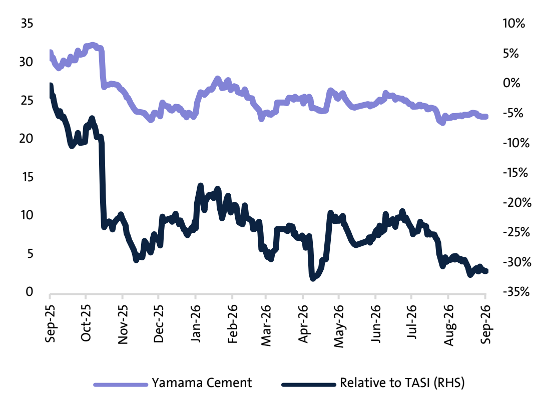
Sustainable cost advantage and scale; Buy (TP: SAR35)

Recommendation	BUY
Market Price	23.2
Target Price	35.0
Upside/Downside	51%

Stock Data

Market Cap Total/FF (SARmn)	4,685/3,918
Shares Total/FF (mn)	202.5/169.3
52 Week Hi-Low (SAR)	32.5/22.3
3/6/12 M Volume Traded (mnsh)	0.61/0.54/0.50
3/6/12 M Value Traded (USDmn)	4.5/3.8/3.4
3/6/12 M Relative Performance (%)	-8/-8/-31

Yamama Cement Stock Price Performance VS TASI



Source: AIC

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Yamama Cement: A market leader in scale and cost; Buy

We initiate coverage on Yamama Cement Company (Yamama), Saudi Arabia's largest cement player by market share and capacity, with a Buy rating and a DCF-based TP of SAR35. We believe Yamama's significant cost advantage over its peers and scale of operations should allow the company to deliver sustainable, above-peer margins and returns. A steep 31% stock price underperformance vs TASI over the past 12-months seems unjustified. Key risks are: (i) slowdown in construction spending; (ii) increase in volatility in grey cement prices; and (iii) future increase in cost of energy input (gas).

Five Reasons for Our Buy Rating

I-Sustainable market leadership: Yamama stands as Saudi Arabia's undisputed market leader, commanding a dominant 16% market share (M/S). Yamama's favorable location and scale of operations have made the company a preferred supplier for both public – engagement in multiple mega projects in the central region—and private sectors. Since 2021, Yamama has grown its M/S by 580bps. We see room for further increase in M/S.

II-Significant investment ensures cost advantage: Yamama has achieved a major cost advantage over its peers, in our view, with unit production cost running 25% below the industry average. This cost efficiency is driven by significant investment in efficient production facilities, complete reliance on low-cost, clean sources of energy, and streamlined manufacturing processes for maximum profitability.

III-Robust industry volume growth outlook: Whilst cement sales grew by a nominal 2% in 8M26 we eye better 2H26. Overall, we expect local market demand to grow at 4 -5% p.a over the medium term. Yamama is better positioned to capture future growth.

IV-Potential for expansion and acquisition: We believe low leverage and financial flexibility due to healthy FCF generation give Yamama the ability to lift payout, pursue acquisitions or business diversification in adjacent verticals, including real estate opportunities on its significant land bank at its old plant site.

V-Valuations are resoundingly attractive

Yamama's stock price has suffered from investors' concerns about near-term volatility in the realized prices. While we see reasons for relative price stability, our DCF-based valuation builds in a conservative set of assumptions. Yamama trades at a P/BV of 0.94 and offers a solid 4% D/Y. Healthy FCF generation should lift future payout, in our view.

Yamama: Financial Highlights (SARmn)

Year to Dec	CY24	CY25	CY26E	CY27E	CY28E	CY29E
Revenues	1,173	1,423	1,505	1,585	1,665	1,749
Growth	25.4%	21.3%	5.7%	5.3%	5.0%	5.0%
PAT	421	483	463	410	439	463
EPS (SAR)	38%	15%	-4%	-11%	7%	5%
P/E (X)	11.1	9.7	10.1	11.4	10.7	10.1
D/Y (%)	4%	4%	4%	4%	4%	4%
EV/EBITDA	10.3	11.2	9.1	8.9	8.7	8.7
P/BV	0.97	0.94	0.90	0.86	0.83	0.79

Source: Yamama Cement, AIC Estimates

Yamama Cement Company-Investment Case

Buy rating and set a DCF-based target price of SAR35.0

We initiate coverage on Yamama Cement Company (Yamama), Saudi Arabia's largest cement player by market share (M/S) and capacity, with a Buy rating and set a DCF-based target price of SAR35.0. We believe Yamama's significant cost advantage over its peers and its scale of operations should allow the company to deliver sustainable above-peer margins and returns. The stock's steep 31% underperformance vs TASI over the past 12 months seems unjustified, in our view.

Key risks for our investment thesis are: (i) slowdown in construction spending; (ii) volatility in grey cement prices; and (iii) future increase in the cost of energy input (gas)

Key Reasons for our Buy Rating

I. Sustainable market leadership

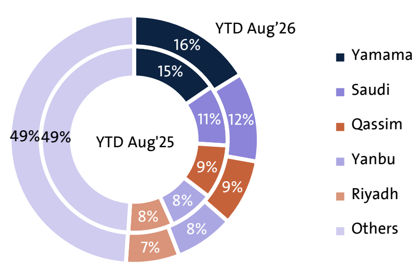
Yamama stands as Saudi Arabia's undisputed market leader, commanding a dominant 16% M/S based on YTD Aug-26

Yamama stands as Saudi Arabia's undisputed market leader, commanding a dominant 16% M/S based on YTD Aug-26. Yamama's favorable location and scale of operations have made the company a preferred supplier to both the public–via engagement in multiple mega projects under construction in the central region—and the private sector.

Yamama has grown its M/S by a significant 5.80% in the local market since production began at the company's new production facilities. The gain in market share was possible due to the following factors.

- Annual net capacity addition of 5.0 mn tons since 2022 following the management's decision to close down old, inefficient lines and invest in new, advanced technology
- Leveraging its advantage of being located close to high-priority & high cement consumption projects in the central region

Local sales market share: (Aug-26)



Source: AIC

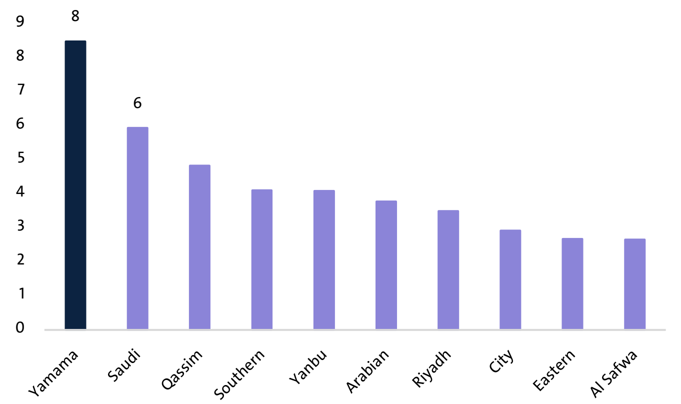
We believe Yamama's recent market-share gain is sustainable and has room for further upside. Our view is predicated on the latest updates on expected supply additions in the industry, Yamama's current capacity utilization, and expected demand in the industry. None of the major cement players currently has plans to significantly expand existing production capacity. A major portion of future capacity additions by Yamama's peers will merely replace inefficient existing capacity.

