

Cement Sector

Yamama Cement	Hold
12M Price Target (SAR)	35.00
CMP (SAR)	32.25
Potential Upside (%)	8.5%
P/E (2025e)	14.0x
Dividend Yield (2025e)	3.1%

Saudi Cement	Hold
12M Price Target (SAR)	42.00
CMP (SAR)	38.35
Potential Upside (%)	9.5%
P/E (2025e)	14.4x
Dividend Yield (2025e)	6.6%

Southern Cement	Hold
12M Price Target (SAR)	31.00
CMP (SAR)	28.75
Potential Upside (%)	7.8%
P/E (2025e)	22.6x
Dividend Yield (2025e)	2.7%

Yanbu Cement	Hold
12M Price Target (SAR)	21.00
CMP (SAR)	19.78
Potential Upside (%)	6.2%
P/E (2025e)	23.5x
Dividend Yield (2025e)	6.3%

Arabian Cement	Buy
12M Price Target (SAR)	27.00
CMP (SAR)	22.86
Potential Upside (%)	18.1%
P/E (2025e)	12.6x
Dividend Yield (2025e)	6.6%

Riyadh Cement	Buy
12M Price Target (SAR)	36.00
CMP (SAR)	31.50
Potential Upside (%)	14.3%
P/E (2025e)	12.3x
Dividend Yield (2025e)	4.8%

Najran Cement	Hold
12M Price Target (SAR)	8.70
CMP (SAR)	7.96
Potential Upside (%)	9.3%
P/E (2025e)	21.5x
Dividend Yield (2025e)	0.0%

Eastern Cement	Strong Buy
12M Price Target (SAR)	40.00
CMP (SAR)	30.30
Potential Upside (%)	32.0%
P/E (2025e)	9.6x
Dividend Yield (2025e)	5.3%

City Cement	Hold
12M Price Target (SAR)	18.00
CMP (SAR)	16.60
Potential Upside (%)	8.4%
P/E (2025e)	14.6x
Dividend Yield (2025e)	3.0%

Saudi Cement – Cost pressure to weigh on profits

Cement volumes in the Kingdom continued to improve in the current year growing by 13.1% YoY (YTD' May-25). While the Central and Western regions were the primary drivers of growth, the Eastern region has shown signs of recovery by increasing at low double digits during the period (YTD' May-25). Improved construction activity, aided by falling interest rates, strong real estate lending, and higher infrastructure spending have aided in the growth of the industry during the year. New mortgage loans remained strong in the current year, growing by 24% YoY between Jan-Apr 2025, which has supported the real estate credit offtake. Going forward we expect interest rates to remain soft, which in turn is likely to keep the construction activity buoyant. Though headwinds in the form of uncertainties relating to the ongoing tariff wars and political conflicts persist, upcoming key international business, sports, and cultural events to be held in the Kingdom more than mitigate the same. Overall, we maintain our cement volume growth forecast at 5-8% YoY in 2025e.

Cement prices remained firm in 2025, with the average realization of the companies under our coverage remaining relatively flat on a YoY basis in 1Q25. Headwinds in the form of high clinker inventory (historical levels of 9-10 months of production), concentration of cement volume growth across a few regions, and historical trends of price competition within the industry persist. However, cost pressures give limited flexibility to the companies to reduce their prices. Given this scenario, we expect the realization in 2025 to remain firm and flattish around 2024 levels.

We expect cost pressure to continue in the current year, with Aramco announcing another round of price hikes on its fuel for 2025. We forecast the cost of sales per ton for the companies under our coverage to increase by c.5% YoY in 2025e, which is likely to put pressure on the margins. Hence, despite strong volume growth, we forecast profitability to remain flattish or decline slightly on a YoY basis in 2025e.

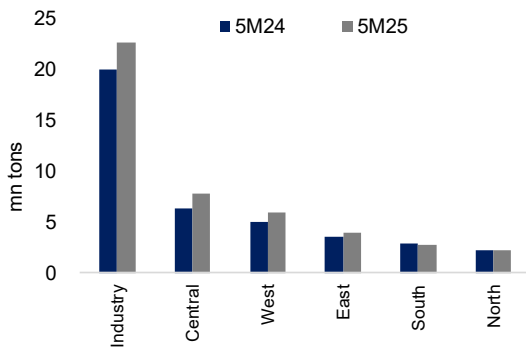
Company	Old	TP	CMP	+/- from TP	Rating	P/E	
						2025e	2026e
Yamama Cement	35.0	35.0	32.3	8.5%	Hold	14.0x	13.4x
Saudi Cement	45.0	42.0	38.4	9.5%	Hold	14.4x	13.8x
Southern Cement	34.0	31.0	28.8	7.8%	Hold	22.6x	20.6x
Yanbu Cement	24.0	21.0	19.8	6.2%	Hold	23.5x	22.0x
Arabian Cement	28.0	27.0	22.9	18.1%	Buy	12.6x	12.6x
Riyadh Cement	36.0	36.0	31.5	14.3%	Buy	12.3x	12.0x
Najran Cement	9.3	8.7	8.0	9.3%	Hold	21.5x	19.4x
Eastern Cement	40.0	40.0	30.3	32.0%	Strong Buy	9.6x	9.4x
City Cement	19.0	18.0	16.6	8.4%	Hold	14.6x	14.4x

Cement volumes grow by 13.1% YoY for 5M25.

