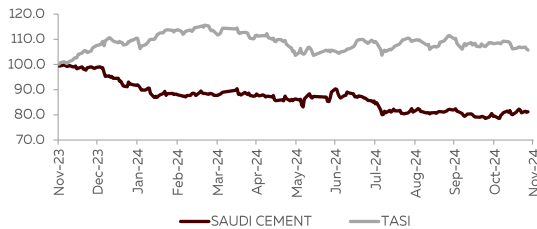


## Saudi Cement Co. (SAUDI CEMENT)

Recommendation	Buy
Current Market Price (SAR)	41.1
52wk High / Low (SAR)	54.4/39.6
Mkt. Cap. (USD/SAR Mn)	1,670/6,265
Shares Outstanding (mn)	153.0
Free Float (%)	92.5%
3m Average Vol. (000)	205.1
3m Avg Daily Turnover (SAR'000)	8,357
Dividend Yield '24e (%)	5.6%
P/E'24e (x)	16.2
EV/EBITDA'24e (x)	11.1

Source: Bloomberg

### Relative Price Performance



### Key Indicators

SAR (mn)	2022	2023	2024e	2025e
Revenue	1,420	1,462	1,607	1,808
Gross profit	569	573	610	704
Gross margin (%)	40%	39%	38%	39%
EBIT	404	362	382	443
EBIT margin (%)	28%	25%	24%	25%
EBITDA	635	582	596	660
EBITDA margin (%)	45%	40%	37%	37%
Net Income	399	381	390	450
Net margin (%)	28%	26%	24%	25%
EPS (SAR)	2.61	2.49	2.55	2.94
RoE (%)	17%	18%	18%	20%

Source: Company Reports, Yaqeen Capital

### Major Shareholders (%)

Khalid Abdulrahman Saleh Al Rajhi	6.09%
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Source: Bloomberg, Yaqeen Capital

### Earnings rise amid revenue growth but limited by higher costs

- SAUDI CEMENT reported a 46.7% YoY increase in net income to SAR 100mn for 3Q2024, driven by higher sales revenue despite increased selling and distribution expenses, lower other revenues, and a reduced share of profit from an associate. On a QoQ basis, net income rose 14.7% driven by higher sales revenue, lower selling and distribution expenses, increased other revenues, and a higher share of profit from an associate, despite rising finance charges. The net profit margin improved by 4.2ppts YoY and 2.8ppts QoQ to 25.9%.
- Revenue in 3Q2024 rose 22.9% YoY to SAR 387mn, driven by higher quantities sold and increased average selling prices. On a QoQ basis, revenue grew 2.4%, attributed to an increase in total value and quantities sold.
- Gross profit surged 34.9% YoY and 7.2% QoQ to SAR 154mn in 3Q2024, reflecting revenue growth. The gross margin expanded by 3.5ppts YoY and 1.8ppts QoQ to 39.9%.
- Operating profit increased by 61.5% YoY and 16.6% QoQ to SAR 98mn in 3Q2024, primarily due to higher gross profit. The YoY growth was further supported by lower general and administrative expenses, while QoQ growth benefited from reduced selling and distribution expenses. The operating margin rose by 6.0ppts YoY and 3.1ppts QoQ to 25.3%.
- For 9M2024, net income grew 8.7% YoY to SAR 301mn, driven by higher sales revenue, other revenues, and a larger share of profit from an associate. These gains were partially offset by higher selling and distribution expenses and a decrease in gains from the sale of investments in a subsidiary. The net profit margin decreased slightly by 0.4ppts YoY to 25.3%.
- Revenue for 9M2024 rose 10.3% YoY to SAR 1,192mn, supported by increased quantities sold and higher average selling prices.

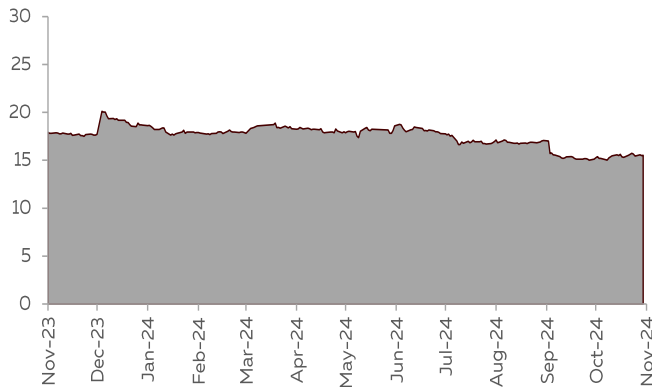
**Outlook & Valuation:** Cement demand in Saudi Arabia is expected to grow significantly in the medium to long term, driven by mega-projects like NEOM and Vision 2030. However, the industry faces short-term pressures from a mortgage slowdown due to higher financing costs, rising fuel prices, and intense market competition. Saudi Cement and other major players are likely to experience subdued financial performance in the near term due to weak price realizations and escalating fuel costs. Despite these challenges, the long-term outlook remains positive, supported by robust infrastructure development and the ambitious goals outlined in Vision 2030. Based on DCF valuation, we arrive at a fair value of SAR 58.3/share, an expected upside of 42.0% from the current level. Hence, we recommend a Buy rating on the stock.

### Financial Summary

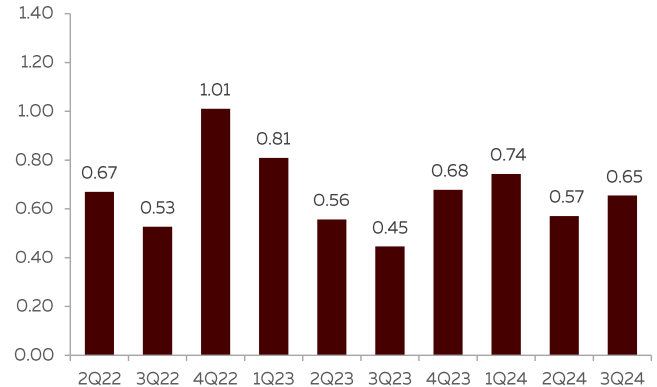
SAR (mn)	3Q2024	3Q2023	YoY	2Q2024	QoQ
Revenue	387	315	23%	378	2%
Gross profit	154	114	35%	144	7%
Gross margin (%)	40%	36%		38%	
EBIT	98	61	61%	84	17%
EBIT margin (%)	25%	19%		22%	
EBITDA	152	116	31%	140	9%
EBITDA margin (%)	39%	37%		37%	
Net Income	100	68	47%	87	15%
Net margin (%)	26%	22%		23%	
EPS (SAR)	0.65	0.45	47%	0.57	15%

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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