While Yamama's capacity utilization is estimated at close to 100% based on the production capacity of two lines, effective utilization—including the production capacity of Line 3—is estimated at 93% in 2026 and 78% in 2027. Yamama has yet to receive a gas allocation for Line 3. Yamama's Line 3 was relocated from the old production site and has undergone significant modification to optimize its energy consumption and increase its production capacity. The company started trial production on Line 3 in July-26 by diverting gas from its new plant. Future gas allocation will allow Yamama to operate all of its production lines optimally and further lift its M/S. However, the timing of the allocation of gas supply remains uncertain. Yamama's market share in the month of Aug-26 came in at 18.3%, the highest monthly M/S since Sep-25.

Yamama: Summary of Production Capacity (mn tons):			
Production Line	**Type**	**Clinker Capacity**	**Cement Capacity**
Line 1	Grey	3.3	3.8
Line 2	Grey	3.3	3.8
Line 3 (Former Line 7)	Grey	4.1	4.7
Total		10.7	12.3

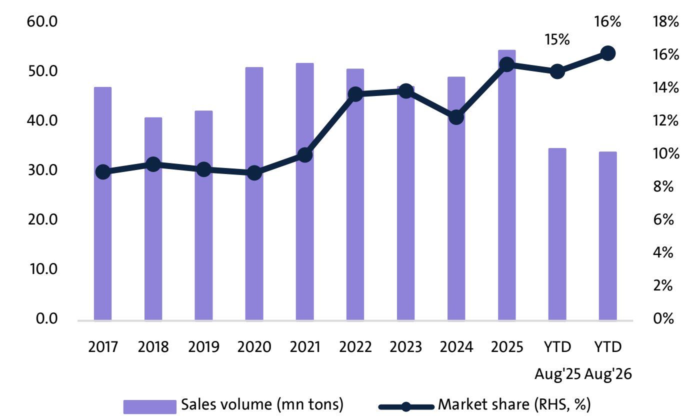
Source: Yamama Cement, AIC

Yamama: Top 10 cement players* in KSA in 2025 (mn tons)



*By local sales, Source: Bloomberg, AIC

Yamama: Historical Sales Volume & M/S (2017–YTD Aug'26)



Source: AIC

II. Significant investment ensures cost advantage

Yamama has achieved a major sustainable cost advantage, in our view, over its peers

Yamama has achieved a major sustainable cost advantage, in our view, over its peers, with unit production costs running 25% below the industry average. Yamama's advantage stems from three highly optimized structural sources.

- Yamama utilizes low-cost domestic natural gas for both kiln operations and power generation. The low-cost, higher efficiency, low-carbon-footprint energy source has relatively insulated Yamama from recent sizeable increases in the cost of liquid fuels like fuel oil and crude. Natural gas prices were left unchanged in 2025, though the price of liquid fuel was increased by 45-55%. We estimate current gas prices equate to USD12/bbl vs USD14/bbl for fuel oil. We expect authorities to increase the prices for both gas and liquid fuel in the future; however, Yamama is likely to sustain its cost advantage over its peers.

- Yamama has invested nearly SAR6bn in its current investment cycle aimed at modernizing its production capacity. Yamama's two new lines incorporate a higher number of pre-heating cycles compared to the standard dry process clinker production. The company's refurbished line (Line 3) also incorporates the major elements of the new lines to bring the per unit energy consumption close to other two lines.

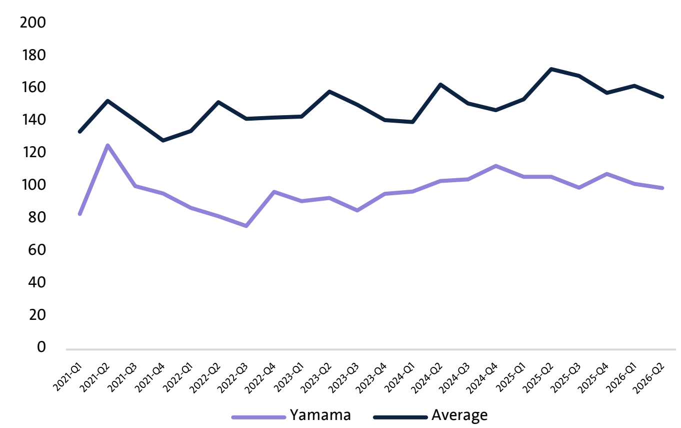
Yamama: Summary of investments

Infrastructure	Investments (SAR bn)	Nature of Investment	Capacity
Production Line 1	1.35	New	10,000tpd
Production Line 2	1.35	New	10,000tpd
Production Line 3	1.25	Relocation & Upgrade	12,500tpd
Captive Power Plant	0.79	New	198MW
Fuel and Dual-Fuel supply	0.35	New	
Employee Residential City	0.19	New	
Site preparation, roads & utilities	0.45	New	
Total	**5.73**		

Tpd= tons per day, Source: Yamama Cement, AIC

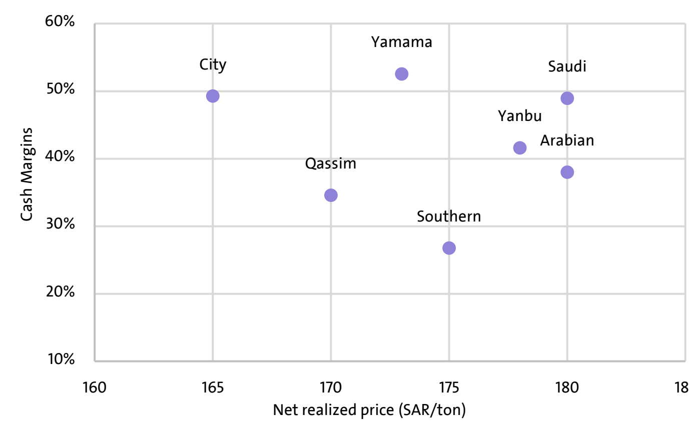
- Relying on highly efficient in-house power generation—supported by Waste Heat Recovery systems—further amplifies the company's cost advantage in energy use per ton of cement produced and eliminates its dependence on the grid. Assuming current gas prices and 60-65% energy efficiency for the power plant, we estimate the cost of power generation from the company's own plant is on par with, or close to, the industry's power tariff.
- Yamama is one of the few companies that have independent power generating units to meet their internal power requirements. The company has installed a 198MW, multi-fuel, combined cycle, captive power plant based on Wärtsilä Flexicycle technology.

