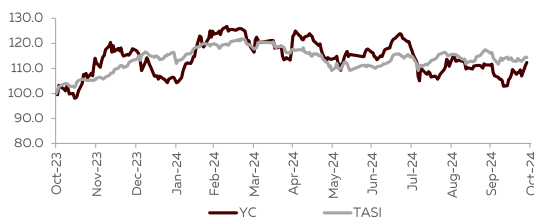


## Yamama Cement Co. (YC)

<b>Recommendation</b>	Hold
Current Market Price (SAR)	31.9
52wk High / Low (SAR)	37.2/28.4
Mkt. Cap. (USD/SAR Mn)	1,738/6,521
Shares Outstanding (mn)	202.5
Free Float (%)	99.9%
3m Average Vol. (000)	242.3
3m Avg Daily Turnover (SAR'000)	7,500
Dividend Yield '24e (%)	3.1%
P/E'24e (x)	17.1
EV/EBITDA'24e (x)	16.4

Source: Bloomberg

## Relative Price Performance



## Key Indicators

SAR (mn)	2022	2023	2024e	2025e
Revenue	1,023	935	1,061	1,230
Gross profit	423	335	485	567
Gross margin (%)	41%	36%	46%	46%
EBIT	333	264	398	453
EBIT margin (%)	33%	28%	37%	37%
EBITDA	408	318	499	555
EBITDA margin (%)	40%	34%	47%	45%
Net Income	356	304	377	447
Net margin (%)	35%	33%	35%	36%
EPS (SAR)	1.76	1.50	1.86	2.21
RoE (%)	8%	6%	8%	9%

Source: Company Reports, Yaqeen Capital

## Major Shareholders (%)

Saleh Abdulaziz Muhammad Al-Salem	5.28%
Prince Sultan Muhammad Saud Al Saud	5.66%
Sultan Holding Company	5.04%

Source: Bloomberg, Yaqeen Capital

## Profits declined amid rising costs

- YC's net profit surged by 140.1% YoY (+15.7% QoQ) to SAR 98mn in 3Q2024, driven by an increase in sales value. The YoY growth also benefited from lower general, administrative, selling, and distribution expenses in the current quarter. The net income margin improved by 15.1ppts YoY, though it dipped by 0.4ppts QoQ, reaching 34.3%.
- Revenue for 3Q2024 rose by 34.7% YoY and 17.0% QoQ to SAR 285mn, attributed to an increase in sales value.
- Gross profit climbed 229.3% YoY and 12.2% QoQ to SAR 124mn in 3Q2024, supported by increased revenue and lower cost of revenue YoY. The gross margin improved by 25.7ppts YoY, though it dropped by 1.7ppts QoQ, ending at 43.4%.
- Operating profit for 3Q2024 jumped 399.7% YoY and 19.7% QoQ to SAR 104mn, bolstered by higher gross profit and lower SG&A expenses QoQ. The operating profit margin expanded by 26.6ppts YoY and 0.8ppts QoQ, reaching 36.4%.
- For 9M2024, net income increased by 18.3% YoY to SAR 298mn, supported by higher sales volume and lower general, administrative, selling, and distribution expenses. The net profit margin for this period declined by 1.7ppts YoY to 37.1%.
- Revenue for 9M2024 rose by 13.0% YoY to SAR 803mn, reflecting an increase in sales value over the previous year.

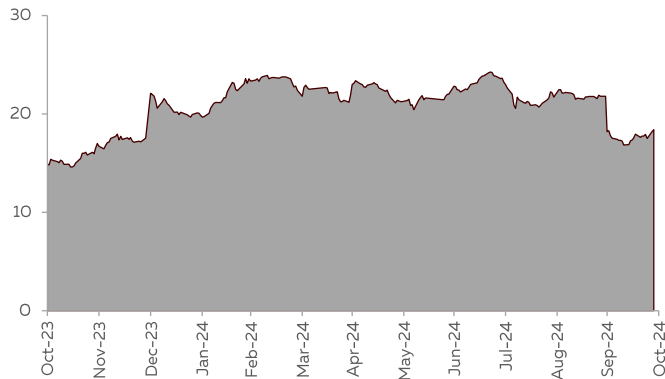
**Outlook & Valuation:** With mega-projects like NEOM and Vision 2030 underway, a substantial increase in Saudi Arabia's medium- to long-term cement demand is expected. Yamama Cement is well-positioned to capitalize on this growth. However, in the short term, challenges such as a mortgage slowdown from higher interest rates, increased competition, and rising fuel costs may pressure the company's financial performance, potentially lowering net selling prices and dampening demand. Nonetheless, Yamama Cement remains optimistic, maintaining the largest market share in the KSA cement sector. Based on DCF valuation, we arrive at a fair value of SAR 32.5/share, an upside of 2.2% from the current level. Hence, we recommend a Hold rating on the stock.

## Financial Summary

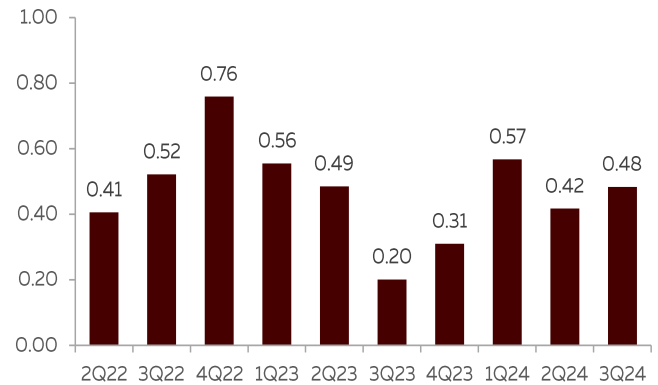
SAR (mn)	3Q2024	3Q2023	YoY	2Q2024	QoQ
Revenue	285	212	35%	244	17%
Gross profit	124	38	229%	110	12%
Gross margin (%)	43%	18%		45%	
EBIT	104	21	400%	87	20%
EBIT margin (%)	36%	10%		36%	
EBITDA	129	23	464%	112	15%
EBITDA margin (%)	45%	11%		46%	
Net Income	98	41	140%	85	16%
Net margin (%)	34%	19%		35%	
EPS (SAR)	0.48	0.20	140%	0.42	16%

Source: Company Reports, Yaqeen Capital

### Price to Earnings Ratio Trend



### EPS (SAR) Trend



## Rating Methodology

**Buy:** The Target share price exceeds the current share price by  $\geq 10\%$

**Hold:** The Target share price is either more or less than the current share price by  $10\%$

**Sell:** The Target share price is less than the current share price by  $\geq 10\%$

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