Daily Bulletin

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Yamama Cement's 3Q25 profit drops 63% on lower prices

Yamama Cement Co. reported a 63.4% YoY decline in net profit to SAR 35.9 mn for the third quarter of 2025, driven by lower average selling prices and higher production costs. Despite a 9% YoY increase in revenue to SAR 311.4 mn, gross profit fell 55% YoY as production costs surged 58%, resulting in significant margin compression. Gross margin declined to 18% in 3Q25 from 43% in 2Q25, leading to a 70% QoQ drop in net income. The company's reported profitability was down 67.4% compared to the consensus net profit.

The revenue growth during the quarter was primarily driven by higher sales volumes compared to the same period last year. On a QoQ basis, revenue decreased 14%, reflecting a decline in the average selling price. The company's quarterly revenue was also 17% below the consensus estimate of SAR 373.4 mn.

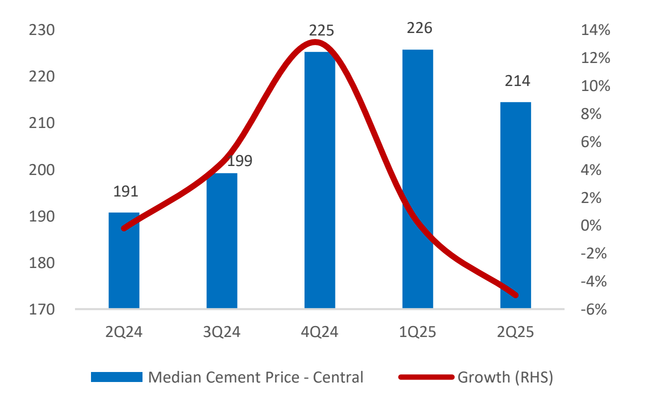
At the industry level, total cement sales increased 10% YoY to 14.1 mn tons in 3Q25, up from 12.8 mn tons in 3Q24. Yamama delivered the strongest quarterly performance, with sales surging 66% YoY to 2.6 mn tons, followed by Al Safwa Cement and Hail Cement, both rising 26% YoY.

We note that during 2Q25, the central region's cement market started to witness intense price competition, with the median cement price falling approximately 5% QoQ. Yamama Cement had led this decline with a 10% QoQ drop in realized prices; however, the company's market share has expanded sharply from 12% in 2024 to 16% in 9M25, reaching 20% in September 2025. However, despite this, inventory levels increased 11.7% YoY and 48.5% QoQ, suggesting that lower prices have not yet fully translated into inventory drawdowns.

Prices in other regions have seen limited movement, as the pricing pressure remained concentrated in the central region, which represents roughly 35% of national demand and is a core area for Vision 2030 projects, offering strong long-term growth potential.

Yamama's stock has declined 19% YTD, underperforming TASI, which fell 4% during the same period. The stock dropped 10% today following the result announcement. It is currently trading at a 2025e P/E of 12.5x, with a 12M consensus target price of SAR 37/share, implying a 30% upside from current levels. However, we expect a downward revision in the consensus target price following this result.

Central region cement prices



Source: Tadawul, anbc research

Financials (SAR mn)

	3Q25	3Q24	YoY (%)	2Q25	QoQ (%)
Revenue	312	285	*9%*	362	*-14%*
COGS	(256)	(161)	*58%*	(205)	*24%*
Gross profit	**56**	**124**	*-55%*	**157**	*-64%*
Gross margin (%)	18%	43%		43%	
Operating exp.	(24)	(20)	*19%*	(23)	*3%*
Operating profit	**33**	**104**	*-69%*	**134**	*-76%*
Opt. margin (%)	10%	36%		37%	
Net income	**36**	**98**	*-63%*	**121**	*-70%*
Net margin (%)	12%	34%		33%	
EPS	***0.18***	***0.48***	*-63%*	***0.60***	*-70%*

Source: Company Financials, anbc research

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