Yamama: Cost per ton comparison vs average industry (SAR)



Source: Bloomberg, AIC

Yamama: Comparison of realized prices and margin



Source: AIC

We anticipate better momentum in 2H26 and expect local sales to close the year with marginal or flat growth in 2026

III. Robust industry volume growth outlook

While local cement sales have exhibited insipid performance in 8M26 (-2% YoY), we anticipate better momentum in 2H26 and expect local sales to close the year with marginal or flat growth in 2026. Beyond 2026, we expect local market demand to grow at 4-5% annually (1.7x of GDP forecast). Consumption growth in the central region will continue to outperform growth in other regions. We believe Yamama remains suitably placed to leverage its key advantages (location, scale and cost efficiency) to capture future cement demand growth.

In 2025, the industry achieved an important milestone by delivering total sales of 62.3 million tons of cement and clinker, one of the highest volumes since 2010. Local demand alone jumped by 11% to reach 54.6 million tons.

We believe the following key demand drivers have set the stage for a sustainable high consumption period over the medium term:

- Continued execution of projects under the Vision 2030, such as Qiddiya, projects in the two holy cities, Diriyah Gate, King Salman Park, and a number of other projects
- Construction of facilities to host major events (AFC Asian Cup Saudi Arabia 2027, Expo 2030 Riyadh, Saudi Arabia FIFA World Cup 2034)
- Major new housing developments to support the homeownership targets
- An upsurge in private sector demand, driven by growing private investment to support increased demand for commercial, residential, hospitality, and production facilities.

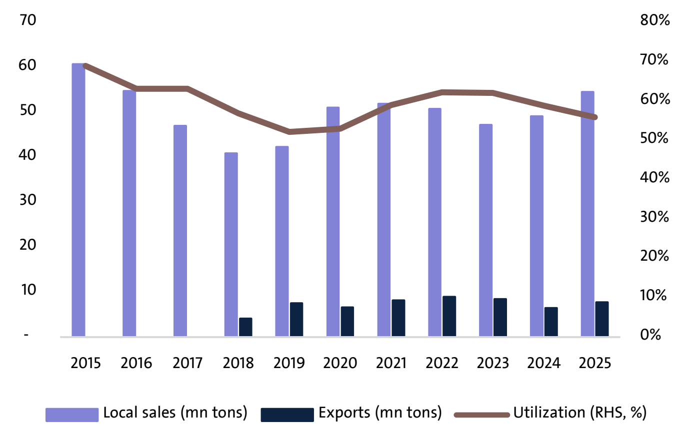
Yamama: Top 10 key projects in the central region

Project names	Project Cost (SARbn)
Diriyah Gate	236
New Murabba / Mukaab	188
Qiddiya City	150
Sports Boulevard	86
King Salman International Airport	113
Al Fursan Suburb	75
FIFA 2034 Stadiums	68
King Salman Park	64
MiSK City	20
Riyadh Metro Line 7	13

Source: AIC

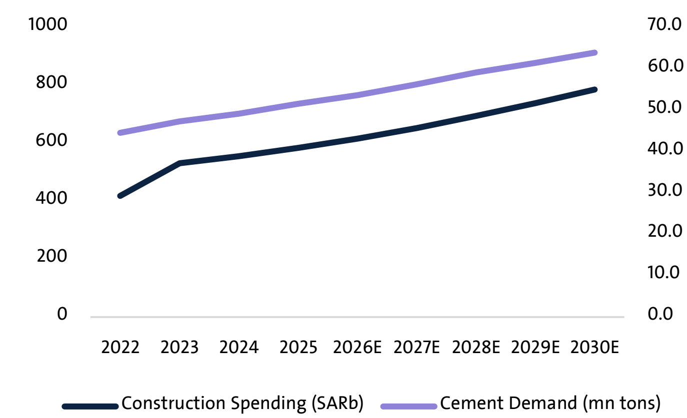
- The Kingdom's key advantage of low energy costs will likely continue to play a crucial role in supporting the industry's efforts to grow the export market. Local cement players located in the coastal regions maintain the cost advantage over many regional cement players despite the recent increase in the cost of liquid fuel. The push from the authorities to accelerate energy-efficiency programs in cement production (liquid displacement, Waste Heat Recovery, alternate sources of energy) and higher global energy prices will likely sustain the cost advantage enjoyed by local cement producers.

Yamama: Local & Export, utilization



Source: AIC

Yamama: Cement demand aligns with construction spending



Source: AIC

IV. Potential for Expansion and Acquisition

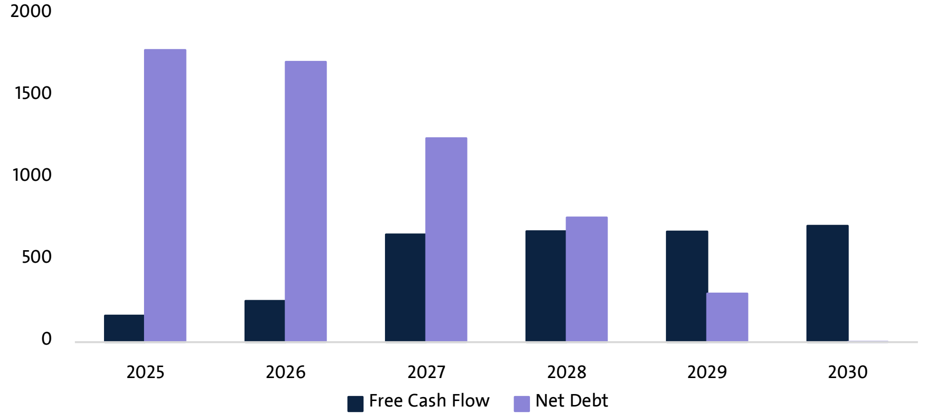
We believe low leverage and financial flexibility driven by healthy FCF generation provide Yamama with the ability to lift its payout

We believe low leverage and financial flexibility driven by healthy FCF generation provide Yamama with the ability to lift its payout, pursue acquisitions or business diversification into adjacent verticals, including real estate opportunities on its significant land bank at the old plant site.

FCF generation set to pick up pace

We see a significant uplift in Yamama's FCF generation following the completion of its current investment cycle. Based on our estimates of prices and energy costs, we expect Yamama's FCF to jump from SAR170mn in 2025 to SAR614mn by 2029, which the company is expected to use to further de-lever its balance sheet. We expect Yamama to achieve debt-free status by 2030.