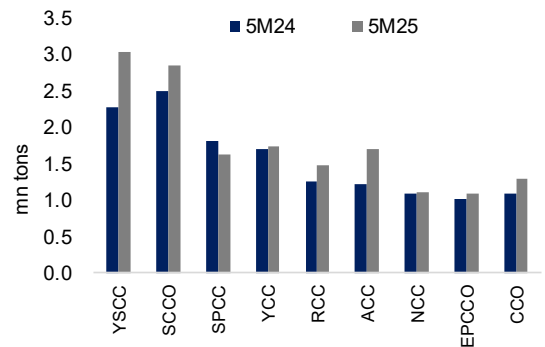
Volume growth continues to remain strong in 2025

Cement volumes in KSA for the five months ended May-25 (5M25) reported a 13.1% YoY improvement to 22.5mn tons and came on the back of a relatively weak performance in 2024 for the same period. This growth has been driven primarily by the performance of the Central region, which reported a 23.0% YoY increase in 5M25. Western region on the other hand increased by 18.3% YoY, while East reported a 11.4% YoY improvement. The performance of the Northern region on the other hand was flat (+0.6% YoY), even as Southern region volumes remained under pressure falling by 6.0% YoY. Favorable trends in interest rates aided in the pickup of real-estate activities and the speeding up of key infrastructure projects, which in turn resulted in a pickup in the cement offtake. Even as Central and Western regions continued to outperform, the performance of the Eastern region too has shown signs of acceleration.

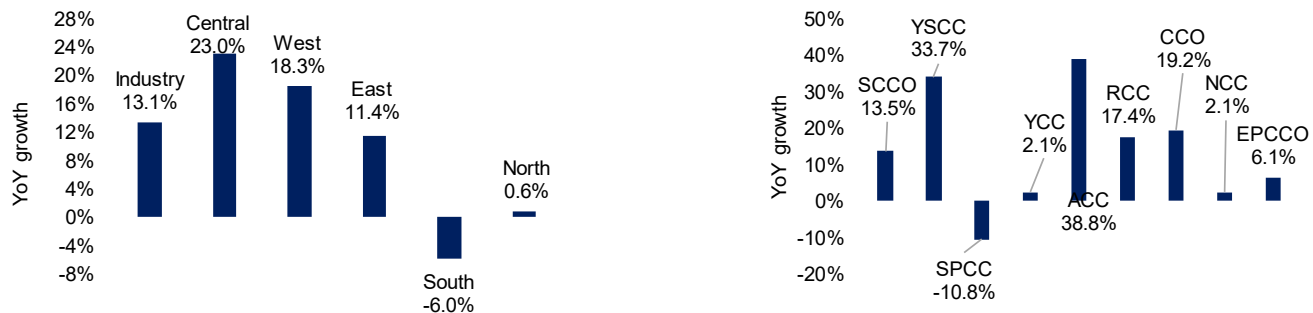
Cement sales shows improvement across most regions



Coverage companies mostly report growth



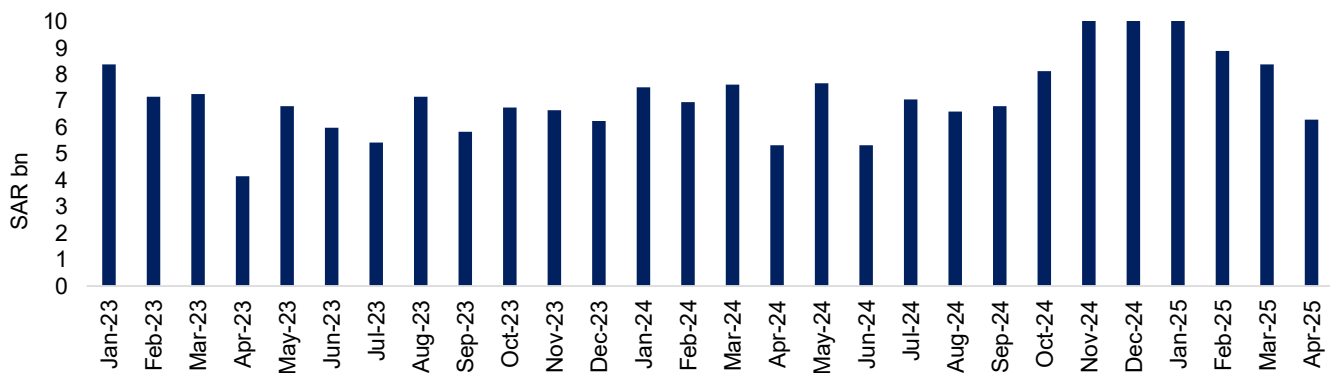
Central and Western regions continue to outperform, even as East reports strong offtake



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, CCO, RCC, and SCCO delivering a standout double-digit increase in cement volumes during 5M25. ACC volumes for 5M25 grew by 38.8% YoY, while the same for YSCC grew by 33.7% YoY. CCO on the other hand reported a solid 19.2% YoY improvement, with RCC reporting a 17.4% rise. SCCO saw an improvement of 13.5% YoY, even as EPCCO's volume grew by 6.1% YoY. The growth of EPCCO comes on the back of a higher base in 2024, though it underperformed the overall sector performance. YCC and NCC too underperformed the industry trend, growing by 2.1% each, while SPCC was the only company under our coverage that reported a fall in volume by 10.8% YoY for 5M25.

