RIYADH CABLES

RESULT ANALYSIS

Q3 2026

Strong topline growth support earnings

Riyadh Cables reported a higher-than-expected set of Q3 26 results, with net income increasing by 15.5% yoy (+6.0% qoq) to SAR325mn. This compares with the SNB Capital estimate and consensus estimates of SAR286mn and SAR305mn (range SAR281mn-SAR329mn), respectively. We believe the variance was driven by 1) higher than expected revenues primarily due to higher volumes and 2) higher than expected gross margins mainly due to different product mix. However, the impact was partially offset by higher-than-expected net non-opex due to increased zakat expenses and higher finance costs.

- Revenues increased by 18.2% yoy (+10.2% qoq) to SAR3.23bn, and were higher than our estimate of SAR2.98bn. We believe the variance was primarily driven by higher-than-expected sales volumes and prices.
- Based on our calculations, selling volumes grew by 10.2% yoy (+10.2% qoq) to 77.1k tons in Q3 26 vs 70.0k in Q3 25 and our estimate of 70.4k tons.
- Gross profit increased by 13.9% yoy (+15.7% qoq) to SAR508mn and was higher than our expectations of SAR427mn. Gross margin stood at 15.7% vs 16.3% in Q3 25 but was higher than our estimates of 14.4% which we believe was primarily due to changes in the company's product mix.
- Opex in absolute terms stood at SAR106mn in Q3 26 vs SAR113mn in Q3 25 and our estimates of SAR95.9mn. We believe the variance was mainly due to higher than expected distribution expenses. Accordingly, opex to sales ratio stood at 3.3% in Q3 26 vs 4.1% in Q3 25 and our estimates of 3.2%.
- Net non-opex stood at SAR76.6mn in Q3 26, higher than SAR51.7mn in Q3 25 and our estimates of SAR45.2mn. We believe the variance was mainly due to higher than estimated finance costs and zakat expenses.
- Net margins contracted by 23 bps yoy to 10.1% in Q3 26 and were higher than our estimates of 9.6%.

Outlook

Based on our recent company update, we are Neutral on Riyadh Cables with a PT of SAR130. The yoy increase in volumes is a key postive. Over the long run, we believe the company is well-positioned to benefit from Saudi's growing infrastructure. The stock is trading at a 2027f P/E of 10.7x.

Q3 26 Results Summary (SAR mn)

	Q3 26	Q3 25	%yoy	Q3 26f	%Var^	Q2 26	% qoq
Revenue	3,229	2,732	18.2%	2,977	8.4%	2,930	10.2%
Gross income	508	446	13.9%	427	19.0%	439	15.7%
Gross margin (%)	15.7%	16.3%	(0.6)%	14.4%	1.4%	15.0%	0.8%
EBIT	402	333	20.6%	331	21.3%	342	17.3%
EBIT margin (%)	12.4%	12.2%	0.2%	11.1%	1.3%	11.7%	0.8%
Net income	325	281	15.5%	286	13.6%	307	6.0%
Net margin (%)	10.1%	10.3%	(0.2)%	9.6%	0.5%	10.5%	(0.4)%
EPS (SAR)	2.17	1.88	15.5%	1.91	13.6%	2.05	6.0%

Source: The company, SNB Capital Research, ^ % Var indicates variance from SNB Capital forecasts

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