Yamama: FCF generation and net debt trends (SARmn)



Source: Yamama Cement, AIC Estimates

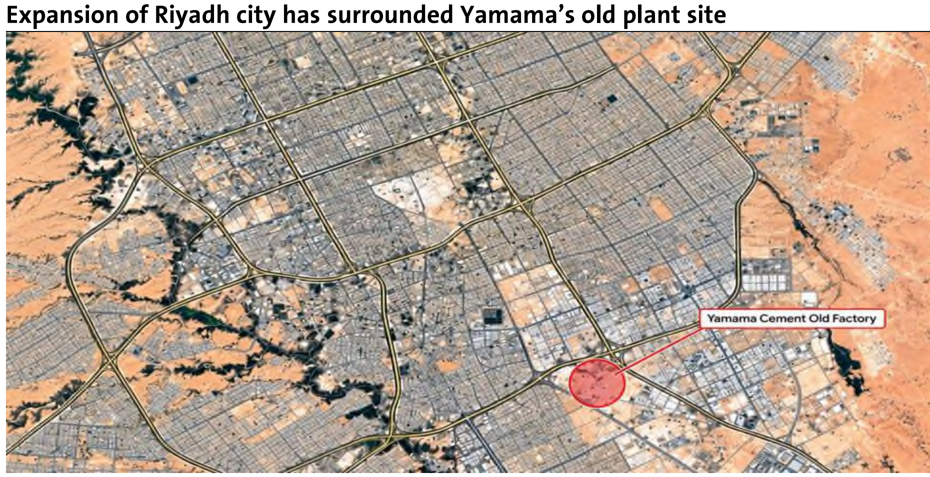
Yamama is yet to finalize plans for the use of the land bank.

Yamama is yet to decide on the best use of 4.7 mnsqm of the land bank it freed up as a result of relocation of its operations from its old plant in Al-Manakh district, south of Riyadh, to its new flagship facility in Northern Halal, Al-Kharj. Yamama set up its factory at the plant site in 1966. The site is accessible from three main highways in the area. Yamama's land bank is surrounded by residential blocks, operational and non-operational factories, warehouses, and logistics parks.

The rough estimate of value of land based on the price per sq. meter stands at SAR800-1,000

Yamama's land bank is a potential candidate for inclusion in an industrial city, which could limit the options available to the company for the development of the land and impact the value of the land. Earlier, Yamama had hinted at developing the land for logistics and clean industries. Alternatively, the company can explore other options, including developing the land for residential use. The rough estimate of the value of the land based on the price per sq meter stands at SAR800-1,000. However, the cost of developing the raw land for the desired purpose and the actual usable area within the land bank are unclear at this stage. The management expects to complete moving of old plants/parts and cleaning of the land by 1H27.

Expansion of Riyadh city has surrounded Yamama's old plant site



Source: AIC

V. Valuations are resoundingly attractive

Yamama's stock price has suffered from investors' concerns about near-term volatility in the realized prices

Yamama's stock price has suffered from investors' concerns about near-term volatility in the realized prices. Given the significant inventory build-up in the industry and the concentration of growth in the central region, we believe the volatility in realized prices has become a recurring, once-a-year event, generally coinciding with either a seasonal slowdown in consumption or an update on capacity addition—primarily by Yamama—in the region. We see strong reasons for the realized prices to improve:

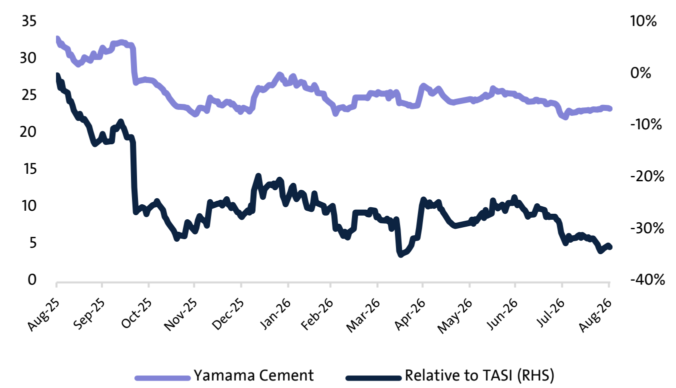
- Yamama's capacity expansion phase has almost ended with the commissioning of its third line in 3Q26.
- The seasonal soft demand period has already passed
- The combined impact of the significant uptick in the cost of production for cement plants based on liquid fuels and the general increase in freight costs, in view of on-ongoing increase in transportation demand has effectively reduced the incentives for players in the other regions to target project sales in the central region without taking a material haircut to the realized prices and margins

That said, we highlight that Yamama's stock price has failed to make any meaningful recovery from its 52-week low, unlike its other listed peers and the broader index. The company's valuations have been derated to their lowest levels following a 29% share price correction from its 52-week high.

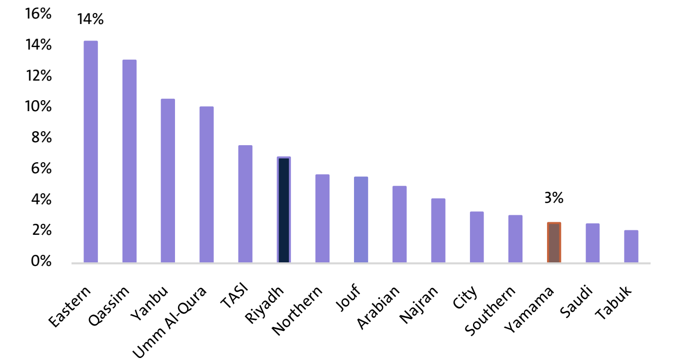
- The stock's 2026E P/E of 10.1 is at a 41% discount to its 5-year historical average
- Yamama Cement trades at a 2026E EV/EBITDA of 9.1, representing a significant discount to its 5-year historical average of 46%
- The stock's 2026 P/BV stands at 0.9, dropping below its 5-year historical baseline of 1.0x. In view of the recent significant investment in new capacity and the upgrading of existing capacities, the P/BV <1 suggests significant undervaluation of the stock in the context of a healthy ROE of 9/8% for 2026/2027.

Yamama's dividend yield of 4.3% is comparable to its peers' and carries upside potential in view of expected FCF generation.

