

Market Data	
52-week high/low	SAR 38.55/25.30
Market Cap	SAR 6,278 mln
Shares Outstanding	203 mln
Free-float	88.92%
12-month ADTV	224,715
Bloomberg Code	YACCO AB

## Higher Competition Led to Lower Margins

October 17, 2023

Upside to Target Price	6.5%	Rating	Neutral
Expected Dividend Yield	4.2%	Last Price	SAR 31.00
Expected Total Return	10.7%	12-mth target	SAR 33.00

Yamama Cement	3Q2023	3Q2022	Y/Y	2Q2023	Q/Q	RC Estimate
Sales	212	249	(15%)	219	(3%)	306
Gross Profit	38	112	(66%)	84	(55%)	110
Gross Margins	18%	45%		38%		36%
Operating Profit	21	97	(78%)	67	(69%)	86
Net Profit	41	101	(60%)	98	(59%)	90

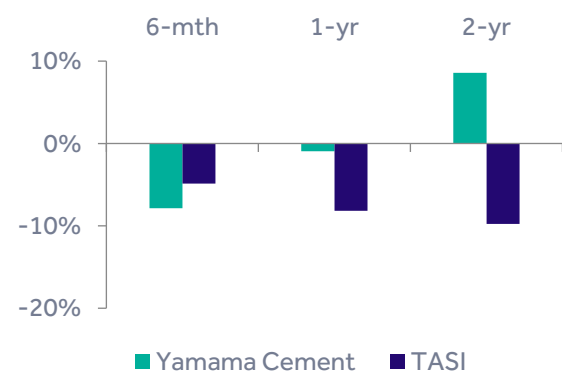
(All figures are in SAR mln)

- Despite a +13% Y/Y and +40% Q/Q growth in local sales volume to 2.0 mln tons, Yamama Cement's top-line fell on both yearly and quarterly basis by -15% and -3%, respectively, to SAR 212 mln. This was attributed to a decline in average selling prices, which came down significantly by -25% yearly and -31% quarterly to SAR 104/ton.
- Gross profit fell on both yearly and quarterly basis by -66% and -55%, respectively, to SAR 38 mln. Gross margin contracted to 18% this quarter versus 45% in the similar quarter last year and 38% in the previous quarter. The decline is due to lower prices. Net margin contracted in 3Q to 19% compared to 41% in 3Q22 and 45% in 2Q23.
- The Company maintained its leadership position in the sector during 3Q but the lower average prices led to lower margins. However, we expect an improvement in prices for the final quarter of 2023.
- Yamama Cement Co. bottom-line declined by -60% Y/Y and -59% Q/Q to SAR 41 mln, missing both our estimates and market consensus of SAR 90 mln and SAR 83 mln, respectively. This was due to lower than expected selling prices as we assumed SAR 153/ton. We maintain our target price and Neutral rating.

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## ■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors  
For any feedback on our reports, please contact [research@riyadcapital.com](mailto:research@riyadcapital.com)

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