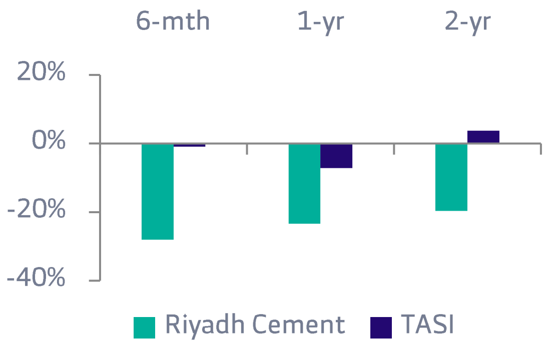
Weak Prices Weigh on Margins

November 11, 2025

Upside to Target Price	16.6%	Rating	Buy
Expected Dividend Yield	5.4%	Last Price	SAR 24.02
Expected Total Return	22.0%	12-mth target	SAR 28.00

Market Data	
52-week high/low	SAR 37.30/23.68
Market Cap	SAR 2,882 mln
Shares Outstanding	120 mln
Free-float	63.09%
12-month ADTV	302,551
Bloomberg Code	SAWCEM AB



Riyadh Cement	3Q2025	3Q2024	Y/Y	2Q2025	Q/Q	RC Estimate
Sales	149	203	(27%)	191	(22%)	189
Gross Profit	30	84	(65%)	69	(57%)	64
Gross Margins	20%	41%		36%		34%
Operating Profit	15	73	(79%)	60	(75%)	54
Net Profit	15	95	(84%)	57	(74%)	51

(All figures are in SAR mln)

- Riyadh Cement reported 3Q revenues of SAR 149 mln (-27% Y/Y, -22% Q/Q), well below our SAR 189 mln estimate. Lackluster topline was driven by weak grey cement sales of SAR 108 mln (-32% Y/Y, -29% Q/Q), reflecting soft selling prices amid intense competition, below our SAR 149 mln estimate. Meanwhile, white cement sales were broadly more stable at SAR 40 mln (-9% Y/Y, +4% Q/Q), in line with our SAR 40 mln estimate. Average selling prices (ASP) came in at SAR 187/ton (-21.5% Y/Y, -22.5% Q/Q), driven by lower grey cement prices of SAR 136/ton (-26.8% Y/Y, -29.0% Q/Q), both below estimates. Sales volumes reached 795k tons (-6.7% Y/Y, +0.5% Q/Q), in line with estimates. However, 9M2025 topline grew +1.7% to SAR 565 mln, reflecting sustained demand for the company's products, 35% allocated to housing projects and 65% to mega-projects, as per the PR.
- Cost per ton slightly improved sequentially to SAR 150/ton (+7.1% Y/Y, -3.0% Q/Q), yet remained elevated Y/Y on higher fuel costs, slightly below our SAR 153/ton estimate. Gross margin dropped sharply to a record low of 20.0% (on weaker pricing), down from 41.3% last year and 36.0% last quarter, well below our 33.7% estimate. Moreover, OPEX was elevated at SAR 14.6 mln, further pressuring profitability, up from SAR 10.7 mln last year and SAR 8.9 mln last quarter, above estimates. Consequently, operating margin fell to a record low of 10.0%, compared to 36.1% last year and 31.4% last quarter.
- Lackluster bottomline of SAR 15 mln (-84% Y/Y, -74% Q/Q), came in well below both market consensus of SAR 47 mln and our SAR 51 mln estimate. Y/Y decline was driven by lower pricing and higher fuel costs, coupled with a one-off Zakat reversal of SAR 25 mln last year. The Q/Q drop reflected weaker pricing and higher OPEX. The stock trades at 2026E P/E of 14x versus 16x implied. We lower our target price to SAR 28.00 from SAR 33.00, but upgrade our rating to Buy on recent share underperformance.

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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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