Monthly new residential mortgage report robust offtake in 2025



Source: SAMA, US Research

**New residential mortgages
 average SAR8.5bn per
 month for 5M25.**

New residential mortgages averaged SAR7.6bn per month in 2024, with the same averaging SAR8.5bn for YTD' Apr-25 better than SAR6.9bn per month for the same period in 2024. This is despite the early onset of Ramadan in the current period. The 3M-SIBOR averaged at 5.3% YTD (15-Jun-2025), lower than 6.0% for 2024. We expect this trend to broadly continue in the current year as slowing down inflation levels and the strain on growth rates in the US provide further headroom for lowering the Fed rates in the periods to come. However, tariff wars and the ongoing political issues could potentially slow down the pace of the cuts, though we expect rates to remain dovish. This in turn is likely to aid in the continued recovery of mortgages. New residential mortgages grew by 24.1% YoY YTD' Apr-25 and comes on the back of a strong 2024 performance (+17.1% YoY). In line with this, real estate loans have grown

by a strong 15.2% YoY for 1Q25, driven largely by loans to corporate (+27.5% YoY), even as retail grew by a decent 11.8% YoY. We expect this performance to remain strong and will be aided by the continued pickup in construction activity, powered by the upcoming prestigious events to be conducted in Saudi, including the Asian Winter Games, Riyadh Expo, and FIFA World Cup. This in turn will more than make up for the pressure on oil prices and the risk of resultant delay in infrastructure projects. Overall, we retain our forecast of cement volume growth to average between 5-8% YoY for 2025e.

Cement prices continue to remain strong across most coverage companies

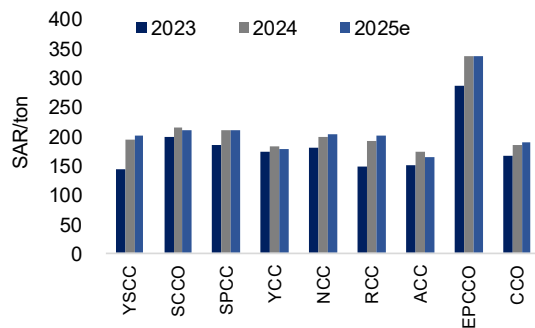
Cement prices continued to be firm in 1Q25, as the average realization of the companies under our coverage were flat YoY during the quarter and was also better than 4Q24 levels. This positive performance comes despite clinker inventories remaining high, as they increased by 3% YoY to 44.4mn tons as of May-25, equivalent to c.9 months of production.

Central region continued to drive cement prices in Saudi.

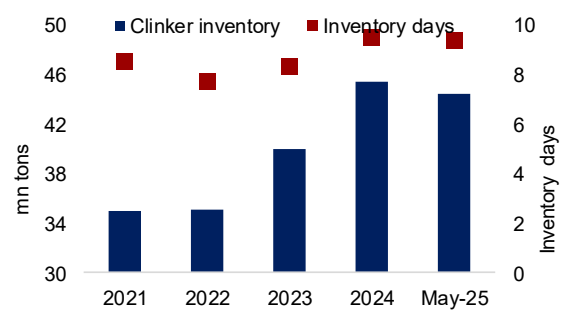
The Central region continued to benefit the most in the upswing of cement realization and came over and above the robust scenario in 2024. YSCC's 1Q25 average realization at SAR208/ton was an improvement of 7% YoY, while RCC witnessed an improvement of 6% YoY to SAR202/ton. The average realization of CCO on the other hand increased by 10% YoY to SAR201/ton.

The Western region companies however witnessed pressure on its realization, though the same was an improvement on a QoQ basis. ACC reported a 16% YoY decline to SAR164/ton, while the same was down 11% YoY to SAR178/ton for YCC. However, the realization for both companies was an improvement for 4Q24 levels by 10% for ACC and 7% for YCC. The average realization of SCCO decreased by 5% YoY to SAR210/ton, while EPCCO continued to maintain its premium pricing, though the same was lower by 2% YoY. Najran cement witnessed an improvement in its realization by 2% YoY to SAR203/ton.

2025 realization to remain firm



Clinker inventory moderates, though remain high



Source: Yamama Cement, Company filings, US Research

We maintain our price forecast for 2025e to remain flat YoY.

Going forward, we remain positive on the pricing scenario and expect the same to remain firm in 2025e. We also view positively the c.5% QoQ improvement in the realization of our coverage companies in the current quarter, which provides momentum to the industry. 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 maintain our forecast of cement realization remaining flat in 2025e vis-à-vis 2024 levels.

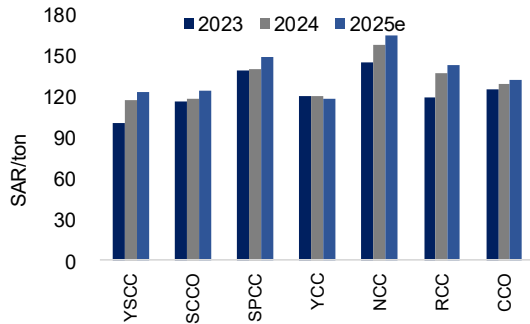
Cost of production trends higher on fuel cost increases.

Increase in cost of production dents profitability, despite higher cement prices

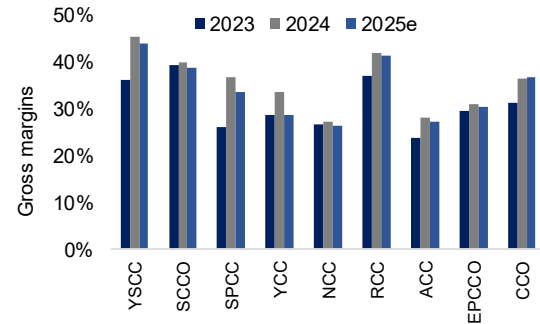
The cost of sales per ton of the companies under our coverage increased by 10% YoY for 1Q25 predominantly on account of higher fuel cost. This is higher than our expectation of c.5-8% increase for the full year 2025 and forecast for the same to moderate in the coming quarters. Saudi Aramco had announced an increase in fuel prices across companies in the Kingdom, which resulted in a 6% YoY increase in cost of sales per ton in 2024 for the companies under our coverage. Over and above this, Aramco announced another round of increases for 2025, which is expected to put further pressure on the costs of the cement companies. To mitigate this, most of these companies have joined the Industrial Sector Competitiveness Program, which is expected to reduce the impact of the cost hike by improving the efficiency and quality of energy sources used in industrial facilities. Despite the improved pricing scenario, the increase in the cost of sales has dented profitability, as gross margins decreased across most of the companies under our coverage on a YoY basis. Overall, the average gross margins among these companies fell to 35% in

