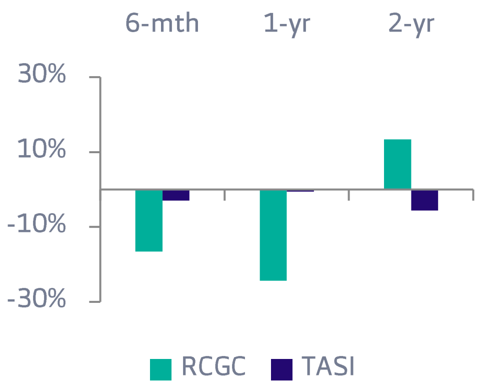
Resilient in the Face of Challenges

August 05, 2026

Upside to Target Price	29.4%	Rating	Buy
Expected Dividend Yield	4.3%	Last Price	SAR 104.30
Expected Total Return	33.7%	12-mth target	SAR 135.00

Market Data	
52-week high/low	SAR 143.8/99.6
Market Cap	SAR 15,645 mln
Shares Outstanding	150 mln
Free-float	77.4%
12-month ADTV	212,280
Bloomberg Code	RIYADHCA AB



Riyadh Cables	2Q2026	2Q2025	Y/Y	1Q2026	Q/Q	RC Estimate
Sales	2,930	2,715	8%	2,768	6%	2,809
Gross Profit	439	443	(1%)	431	2%	441
Gross Margins	15%	16%		16%		16%
Operating Profit	342	324	6%	327	5%	339
Net Profit	307	279	10%	282	9%	294

(All figures are in SAR mln)

- Riyadh Cables recorded an impressive rise in both topline and bottom-line for the quarter. Revenues grew +8% Y/Y and +6% Q/Q to SAR 2.9 bln, largely in-line with our SAR 2.8 bln estimates. Management has reported an increase in volumes (1H2026 at 138k tons, +4% Y/Y) and this was the primary driver for topline. Utilization rate continues at 95% for 1H2026.
- The Aluminum to Copper mix was recorded at 50:50 with a decent growth of aluminum volumes outside KSA.
- Gross margins contracted Y/Y again in 2Q (down 130 bps to 15.0%) and 60bps lower Q/Q, driven by the change in product mix. Gross profit was recorded at SAR 439 mln (-1% Y/Y, +2% Q/Q) and close to our SAR 441 mln forecast. Gross profit per ton remained almost flat at SAR 6,308 for 1H26. There has been weak activity in the Utilities sector.
- Net profit came in at SAR 307 mln (+10% Y/Y, +9% Q/Q) in-line with our SAR 294 mln forecast as well as market consensus. Backlog remains healthy at SAR 5.8 bln (+1% Y/Y). Free Cash Flows (FCF) improved from SAR (19) mln in 1Q26 to positive SAR 77 mln in 1H26.
- Management has pointed to tough times due to the regional situation with raw material shortages, supply chain disruptions and logistical challenges but the Company has been resilient in the face of these challenges. The stock price has declined by about -19% since our last report in May. Backlog remains strong and our long-term positive outlook remains, particularly in view of the pricing power. We maintain our target price but upgrade to a Buy on weak recent stock price performance.

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Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors

For any feedback on our reports, please contact research@riyadcapital.com

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