Yamama: Stock price performance vs TASI (SAR)



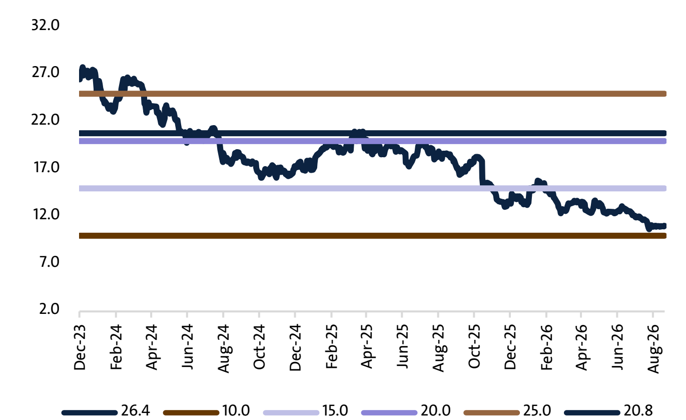
Yamama's stock price still trades close to its 52-week low



Yamama's EV/EBITDA is at 62% discount to historical average

Source: Bloomberg, AIC

Yamama's P/E is at 47% discount to historical average



Source: Company Accounts, Yamama, Bloomberg, AIC

Key catalysts to track

We highlight catalysts for Yamama Cement, which can unlock the valuation discount in the stock price:

- Commercial launch of Line 3,
- Update on the company's request for additional gas allocation for Line 3 and expected uptick in M/S
- 3Q26 results confirming our views on relative stability in the realized prices
- Update on the company's plans for the existing land bank on the old plant site
- Progress on potential business diversification plans

Cost of Equity of 9.42% based on a risk-free rate of 4.5%, a market risk premium of 5%, and a terminal growth of 2%

Valuation

We have elected to use Free Cash Flow to Equity (FCFE) as a benchmark valuation method for Yamama. The company's current capital structure and the nature of the business make FCFE an ideal valuation method. Our key assumptions for FCFE include:

- Cost of Equity of 9.42% based on a risk-free rate of 4.5%, a market risk premium of 5%, and a terminal growth of 2%.
- Beta of 0.98, based on 10-year trading history of the stock

Yamama: Basic Valuation Assumptions

Risk Free rate	4.5%
Market Risk Premium	5.0%
Adjusted Beta (10-year, x)	0.98
Cost of Equity	**9.42%**

Source: AIC

Yamama: DCF Valuation

SARmn	2026E	2027E	2028E	2029E	2030E
Net income	462	410	439	463	481
Depreciation & amortization	204	251	251	250	249
Change in NWC	-38	-79	-67	-68	-74
Capital expenditure	-267	-37	-27	-31	-26
Net borrowing	(149)	(350)	(390)	(410)	(360)
Free Cash Flows	213	196	206	204	270
PV of Future Cash flows	213	177	170	153	186
Summary of Valuation					
Sum of Forecast Cash Flows	898				
Terminal value	8,658				
PV of Terminal Cash Flows	5,993				
Value of FCFE	6,891				
Investments	262				
Total value	7,153				
Outstanding Shares	203.0				
Per Share Value	35.0				

Source: AIC Estimates

The valuation of Yamama Cement's FCFE is modestly sensitive to changes in the assumptions for terminal growth and Cost of Equity.

Sensitivity Analysis on Terminal Growth and Cost of Equity

Yamama Cement's FCFE valuation is modestly sensitive to changes in the assumptions for terminal growth and Cost of Equity. Based on the sensitivity of 25bps changes in the respective assumptions, we obtain a valuation range of SAR31-41/sh assuming terminal

Yamama sensitivity of DCF-FCFE valuation to terminal growth and cost of capital

		Terminal Growth				
		1.5%	1.75%	2.0%	2.25%	2.50%
CoE	8.92%	36	37	38	39	41
CoE	9.17%	34	35	37	38	39
CoE	9.42%	33	34	35	36	38
CoE	9.67%	32	33	34	35	36
CoE	9.92%	31	32	33	34	35

Source: AIC Estimates

growth of 1.5- 2.5% and CoE of 9- 10%, respectively. On average, Yamama's FCFE valuation moves by 3.0% for every 25bps change in the terminal growth rate and by 3.7% for a 25bps change in COE, respectively.

3-Relative Valuation

We have carried out a comparison of Yamama Cement's relative valuation with a sample of 16 listed peers on TASI and other regional markets. We have limited our analysis to P/E and EV/EBITDA of the sample, given the nature of Yamama Cement's business and its earnings profile.

- Yamama Cement's 2027E P/E of 11.4 trades at a significant 14% discount to domestic peers' average.
- Yamama Cement's 2027E EV/EBITDA stands at 8.9, which is 4%/34% above both the KSA peers' and the global average respectively, supported by its consistent history of performance efficiency.

Yamama: Relative Valuation

Stock name	Country	Market	Price	P/E		P/BV		D/Y		EV/EBITDA	
		SARm	Local	2026E	2027E	2026E	2027E	2026E	2027E	2026E	2027E
Qassim	KSA	5,029	45.8	18.1	18.0	1.7	1.8	5.0%	5.1%	10.4	9.7
Saudi	KSA	4,345	28.4	12.1	10.2	2.4	2.4	7.3%	8.8%	9.1	7.7
Southern	KSA	2,738	19.6	NM	51.6	1.0	0.9	3.3%	3.7%	26.8	14.5
Yamama	**KSA**	**4,694**	**23.2**	**10.1**	**11.4**	**0.9**	**0.9**	**4.0%**	**4.0%**	**9.1**	**8.9**
Yanbu	KSA	2,416	15.3	23.1	15.1	0.9	1.0	8.5%	8.0%	7.9	8.4
Northern	KSA	1,238	6.9	22.0	20.0	0.5	0.7	3.5%	3.6%	12.0	11.0
Riyadh	KSA	2,822	23.5	12.2	11.9	1.5	1.5	7.0%	8.0%	7.7	7.6
Eastern	KSA	2,179	25.3	11.0	10.3	1.7	1.6	7.0%	5.0%	8.4	7.5
KSA mean		**2,629.8**	**18.0**	**13.2**	**13.3**	**1.0**	**1.1**	**5.5%**	**5.4%**	**9.3**	**8.5**
UltraTech	IND	128,432	11,006	39.9	31.2	4.1	3.7	2.1%	2.3%	18.5	17.0
Anhui Conch	CNY	32,330	17	12.3	10.9	0.5	0.5	4.7%	5.1%	4.3	3.9
Siam	THA	35,616	265	14.1	11.4	0.8	0.8	3.1%	3.6%	7.2	6.4
Holcim Maroc	MAR	16,561	1,767	15.2	13.8	2.1	1.9	4.1%	4.5%	8.5	7.9
GCC, S.A.B.	MEX	14,369	200	13.5	12.2	1.9	1.7	1.8%	2.1%	7.2	7.2
Qatar cement	QAT	1,792	3	16.9	15.2	0.6	0.6	5.9%	6.3%	7.9	7.1
Titan	BEL	18,050	53	9.8	9.4	1.1	1.0	3.0%	3.2%	5.8	5.4
Oyak	TUR	8,734	22	9.1	7.8	2.3	1.9	2.5%	3.0%	5.2	4.5
Ambuja	IND	39,253	397	23.1	19.5	3.2	2.9	0.5%	0.7%	16.5	14.0
Peers' Average		**9,472.8**	**17.6**	**14.3**	**12.5**	**1.2**	**1.1**	**1.9%**	**2.3%**	**7.3**	**6.6**

Key Risks to Our Investment Case

The following are key downside risks to our investment case for Yamama Cement:

I- Slowdown in construction spending

Yamama relies heavily on demand driven by government-backed mega and giga projects in the Riyadh region. Any bottlenecks in project financing or delays in these large-scale developments can translate into a localized drop in demand for construction materials.

