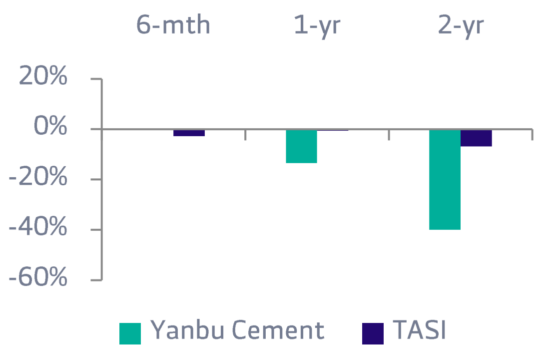
Costs Mitigate Topline Softness

August 06, 2026

Upside to Target Price	2.9%	Rating	Neutral
Expected Dividend Yield	6.6%	Last Price	SAR 15.06
Expected Total Return	9.6%	12-mth target	SAR 15.50

Market Data	
52-week high/low	SAR 17.45/13.87
Market Cap	SAR 2,372 mln
Shares Outstanding	158 mln
Free-float	89.42%
12-month ADTV	439,185
Bloomberg Code	YNCCO AB



Yanbu Cement	2Q2026	2Q2025	Y/Y	1Q2026	Q/Q	RC Estimate
Sales	233	274	(15%)	254	(8%)	234
Gross Profit	68	70	(3%)	76	(11%)	69
Gross Margins	29%	25%		30%		29%
Operating Profit	36	28	28%	43	(16%)	31
Net Profit	31	22	45%	38	(17%)	26

(All figures are in SAR mln)

- Yanbu Cement reported 2Q2026 revenue of SAR 233 mln (-15% Y/Y, -8% Q/Q), in line with our SAR 234 mln estimate. Lower Y/Y performance came from weaker export sales, while Q/Q decline mainly reflected lower volumes. ASP came in at SAR 171/ton (+17% Y/Y, -3% Q/Q), in line with our estimate. Total volumes (cement and clinker) fell to 1.37 mln tons (-27% Y/Y, -5% Q/Q), in line with our forecast. Local cement volumes declined modestly to 0.95 mln tons (-5% Y/Y, -5% Q/Q), while clinker exports dropped to 413k tons (-53% Y/Y, -7% Q/Q). 1H2026 sales declined -10% to SAR 487 mln, driven by lower volumes despite better pricing.
- Although cost per ton increased to SAR 121/ton (+11% Y/Y, -2% Q/Q), distorted by high exports last year, cost of sales improved by -19% Y/Y and -7% Q/Q. These lower costs, coupled with higher prices, drove gross margin to expand to 29.0%, versus 25.4% last year and 29.8% last quarter, in line with our 29.4% estimate. Moreover, OPEX declined to SAR 32 mln (-24% Y/Y, +4% Q/Q) likely on lower selling & distribution expenses from reduced exports, below our SAR 37 mln estimate. Operating margin expanded to 15.4%, compared to 10.2% last year and 16.8% last quarter, coming in above our estimate.
- Net profit came in at SAR 31 mln (+45% Y/Y, -17% Q/Q), in line with market consensus of SAR 31 mln and ahead of our SAR 26 mln estimate. Y/Y earnings growth was primarily driven by lower costs overall despite softer topline, while Q/Q decline reflected softer sales. 1H2026 earnings increased +34% to SAR 69 mln, as lower overall costs supported margin expansion despite softer sales. We maintain our Neutral rating and target price.

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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

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