Yamama Cement Co.

Results Flash Note Q2-26

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Earnings outperformed estimates supported by resilient prices and non-operating gains from assets disposals.

Yamama Cement posted a solid set of net income at SAR 121.5mn, recording a marginal growth of 0.4% Y/Y and 15.5% decline Q/Q, above AJBC estimate of SAR 110.2mn by 10%. The stronger-than-expected performance was primarily driven by more resilient ASPs, which came in at SAR 182.7/tonne, down 2.6% Y/Y and 2.5% Q/Q, but above our estimate of SAR 178.1/tonne. Gain on the disposal of PP&E related to the old production line, as well as lower finance costs, providing additional support to the bottom line. Revenue totaled SAR 354.9mn, reflecting a 2% Y/Y decline and a 4% Q/Q increase, exceeding our estimate by 6.1%. Gross profit of SAR 150.2mn exceeded our estimate by 7%, driven by stronger-than-expected ASPs, while CPT remained broadly in line with our forecast.

- **Yamama Cement posted a net income** of SAR 121.5mn, recording a marginal growth of 0.4% Y/Y and 15.5% decline Q/Q, above AJBC estimate of SAR 110.2mn by 10%. The stronger-than-expected performance was primarily driven by more resilient ASPs, which came in at SAR 182.7/tonne, down 2.6% Y/Y and 2.5% Q/Q, but above our estimate of SAR 178.1/tonne. Earnings also benefited from a gain on the disposal of PP&E related to the old production line (estimated at SAR 5-6mn) , as well as lower finance costs, providing additional support to the bottom line.
- **The company's revenue** posted SAR 354.9mn, reflecting a 2% Y/Y decline and a 4% Q/Q increase, exceeding our estimate by 6.1%. Average selling prices (ASPs) came in at SAR 182.7/tonne, down 2.6% Y/Y and 2.5% Q/Q, but 2.6% above our forecast of SAR 178.1/tonne. Sales volumes remained broadly flat on a yearly basis but recovered 7% Q/Q to 1.94MT, indicating a sequential improvement in demand.
- **Gross profit** came in at SAR 150.2mn, declining 4% Y/Y and 3% Q/Q, but exceeding our estimate of SAR 140.0mn by 7%. On a cost-per-tonne (CPT) basis, the company reported approx. SAR 105/tonne, down 1% Y/Y and up 3% Q/Q, broadly in line with our estimate of SAR 103/tonne. As such, the upside to gross profit versus our forecast was primarily driven by stronger-than-expected ASPs rather than lower production costs. Gross margin contracted by 102bps Y/Y and 323bps Q/Q.
- **Operating profit** came in at SAR 123.1mn, declining 8.2% Y/Y and 6.9% Q/Q, but 4.2% above our estimate of SAR 118.2mn. Operating margin contracted by 231bps Y/Y and 424bps Q/Q to 34.7%, primarily reflecting higher SG&A expenses, which more than offset the benefit from stronger-than-expected revenue.

AJBC view and valuation: Yamama Cement reported solid results, underscoring the company's strong competitive position despite the ongoing slowdown in the sector. The company's average selling prices (ASPs) remained resilient, highlighting continued pricing discipline in its core market. Although ASPs edged lower on a quarterly basis, the current pricing levels remain robust and continue to support healthy profitability. With the largest market share in the sector (16.1% on a Q2-26 TTM basis), industry-leading profitability, and an attractive P/E of 8.9x, we believe Yamama Cement remains well positioned to outperform its peers. Thus we retain our "**Overweight**" recommendation on the stock with a TP of **SAR 31.0/share**.

Results Summary

SAR mn	Q2-25	Q1-26	Q2-26	Change Y/Y	Change Q/Q	Deviation from AJBC Estimates
Revenue	362.4	339.8	355.0	-2.0%	4.5%	6.1%
Gross Profit	157.0	154.7	150.2	-4.4%	-2.9%	6.5%
Gross Margin	43.3%	45.5%	42.3%	-	-	-
EBIT	134.1	132.3	123.1	-8.2%	-6.9%	4.2%
Net Profit	121.0	143.9	121.5	0.4%	-15.5%	10.2%
EPS	0.60	0.71	0.60	-	-	-

Source: Company Reports, AlJazira Capital Research

Recommendation	Overweight
Target Price (SAR)	31.0
Upside / (Downside)*	39.0%

Source: Tadawul *prices as of 2nd August, 2026

Key Financials

SARmn (unless specified)	FY23	FY24	FY25
Revenues	935	1,173	1,423
Growth %	-8.55%	25.43%	21.33%
Gross profit	335	529	534
EBIT	264	444	419
Net Income	304	421	483
Growth %	-14.49%	38.28%	14.78%
EPS	1.50	2.08	2.38
DPS	1.00	1.00	1.00

Source: Company reports, Aljazira Capital Research

Key Ratios

	FY23	FY24	FY25
Gross Margin	35.86%	45.10%	37.49%
Operating Margin	28.18%	37.82%	29.42%
Net Margin	46.58%	53.16%	42.64%
P/E	22.9	17.1	9.8
P/B	1.5	1.5	1.0
EV/EBITDA	22.6	12.3	7.0
Dividend Yield	2.90%	2.82%	4.29%

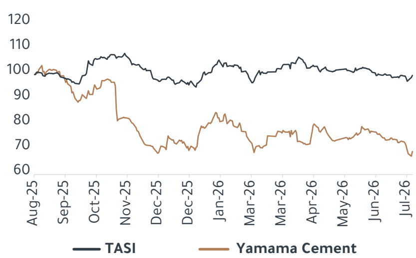
Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap(bn)	4.6
YTD%	4.33%
52 week (High)/(Low)	34.5/22.13
Share Outstanding (mn)	202.5

Source: Company reports, Aljazira Capital Research

Price Performance



Source: Tadwaul, Aljazira Capital Research

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RESEARCH DIVISION

AlJazira Capital, the investment arm of Bank AlJazira, is a Shariaa Compliant Saudi Closed Joint Stock company and operating under the regulatory supervision of the Capital Market Authority. AlJazira Capital is licensed to conduct securities business in all securities business as authorized by CMA, including dealing, managing, arranging, advisory, and custody. AlJazira Capital is the continuation of a long success story in the Saudi Tadawul market, having occupied the market leadership position for several years. With an objective to maintain its market leadership position, AlJazira Capital is expanding its brokerage capabilities to offer further value-added services, brokerage across MENA and International markets, as well as offering a full suite of securities business.

RATING TERMINOLOGY

1. Overweight: This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. Underweight: This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. Neutral: The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. Suspension of rating or rating on hold (SR/RH): This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

Disclaimer