1Q25 compared to 38% in 1Q24. However, this fall is in line with our initial expectation and we maintain our forecast for 2025e margins to decline by 150bps YoY.

Cost of sales/ton will continue to increase in 2025e



2025e margins to mostly come under pressure



Source: Yamama Cement, Company filings, US Research

We expect the net income of the companies under our coverage to remain flat or fall marginally YoY in 2025e. 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		
					5M24	5M25	YoY	2024	2025e	YoY	2024	2025e	YoY
Yamama Cement	32.3	35.0	8.5%	Hold	2,261	3,023	33.7%	1,173	1,364	16.3%	421	467	11.0%
Saudi Cement	38.4	42.0	9.5%	Hold	2,496	2,833	13.5%	1,676	1,661	-0.9%	422	408	-3.4%
Southern Cement	28.8	31.0	7.8%	Hold	1,808	1,613	-10.8%	935	833	-10.9%	244	178	-26.9%
Yanbu Cement	19.8	21.0	6.2%	Hold	1,699	1,735	2.1%	876	940	7.3%	157	133	-15.5%
Arabian Cement	22.9	27.0	18.1%	Buy	1,222	1,696	38.8%	858	972	13.3%	160	181	12.9%
Riyadh Cement	31.5	36.0	14.3%	Buy	1,247	1,464	17.4%	789	867	9.8%	310	307	-1.1%
Najran Cement	8.0	8.7	9.3%	Hold	1,076	1,099	2.1%	535	536	0.3%	68	63	-8.1%
Eastern Cement	30.3	40.0	32.0%	Strong Buy	1,014	1,076	6.1%	1,211	1,211	0.0%	248	271	9.5%
City Cement	16.6	18.0	8.4%	Hold	1,077	1,284	19.2%	521	566	8.6%	144	160	10.8%

Yamama Cement Company	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Key Financials (SAR mn)									
Revenue	956	736	1,008	935	1,173	1,364	1,392	1,420	1,448
Gross profit	440	220	409	335	529	598	608	618	628
Operating profit	371	157	333	264	444	508	517	525	533
Net income	406	154	356	304	421	467	489	501	509
Total assets	5,594	5,923	6,351	6,483	7,317	7,316	7,461	7,667	7,882
Debt	1,311	1,181	1,109	1,324	1,793	1,465	1,366	1,366	1,366
Cash	72	74	76	160	61	70	342	668	994
M-Cap	6,531	6,531	6,531	6,531	6,531	6,531	6,531	6,531	6,531
EV	7,377	7,049	6,744	7,117	7,768	7,431	7,059	6,734	6,407
Key Ratios									
Per Share (SAR)									
EPS	2.0	0.8	1.8	1.5	2.1	2.3	2.4	2.5	2.5
BVPS	19.4	21.1	23.0	23.4	23.9	25.2	26.4	27.4	28.4
DPS	0.0	0.0	1.0	1.0	1.0	1.0	1.3	1.5	1.5
Valuations									
P/E	16.1	42.5	18.4	21.5	15.5	14.0	13.4	13.0	12.8
EV/EBITDA	19.5	42.7	18.3	16.1	12.4	10.2	9.6	9.1	8.7
Div. yield	0.0%	0.0%	3.1%	3.1%	3.1%	3.1%	3.9%	4.7%	4.7%
Liquidity									
Cash Ratio	0.3	0.2	0.1	0.2	0.1	0.1	0.6	1.1	1.7
Current ratio	2.9	1.5	1.0	1.3	1.2	1.8	2.6	3.1	3.7
Quick ratio	1.4	0.7	0.7	0.7	0.5	0.8	1.4	1.9	2.5
Return ratio									
ROA	7.2%	2.6%	5.6%	4.7%	5.7%	6.4%	6.5%	6.5%	6.5%
ROE	10.3%	3.6%	7.6%	6.4%	8.7%	9.1%	9.1%	9.0%	8.9%
ROCE	6.6%	2.6%	5.2%	4.1%	6.1%	6.9%	6.9%	6.9%	6.8%
Profitability ratio									
Gross margins	46.0%	30.0%	40.5%	35.9%	45.1%	43.8%	43.7%	43.6%	43.4%
EBITDA margins	39.6%	22.4%	36.6%	47.4%	53.5%	53.6%	52.8%	51.9%	51.0%
Operating margins	38.8%	21.3%	33.0%	28.2%	37.8%	37.3%	37.2%	37.0%	36.8%
Net margins	42.4%	20.9%	35.3%	32.5%	35.9%	34.2%	35.1%	35.3%	35.1%
Leverage									
Debt/Capital	25.0%	21.6%	19.2%	21.9%	27.0%	22.3%	20.4%	19.8%	19.2%
Debt/Total assets	23.4%	19.9%	17.5%	20.4%	24.5%	20.0%	18.3%	17.8%	17.3%
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	2.0	1.9	1.9	1.8
Net debt/EBITDA	3.3	6.7	2.8	2.6	2.8	1.9	1.4	0.9	0.5