II-Price war in the industry

Although Yamama Cement is the market leader with strong pricing power, its focus on the central region exposes it to intense competition. Industry-wide price fluctuations could force Yamama to adjust its pricing strategy to maintain market share, compressing margins and damaging overall profitability.

III- Above-expected hike in energy/fuel cost

Yamama Cement remains exposed to energy and fuel risks, given that energy represents a key input cost in cement production. Any increase in gas prices over and above our estimates (7.5% for gas p.a) could compress margins further and negatively impact profitability.

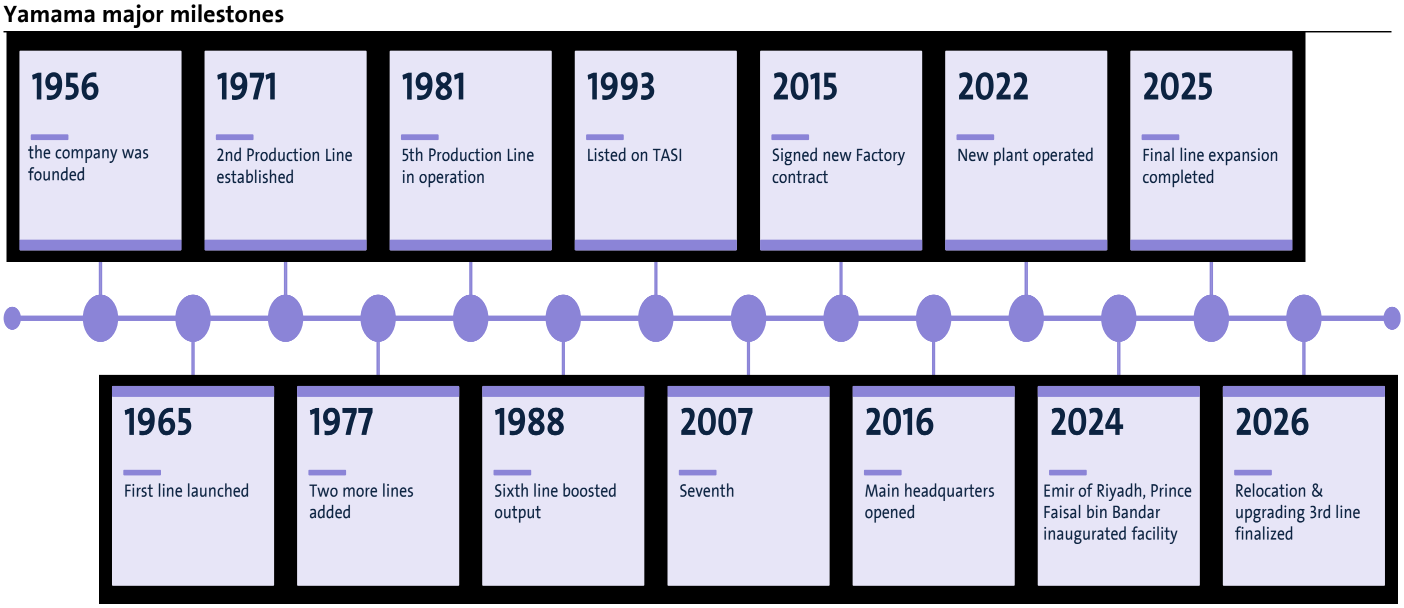
Overview of the Company

About the company

Yamama Cement Company was established in 1956 and listed on the Saudi Exchange (TASI) in 1993

Yamama Cement Company was established in 1956 and listed on the Saudi Exchange (TASI) in 1993. The company commissioned its first production line in 1965 and continued adding capacity at its old plant site until 2007 in response to the development of the cement market. In 2016-2017, Yamama started construction of two new, state-of-the-art cement lines at its new factory site in Al-Kharj. The company also invested in the refurbishment of Line 7 and relocated it to the new factory site. As a result, Yamama's total production capacity has reached 32,500tpd of clinker and 10.7 mn tons annually. As a foundational powerhouse driving crucial infrastructure projects in the central region, Yamama commands a dominant market position supported by exceptional operational efficiency.

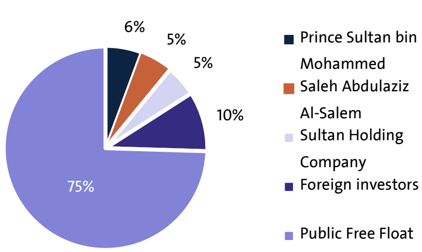
Yamama major milestones



Source: Company Reports, AIC

Shareholding Details

Yamama shareholding: (Sep-26)



Source: TASI, AIC

Yamama boasts a remarkable legacy of 70 years of operation since 1956. Its key shareholders include Prince Sultan bin Mohammed Al Saud with a 5.66% stake, Saleh Abdulaziz with 5.28%, and Sultan Holding Company with 5.04%. Foreign shareholders own a cumulative 9.54% of Yamama. The remaining shareholding is divided among domestic individual and institutional investors. Yamama commands an impressive 3-month average daily trading value of SAR 7.36mn alongside average trading volumes of 0.31mn shares.

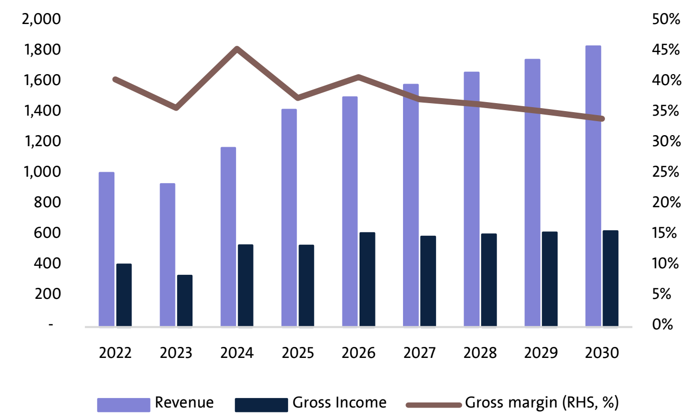
Yamama Cement-SWOT Analysis

Strengths	Opportunities
▪ Largest market share in the central region grants strong pricing power ▪ State-of-the-art production facilities and scale economies create a sustainable low-cost advantage ▪ Proximity to major construction ▪ Strong financial position underpinned by low leverage despite significant investments in production and rising FCF generation	▪ New cement product variants to address the evolving needs of the construction industry ▪ Clarity on the use of Yamama's existing land bank at its old plant site ▪ Possible acquisition or diversification opportunities
Weaknesses	**Threats**
▪ High inland freight cost constrains export competitiveness, limiting export opportunities ▪ Yamama is yet to receive gas allocation for Line 3, which can limit the company's total output	▪ Competitors dumping excess inventory could trigger local retail price wars ▪ Delays in mega construction projects can cause immediate sales drops

