7%
EBITDA margins	40.7%	40.8%	36.4%	32.9%	33.7%	32.6%	32.6%	32.4%	32.2%
Operating margins	27.9%	27.2%	23.1%	22.6%	24.6%	24.3%	24.3%	24.2%	24.1%
Net margins	29.3%	25.5%	18.3%	19.7%	20.5%	22.7%	22.8%	23.1%	23.0%
<b>Leverage</b>									
Debt/Capital	0.0%	0.2%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%
Debt/Total assets	0.0%	0.2%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Debt/Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt/EBITDA	(1.7)	(1.3)	(0.3)	(0.2)	(0.4)	(0.2)	(0.1)	(0.6)	(1.0)

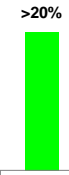





City Cement	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
<b><u>Key Financials (SAR mn)</u></b>									
Revenue	573	497	431	356	521	593	605	617	629
Gross profit	257	208	145	110	189	214	216	216	216
Operating profit	220	174	111	73	136	158	160	158	157
Net income	220	160	115	82	144	165	166	165	163
Total assets	1,948	1,956	1,941	1,864	1,895	1,905	1,907	1,909	1,912
Debt	2	5	4	2	2	2	2	2	2
Cash	50	56	50	43	42	120	135	159	162
M-Cap	2,878	2,878	2,878	2,878	2,878	2,878	2,878	2,878	2,878
EV	2,585	2,506	2,479	2,505	2,404	2,361	2,306	2,252	2,199
<b><u>Key Ratios</u></b>									
<b><u>Per Share (SAR)</u></b>									
EPS	1.6	1.1	0.8	0.6	1.0	1.2	1.2	1.2	1.2
BVPS	13.2	13.1	13.0	12.7	12.8	12.8	12.8	12.8	12.8
DPS	1.5	1.3	0.9	0.8	1.0	1.2	1.2	1.2	1.2
<b><u>Valuations</u></b>									
P/E	13.1	18.0	25.0	35.1	20.0	17.5	17.4	17.5	17.6
EV/EBITDA	8.6	9.8	12.9	16.1	10.6	9.4	9.3	9.1	8.9
Div. yield	7.3%	6.1%	4.4%	3.9%	4.9%	5.7%	5.8%	5.7%	5.7%
<b><u>Liquidity</u></b>									
Cash Ratio	0.6	0.6	0.5	0.7	0.6	1.4	1.6	1.8	1.8
Current ratio	6.1	5.8	6.6	10.1	9.4	9.2	9.7	10.1	10.5
Quick ratio	4.3	4.4	4.9	7.1	7.3	7.0	7.5	7.9	8.3
<b><u>Return ratio</u></b>									
ROA	11.3%	8.2%	5.9%	4.4%	7.6%	8.6%	8.7%	8.6%	8.5%
ROE	12.0%	8.8%	6.3%	4.6%	8.0%	9.2%	9.2%	9.2%	9.1%
ROCE	11.9%	9.5%	6.1%	4.1%	7.6%	8.8%	8.9%	8.8%	8.7%
<b><u>Profitability ratio</u></b>									
Gross margins	44.9%	41.8%	33.7%	31.0%	36.2%	36.1%	35.8%	35.1%	34.3%
EBITDA margins	52.7%	51.7%	44.6%	43.6%	43.5%	42.2%	41.2%	40.2%	39.2%
Operating margins	38.4%	35.1%	25.7%	20.4%	26.1%	26.7%	26.4%	25.7%	25.0%
Net margins	38.5%	32.3%	26.7%	23.0%	27.7%	27.8%	27.4%	26.7%	26.0%
<b><u>Leverage</u></b>									
Debt/Capital	0.1%	0.3%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Debt/Total assets	0.1%	0.3%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Debt/Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt/EBITDA	(0.2)	(0.2)	(0.2)	(0.3)	(0.2)	(0.5)	(0.5)	(0.6)	(0.7)

## Key contacts

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## Rating Criteria and Definitions

Rating	Rating Definitions
 <b>Strong Buy</b>	<b>Strong Buy</b> This recommendation is used for stocks whose current market price offers a deep discount to our 12-Month target price and has an upside potential in excess of 20%
 <b>Buy</b>	<b>Buy</b> This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 10% to 20%
 <b>Hold</b>	<b>Hold</b> This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 0% to 10%
 <b>Neutral</b>	<b>Neutral</b> This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between 0% to -10%
 <b>Sell</b>	<b>Sell</b> This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between -10% to -20%
 <b>Strong Sell</b>	<b>Strong Sell</b> This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential in excess of 20%
<b>Not rated</b>	<b>Not rated</b> This recommendation used for stocks which does not form part of Coverage Universe

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