Saudi Cement Company	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Key Financials (SAR mn)									
Revenue	1,570	1,410	1,420	1,462	1,676	1,661	1,694	1,728	1,763
Gross profit	666	530	569	573	667	643	656	668	681
Operating profit	479	344	404	362	428	404	412	419	427
Net income	456	332	399	381	422	408	424	434	443
Total assets	3,678	3,392	3,278	3,214	3,137	3,108	3,080	3,053	3,026
Debt	431	374	348	446	299	249	199	149	99
Cash	125	81	91	115	121	230	309	307	264
M-Cap	5,868	5,868	5,868	5,868	5,868	5,868	5,868	5,868	5,868
EV	6,163	6,119	6,074	6,150	5,993	5,830	5,695	5,563	5,433
Key Ratios									
Per Share (SAR)									
EPS	3.0	2.2	2.6	2.5	2.8	2.7	2.8	2.8	2.9
BVPS	17.3	15.9	15.0	14.1	14.6	14.8	14.9	15.1	15.2
DPS	3.5	3.5	3.3	2.5	2.8	2.5	2.6	2.7	2.8
Valuations									
P/E	12.9	17.7	14.7	15.4	13.9	14.4	13.8	13.5	13.2
EV/EBITDA	8.8	10.7	9.6	10.6	9.3	9.3	9.0	8.7	8.4
Div. yield	9.1%	9.1%	8.5%	6.5%	7.2%	6.6%	6.9%	7.0%	7.2%
Liquidity									
Cash Ratio	0.1	0.1	0.1	0.1	0.2	0.3	0.5	0.5	0.5
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	1.4
Return ratio									
ROA	12.3%	9.7%	12.2%	11.9%	13.4%	13.1%	13.8%	14.2%	14.7%
ROE	17.2%	13.6%	17.4%	17.6%	18.8%	18.0%	18.6%	18.8%	19.1%
ROCE	13.0%	10.1%	12.3%	11.3%	13.7%	13.0%	13.4%	13.7%	14.1%
Profitability ratio									
Gross margins	42.5%	37.6%	40.1%	39.2%	39.8%	38.7%	38.7%	38.7%	38.6%
EBITDA margins	44.8%	40.6%	44.7%	39.8%	38.6%	37.6%	37.3%	37.1%	36.8%
Operating margins	30.5%	24.4%	28.4%	24.8%	25.6%	24.3%	24.3%	24.3%	24.2%
Net margins	29.0%	23.5%	28.1%	26.1%	25.2%	24.5%	25.0%	25.1%	25.2%
Leverage									
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%	6.5%	4.9%	3.3%
Debt/Equity	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.0
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	0.0	(0.2)	(0.2)	(0.3)

Southern Province Cement	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Key Financials (SAR mn)									
Revenue	1,653	1,339	1,222	1,070	935	833	851	869	887
Gross profit	679	505	361	277	343	278	297	315	334
Operating profit	628	443	298	200	262	186	203	220	236
Net income	609	429	301	195	244	178	195	212	226
Total assets	4,144	4,005	3,872	4,083	4,428	4,493	4,569	4,652	4,578
Debt	398	328	253	362	649	649	649	649	487
Cash	543	504	320	363	186	272	484	492	335
M-Cap	4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,025
EV	3,881	3,850	3,958	4,024	4,488	4,203	3,990	3,782	3,577
Key Ratios									
Per Share (SAR)									
EPS	4.4	3.1	2.1	1.4	1.7	1.3	1.4	1.5	1.6
BVPS	23.4	22.8	22.9	23.5	24.1	24.6	25.1	25.7	26.3
DPS	4.8	2.5	1.3	1.0	1.2	0.8	0.9	0.9	1.0
Valuations									
P/E	6.6	9.4	13.4	20.6	16.5	22.6	20.6	19.0	17.8
EV/EBITDA	4.7	5.9	7.8	10.2	9.8	11.2	10.4	9.7	9.0
Div. yield	16.5%	8.7%	4.3%	3.5%	4.2%	2.7%	3.0%	3.2%	3.4%
Liquidity									
Cash Ratio	1.3	1.1	0.9	1.1	0.5	0.9	1.7	1.1	0.7
Current ratio	2.8	2.6	3.0	3.9	3.9	4.6	5.3	3.4	3.1
Quick ratio	1.5	1.4	1.2	1.6	1.1	1.5	2.3	1.5	1.1
Return ratio									
ROA	14.7%	10.7%	7.8%	4.8%	5.5%	4.0%	4.3%	4.6%	4.9%
ROE	18.6%	13.5%	9.4%	5.9%	7.2%	5.2%	5.6%	5.9%	6.1%
ROCE	15.2%	11.1%	7.7%	4.9%	5.9%	4.1%	4.4%	4.7%	5.2%
Profitability ratio									
Gross margins	41.1%	37.7%	29.5%	25.8%	36.7%	33.4%	34.9%	36.3%	37.6%
EBITDA margins	50.2%	48.4%	41.8%	37.0%	49.1%	44.9%	44.9%	45.0%	45.0%
Operating margins	38.0%	33.1%	24.4%	18.7%	28.0%	22.3%	23.9%	25.3%	26.6%
Net margins	36.9%	32.0%	24.6%	18.3%	26.1%	21.4%	23.0%	24.4%	25.5%
Leverage									
Debt/Capital	10.8%	9.3%	7.3%	9.9%	16.1%	15.9%	15.6%	15.3%	11.7%
Debt/Total assets	9.6%	8.2%	6.5%	8.9%	14.7%	14.4%	14.2%	14.0%	10.6%
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	1.7	1.7	1.7	1.2
Net debt/EBITDA	(0.2)	(0.3)	(0.1)	(0.0)	1.0	1.0	0.4	0.4	0.4