Source: AIC

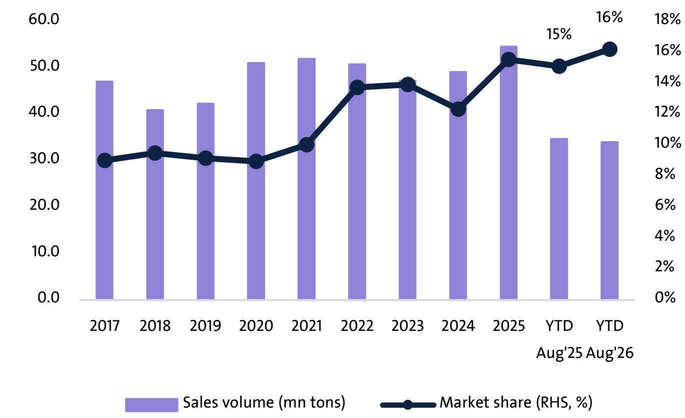
Yamama in Charts

Yamama: Revenue profile & Gross Income trends (SARmn)



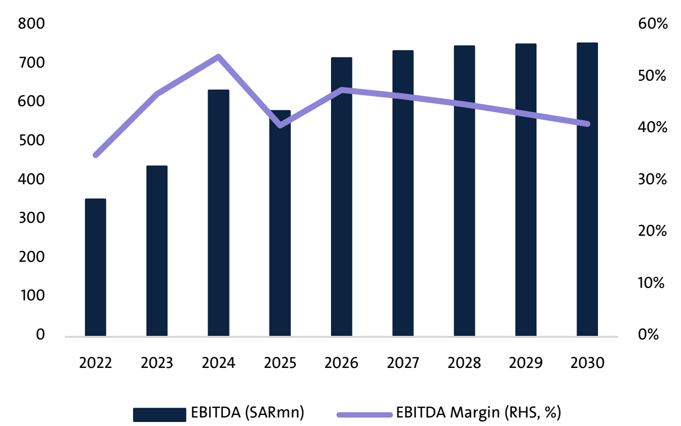
Source: Yamama Cement, AIC Research

Yamama: market share (%)



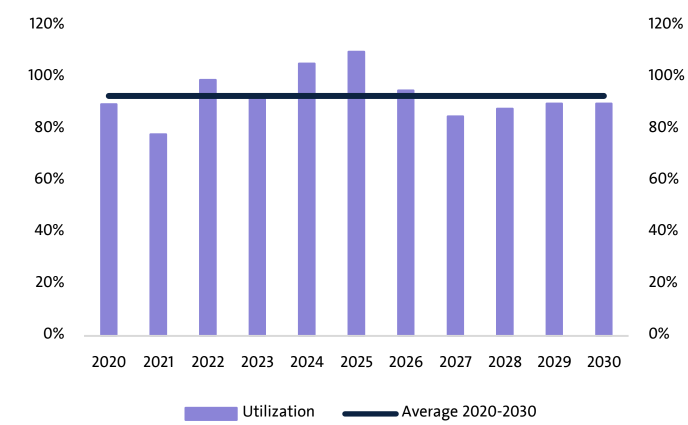
Source: Yamama Cement, AIC Research

Yamama: Trends in EBITDA and EBITDA margins



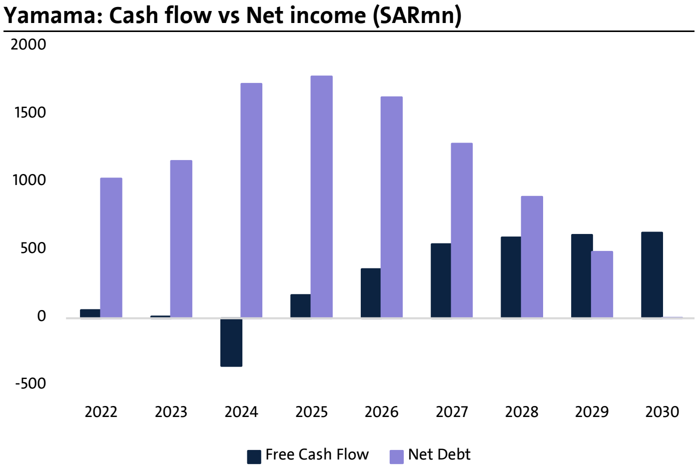
Source: Yamama Cement, AIC

Yamama: Utilization is expected to remain elevated (%)



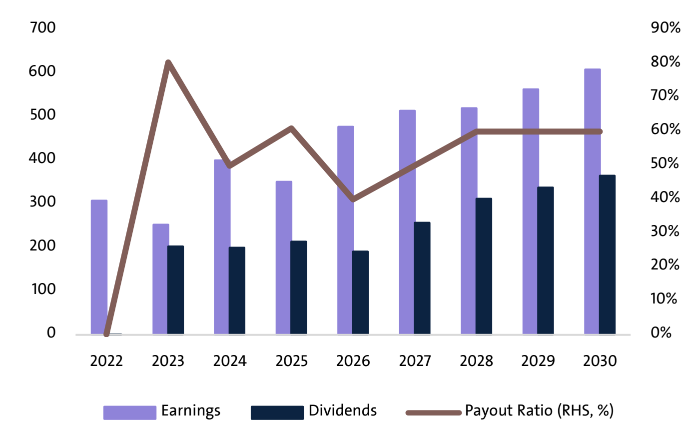
Source: Yamama Cement, AIC Research

Yamama: Cash flow vs Net income (SARmn)



Source: Yamama Cement, AIC

Yamama: Trends in Earnings and Payout ratio (SARmn)