Yanbu Cement	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Key Financials (SAR mn)									
Revenue	940	934	981	827	876	940	959	978	998
Gross profit	342	224	276	236	292	268	278	288	296
Operating profit	301	176	225	126	180	151	159	166	171
Net income	281	160	215	120	157	133	142	150	156
Total assets	3,629	3,393	3,349	3,368	3,251	3,159	3,076	3,021	2,979
Debt	84	282	171	417	318	289	260	253	251
Cash	137	61	101	74	55	(9)	(9)	(10)	(11)
M-Cap	3,115	3,115	3,115	3,115	3,115	3,115	3,115	3,115	3,115
EV	3,094	3,370	3,164	3,373	3,363	3,397	3,355	3,316	3,280
Key Ratios									
Per Share (SAR)									
EPS	1.8	1.0	1.4	0.8	1.0	0.8	0.9	0.9	1.0
BVPS	19.0	17.7	17.6	16.8	16.5	16.1	15.8	15.5	15.2
DPS	2.3	2.3	1.5	1.5	1.3	1.3	1.3	1.3	1.3
Valuations									
P/E	11.1	19.5	14.5	26.0	19.8	23.5	22.0	20.8	20.0
EV/EBITDA	6.3	9.2	8.1	11.4	9.7	11.0	10.9	10.9	10.8
Div. yield	11.4%	11.4%	7.6%	7.6%	6.3%	6.3%	6.3%	6.3%	6.3%
Liquidity									
Cash Ratio	0.3	0.2	0.3	0.1	0.1	(0.0)	(0.0)	(0.0)	(0.1)
Current ratio	2.0	2.0	2.4	2.0	2.2	4.7	5.3	5.7	5.9
Quick ratio	0.7	0.7	0.8	0.7	0.6	0.8	1.0	1.2	1.3
Return ratio									
ROA	7.8%	4.8%	6.4%	3.6%	4.8%	4.2%	4.6%	5.0%	5.2%
ROE	9.4%	5.7%	7.8%	4.5%	6.0%	5.2%	5.7%	6.1%	6.5%
ROCE	8.3%	5.2%	6.7%	3.7%	5.5%	4.8%	5.2%	5.5%	5.8%
Profitability ratio									
Gross margins	36.4%	23.9%	28.2%	28.5%	33.3%	28.5%	29.0%	29.4%	29.7%
EBITDA margins	52.6%	39.4%	39.9%	35.7%	39.4%	32.7%	32.0%	31.2%	30.5%
Operating margins	32.0%	18.8%	22.9%	15.3%	20.5%	16.0%	16.5%	16.9%	17.2%
Net margins	29.9%	17.1%	22.0%	14.5%	17.9%	14.1%	14.8%	15.3%	15.6%
Leverage									
Debt/Capital	2.7%	9.1%	5.8%	13.6%	10.9%	10.2%	9.5%	9.4%	9.5%
Debt/Total assets	2.3%	8.3%	5.1%	12.4%	9.8%	9.1%	8.5%	8.4%	8.4%
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	1.0	0.9	0.9	0.9

Arabian Cement	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Key Financials (SAR mn)									
Revenue	872	1,033	971	876	858	972	991	1,011	1,031
Gross profit	303	309	275	207	240	262	263	265	273
Operating profit	231	195	193	153	174	193	193	193	200
Net income	185	162	181	140	160	181	182	183	191
Total assets	3,637	3,433	3,280	3,136	3,094	3,099	3,139	3,168	3,202
Debt	339	262	236	151	90	34	33	19	4
Cash	234	143	264	218	145	44	122	197	324
M-Cap	2,286	2,286	2,286	2,286	2,286	2,286	2,286	2,286	2,286
EV	2,237	2,074	2,170	2,141	2,162	2,103	1,966	1,828	1,678
Key Ratios									
Per Share (SAR)									
EPS	1.8	1.6	1.8	1.4	1.6	1.8	1.8	1.8	1.9
BVPS	28.7	27.5	26.4	25.7	25.7	26.0	26.3	26.6	27.0
DPS	2.3	2.8	2.2	1.5	1.5	1.5	1.5	1.5	1.5
Valuations									
P/E	12.4	14.2	12.6	16.4	14.3	12.6	12.6	12.5	12.0
EV/EBITDA	6.0	6.1	6.4	7.1	6.5	6.0	5.6	5.2	4.7
Div. yield	9.8%	12.0%	9.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%
Liquidity									
Cash Ratio	0.9	0.6	1.1	1.0	0.6	0.2	0.5	0.7	1.3
Current ratio	4.0	4.2	3.9	4.2	4.2	4.3	4.4	4.7	5.4
Quick ratio	1.9	2.4	2.0	2.1	1.6	1.3	1.5	1.8	2.4
Return ratio									
ROA	5.3%	5.0%	5.6%	4.6%	5.3%	6.0%	5.9%	5.9%	6.1%
ROE	6.4%	5.9%	6.9%	5.4%	6.2%	7.0%	6.9%	6.9%	7.1%
ROCE	7.0%	6.3%	6.5%	5.4%	6.3%	7.1%	7.0%	6.9%	7.1%
Profitability ratio									
Gross margins	34.7%	29.9%	28.3%	23.6%	28.0%	26.9%	26.6%	26.2%	26.5%
EBITDA margins	42.6%	32.6%	34.8%	34.6%	39.0%	36.3%	35.7%	34.9%	35.0%
Operating margins	26.5%	18.9%	19.9%	17.5%	20.3%	19.9%	19.5%	19.1%	19.4%
Net margins	21.2%	15.6%	18.6%	15.9%	18.7%	18.6%	18.3%	18.1%	18.5%
Leverage									
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)	(0.0)	(0.3)	(0.5)	(0.9)

Riyadh Cement	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Key Financials (SAR mn)									
Revenue	590	671	598	643	789	867	884	902	920
Gross profit	254	267	232	237	329	358	367	377	385
Operating profit	231	229	199	200	293	321	330	338	346
Net income	220	214	190	189	310	307	315	323	330
Total assets	1,905	1,888	1,891	1,839	1,970	2,102	2,237	2,381	2,533
Debt	4	4	4	4	4	4	4	4	4
Cash	20	36	90	81	149	159	170	182	195
M-Cap	3,780	3,780	3,780	3,780	3,780	3,780	3,780	3,780	3,780
EV	3,764	3,748	3,694	3,702	3,635	3,625	3,614	3,602	3,589
Key Ratios									
Per Share (SAR)									
EPS	1.8	1.8	1.6	1.6	2.6	2.6	2.6	2.7	2.8
BVPS	14.1	13.9	14.0	14.0	14.8	15.9	17.0	18.2	19.5
DPS	1.8	1.8	1.5	1.6	1.5	1.5	1.5	1.5	1.5
Valuations									
P/E	17.2	17.7	19.9	20.0	12.2	12.3	12.0	11.7	11.4
EV/EBITDA	11.3	11.6	12.5	12.1	9.1	8.6	8.5	8.4	8.3
Div. yield	5.6%	5.6%	4.8%	4.9%	4.8%	4.8%	4.8%	4.8%	4.8%
Liquidity									
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	5.9	7.1	8.2	9.3
Quick ratio	1.2	1.4	1.7	2.6	3.0	3.9	5.0	6.1	7.2
Return ratio									
ROA	11.5%	11.3%	10.0%	10.3%	15.8%	14.6%	14.1%	13.6%	13.0%
ROE	13.0%	12.9%	11.3%	11.2%	17.4%	16.1%	15.4%	14.8%	14.1%
ROCE	12.1%	12.1%	10.5%	10.9%	14.9%	15.3%	14.7%	14.2%	13.7%
Profitability ratio									
Gross margins	43.0%	39.7%	38.7%	36.8%	41.6%	41.3%	41.6%	41.8%	41.9%
EBITDA margins	56.5%	48.1%	49.4%	47.6%	50.6%	48.7%	48.2%	47.7%	47.2%
Operating margins	39.2%	34.1%	33.2%	31.0%	37.1%	37.1%	37.3%	37.5%	37.6%
Net margins	37.3%	31.8%	31.7%	29.3%	39.3%	35.4%	35.6%	35.8%	35.9%
Leverage									
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)	(0.4)

Najran Cement	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Key Financials (SAR mn)									
Revenue	623	582	536	486	535	536	547	558	569
Gross profit	250	230	171	128	145	140	145	150	154
Operating profit	205	181	127	83	98	92	96	100	103
Net income	201	166	113	55	68	63	70	76	83
Total assets	2,519	2,398	2,406	2,478	2,477	2,503	2,499	2,498	2,501
Debt	337	285	283	341	299	262	225	188	150
Cash	172	82	39	16	16	41	45	46	50
M-Cap	1,353	1,353	1,353	1,353	1,353	1,353	1,353	1,353	1,353
EV	1,518	1,556	1,597	1,678	1,636	1,509	1,413	1,315	1,213
Key Ratios									
Per Share (SAR)									
EPS	1.2	1.0	0.7	0.3	0.4	0.4	0.4	0.4	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
Valuations									
P/E	6.7	8.2	12.0	24.5	19.8	21.5	19.4	17.7	16.2
EV/EBITDA	5.4	6.1	7.9	9.6	8.4	8.0	7.4	6.7	6.1
Div. yield	18.8%	12.6%	6.3%	0.0%	0.0%	0.0%	2.8%	3.0%	3.3%
Liquidity									
Cash Ratio	1.2	0.5	0.3	0.1	0.1	0.3	0.4	0.4	0.4
Current ratio	3.7	2.8	2.9	2.3	2.5	4.4	4.9	5.4	5.9
Quick ratio	1.7	1.0	0.8	0.4	0.4	1.3	1.7	2.2	2.7
Return ratio									
ROA	8.0%	6.9%	4.7%	2.2%	2.8%	2.5%	2.8%	3.1%	3.3%
ROE	9.8%	8.4%	5.7%	2.8%	3.4%	3.0%	3.3%	3.5%	3.8%
ROCE	8.1%	7.5%	5.3%	3.4%	4.0%	3.7%	3.8%	4.0%	4.1%
Profitability ratio									
Gross margins	40.1%	39.6%	31.9%	26.4%	27.2%	26.1%	26.5%	26.8%	27.1%
EBITDA margins	45.2%	43.8%	37.8%	36.0%	36.4%	35.2%	35.2%	35.2%	35.1%
Operating margins	32.9%	31.1%	23.8%	17.2%	18.3%	17.2%	17.5%	17.8%	18.2%
Net margins	32.2%	28.5%	21.1%	11.4%	12.8%	11.7%	12.7%	13.7%	14.6%
Leverage									
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%	10.5%	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	0.8
Net debt/EBITDA	0.6	0.8	1.2	1.9	1.5	1.2	0.9	0.7	0.5