Source: Yamama Cement, AIC Research

Yamama-Key Financial Highlights

Yamama: Profit & Loss Account (SARmn)	2024	2025	2026E	2027E	2028E	2029E	2030E
Revenue	**1,173**	**1,423**	**1,505**	**1,585**	**1,665**	**1,749**	**1,837**
Cost of Sales	**-639**	**-890**	**-890**	**-994**	**-1058**	**-1130**	**-1211**
Gross Income	**534**	**534**	**615**	**591**	**607**	**619**	**626**
Operating Expenses	**-85**	**-95**	**-102**	**-106**	**-111**	**-115**	**-120**
General and Admin	-42	-51	-55	-57	-59	-61	-63
Selling and distribution	-6	-8	-8	-9	-9	-10	-10
EBIT	**449**	**387**	**513**	**484**	**497**	**503**	**507**
Investments and other	**19**	**6**	**7**	**7**	**7**	**7**	**7**
EBITDA	**634**	**581**	**717**	**736**	**747**	**753**	**755**
Finance costs	-59	-68	-75	-68	-50	-31	-15
Profit before Zakat	**433**	**496**	**476**	**423**	**454**	**479**	**499**
Zakat (refund) & Tax	-12	-13	-13	-13	-15	-16	-18
Profit after Tax	**421**	**483**	**463**	**410**	**439**	**463**	**481**
EPS	2.1	2.4	2.3	2.0	2.2	2.3	2.4
DPS	1.0	1.0	1.0	1.0	1.0	1.0	1.1

Source: Yamama Cement, AIC Estimates

Yamama: Cash flow Highlights (SARmn)	2024	2025	2026E	2027E	2028E	2029E	2030E
Cash Flows from Operation	**584**	**599**	**628**	**583**	**623**	**645**	**656**
Depreciation	185	194	204	251	251	250	249
Changes in Working Capital	-12	15	-38	-79	-67	-68	-74
Cash Flows from Investment	**-952**	**-438**	**-267**	**-37**	**-27**	**-31**	**-26**
Capex	-985	-416	-267	-37	-27	-31	-26
Cash Flows from Financing	**269**	**-170**	**-357**	**-553**	**-593**	**-618**	**-576**
Inc (dec) in borrowing	469	45	-149	-350	-390	-410	-360

Source: Yamama Cement, AIC Estimates

Yamama-Key Financial Highlights

Yamama - Balance Sheet Highlights (SARmn)

	2024	2025	2026E	2027E	2028E	2029E	2030E
Assets	**7,317**	**7,473**	**7,556**	**7,418**	**7,253**	**7,094**	**6,993**
Non-Current Assets	**6,282**	**6,297**	**6,359**	**6,145**	**5,921**	**5,702**	**5,479**
Property, Plant and	5,770	5,939	6,002	5,787	5,563	5,345	5,122
Current Assets	**1,035**	**1,176**	**1,197**	**1,273**	**1,332**	**1,391**	**1,514**
Cash & Cash Equivalents	61	52	57	50	53	48	102
Receivables, Net	235	276	297	313	328	345	362
Inventory	560	577	573	640	681	728	779
Investment	179	227	227	227	227	227	227
Advances, prepayments	12	34	8	8	8	8	8
Equity	**4,843**	**4,970**	**5,224**	**5,431**	**5,668**	**5,922**	**6,187**
Share capital	2,025	2,025	2,025	2,025	2,025	2,025	2,025
Retained earnings & Others	2,821	2,945	3,199	3,406	3,643	3,897	4,162
Liabilities	**2,473**	**2,503**	**2,332**	**1,987**	**1,586**	**1,171**	**806**
Non-Current Liabilities	**1,593**	**1,653**	**1,313**	**1,003**	**693**	**383**	**206**
Other non-current	1,593	1,653	1,313	1,003	693	383	206
Current Liabilities	**881**	**850**	**1,019**	**983**	**892**	**788**	**600**
Trade payables and other	295	249	237	251	245	246	246
Borrowings	586	601	782	732	647	542	354
Total Equity & liabilities	**7,317**	**7,473**	**7,556**	**7,418**	**7,253**	**7,094**	**6,993**

Source: Yamama Cement, AIC Estimates

Yamama - Key Ratios								
Per ton comparison	**Units**	**2024**	**2025**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**
Revenue	SAR/ton	193	168	175	178	180	182	183
Gross profit	SAR/ton	88	63	72	66	66	64	63
EBIDTA	SAR/ton	105	68	83	83	81	78	75
Net Profit	SAR/ton	69	57	54	46	47	48	48
Turnover Ratios								
DSO	x	73	71	72	72	72	72	72
DPO	x	234	159	153	153	153	153	153
DIO	x	290	233	235	235	235	235	235
CCC	x	**129**	**145**	**154**	**154**	**154**	**154**	**154**
Capital Structure Ratios								
Debt to Equity	%	51%	50%	45%	37%	28%	20%	13%
Debt to Assets	%	34%	33%	31%	27%	22%	17%	12%
Net Debt / EBITDA	X	3.8	4.2	3.2	2.6	2.1	1.5	0.9
Debt to EBITDA	X	3.9	4.3	3.3	2.7	2.1	1.6	1.1
Profitability Ratios								
GP Margin	%	46%	37%	41%	37%	36%	35%	34%
Operating Margin	%	38%	27%	34%	31%	30%	29%	28%
EBITDA Margin	%	54%	41%	48%	46%	45%	43%	41%
NP Margin	%	36%	34%	31%	26%	26%	26%	26%
Return Ratios								
ROE	%	9%	10%	9%	8%	8%	8%	8%
ROA	%	6%	6%	6%	6%	6%	7%	7%
Return Ratios								
Market Price	SAR	23.16	23.16	23.16	23.16	23.16	23.16	23.16
PE	X	11.1	9.7	10.1	11.4	10.7	10.1	9.8
Dividend Yield	%	4.3%	4.3%	4.4%	4.3%	4.3%	4.4%	4.6%
BVPS	SAR	23.9	24.5	25.8	26.8	28.0	29.2	30.6
PB	X	0.97	0.94	0.90	0.86	0.83	0.79	0.76
EV/EBITDA	X	10.3	11.2	9.1	8.9	8.7	8.7	8.6

Source: Yamama Cement, AIC Estimates

Analyst Certification:

I/We, **Abdulrahman Yusef Alnafia and Muhammad Fawad Khan, CFA,** the author/s of this report, hereby certify that: (i) views expressed in this report reflect the Research Analyst's personal views about all of the securities and (ii) no part of any compensation of the author/s was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this report.

Rating Methodology

Alinma Capital Company (AIC) follows a three-tier rating system based on total return methodology as per the following details

>+15% Total Return: Stocks with +15% expected total return (including dividend yield) over the next 12 months are classified as Buy.

5-15%: Stocks with total return between 5-15% can be classified as Buy or Neutral.

>-5%<+5% total return: Stocks with total return between -5+5% can be classified as Neutral or Underperform

Underperform-Stocks which are expected to have <-5% total return

Not Covered: ACC has not assigned any rating on the stock

Coverage Suspended: ACC has temporarily suspended the coverage of the stock either in compliance with local regulation or other considerations

Price data for the listed securities is based on 8th September, 2026.

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