Eastern Province Cement	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Key Financials (SAR mn)									
Revenue	742	758	784	996	1,211	1,211	1,228	1,237	1,246
Gross profit	258	261	248	293	374	367	374	378	381
Operating profit	207	206	181	225	297	290	295	297	299
Net income	217	193	143	196	248	271	276	283	285
Total assets	2,870	2,785	2,851	2,844	2,764	2,901	3,043	3,191	3,341
Debt	0	6	7	7	6	6	6	6	6
Cash	529	402	91	87	155	80	49	219	389
M-Cap	2,606	2,606	2,606	2,606	2,606	2,606	2,606	2,606	2,606
EV	1,302	1,406	1,550	1,730	2,068	2,143	2,174	2,004	1,834
Key Ratios									
Per Share (SAR)									
EPS	2.5	2.2	1.7	2.3	2.9	3.2	3.2	3.3	3.3
BVPS	29.5	27.9	27.4	27.8	26.7	28.2	29.8	31.5	33.2
DPS	2.5	2.5	2.0	1.6	1.6	1.6	1.6	1.6	1.6
Valuations									
P/E	12.0	13.5	18.2	13.3	10.5	9.6	9.4	9.2	9.1
EV/EBITDA	4.3	4.6	5.4	5.3	5.1	5.4	5.4	5.0	4.6
Div. yield	8.3%	8.3%	6.6%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%
Liquidity									
Cash Ratio	2.4	1.6	0.3	0.3	0.5	0.2	0.1	0.6	1.1
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
Return ratio									
ROA	7.6%	6.9%	5.0%	6.9%	9.0%	9.4%	9.1%	8.9%	8.5%
ROE	8.6%	8.0%	6.1%	8.2%	10.8%	11.2%	10.8%	10.4%	10.0%
ROCE	8.2%	8.6%	7.6%	9.4%	12.9%	11.9%	11.5%	10.9%	10.4%
Profitability ratio									
Gross margins	34.8%	34.4%	31.6%	29.4%	30.9%	30.4%	30.5%	30.5%	30.6%
EBITDA margins	40.7%	40.8%	36.4%	32.9%	33.7%	32.5%	32.5%	32.3%	32.2%
Operating margins	27.9%	27.2%	23.1%	22.6%	24.6%	24.0%	24.0%	24.0%	24.0%
Net margins	29.3%	25.5%	18.3%	19.7%	20.5%	22.4%	22.5%	22.9%	22.9%
Leverage									
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)	(0.5)	(1.0)







City Cement	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Key Financials (SAR mn)									
Revenue	573	497	431	356	521	566	577	589	600
Gross profit	257	208	145	110	189	208	210	211	211
Operating profit	220	174	111	73	136	153	155	154	153
Net income	220	160	115	82	144	160	161	161	159
Total assets	1,948	1,956	1,941	1,864	1,895	1,990	2,083	2,176	2,268
Debt	2	5	4	2	2	2	2	2	2
Cash	50	56	50	43	42	49	47	43	38
M-Cap	2,324	2,324	2,324	2,324	2,324	2,324	2,324	2,324	2,324
EV	2,031	1,952	1,924	1,951	1,849	1,708	1,559	1,413	1,269
Key Ratios									
Per Share (SAR)									
EPS	1.6	1.1	0.8	0.6	1.0	1.1	1.2	1.1	1.1
BVPS	13.2	13.1	13.0	12.7	12.8	13.5	14.1	14.8	15.4
DPS	1.5	1.3	0.9	0.8	0.5	0.5	0.5	0.5	0.5
Valuations									
P/E	10.5	14.5	20.2	28.3	16.1	14.6	14.4	14.5	14.6
EV/EBITDA	6.7	7.6	10.0	12.5	8.2	7.0	6.4	5.8	5.2
Div. yield	9.0%	7.5%	5.4%	4.8%	3.0%	3.0%	3.0%	3.0%	3.0%
Liquidity									
Cash Ratio	0.6	0.6	0.5	0.7	0.6	0.6	0.6	0.5	0.4
Current ratio	6.1	5.8	6.6	10.1	9.4	10.8	12.5	14.0	15.3
Quick ratio	4.3	4.4	4.9	7.1	7.3	8.7	10.3	11.8	13.2
Return ratio									
ROA	11.3%	8.2%	5.9%	4.4%	7.6%	8.0%	7.7%	7.4%	7.0%
ROE	12.0%	8.8%	6.3%	4.6%	8.0%	8.5%	8.2%	7.8%	7.4%
ROCE	11.9%	9.5%	6.1%	4.1%	7.6%	8.1%	7.8%	7.4%	7.1%
Profitability ratio									
Gross margins	44.9%	41.8%	33.7%	31.0%	36.2%	36.7%	36.5%	35.8%	35.1%
EBITDA margins	52.7%	51.7%	44.6%	43.6%	43.5%	43.2%	42.3%	41.3%	40.3%
Operating margins	38.4%	35.1%	25.7%	20.4%	26.1%	27.0%	26.8%	26.1%	25.4%
Net margins	38.5%	32.3%	26.7%	23.0%	27.7%	28.2%	27.9%	27.3%	26.6%
Leverage									
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)	(0.2)	(0.2)	(0.2)	(0.1)

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Rating Criteria and Definitions

Rating	Rating Definitions
 Strong Buy	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%
 Buy	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%
 Hold	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%
 Neutral	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%
 Sell	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%
 Strong Sell	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%
Not rated	This recommendation used for stocks which does not form part of Coverage Universe

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