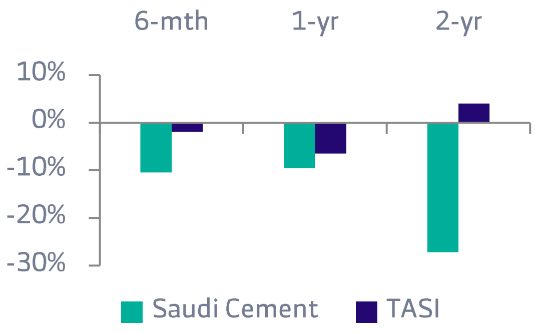
Lower Prices Drive Earnings Miss

November 12, 2025

Upside to Target Price	4.4%	Rating	Neutral
Expected Dividend Yield	5.9%	Last Price	SAR 37.34
Expected Total Return	10.3%	12-mth target	SAR 39.00

Market Data	
52-week high/low	SAR 46.70/37.20
Market Cap	SAR 5,713 mln
Shares Outstanding	153 mln
Free-float	41.3%
12-month ADTV	171,070
Bloomberg Code	SACCO AB



Saudi Cement	3Q2025	3Q2024	Y/Y	2Q2025	Q/Q	RC Estimate
Sales	364	387	(6%)	432	(16%)	403
Gross Profit	108	154	(30%)	155	(30%)	156
Gross Margins	30%	40%		36%		39%
Operating Profit	65	112	(42%)	105	(38%)	106
Net Profit	53	100	(47%)	96	(44%)	96

(All figures are in SAR mln)

- Saudi Cement reported 3Q sales of SAR 364 mln (-6% Y/Y, -16% Q/Q), well below our SAR 403 mln estimate, due to lower-than-expected local cement prices driven by competition. The blended average selling price (ASP) came in at SAR 169/ton (-12% Y/Y, -11% Q/Q), impacted by lower local prices of SAR 180/ton (-25% Y/Y, -20% Q/Q), despite stronger clinker export pricing, below our ASP estimate of SAR 179/ton. Meanwhile, total sales volumes (cement and clinker combined) rose +7% Y/Y but fell -5% Q/Q to 2.15 mln tons, slightly below our 2.26 mln tons estimate.
- Cost per ton for the quarter stood at SAR 119/ton (+3% Y/Y, -3% Q/Q), slightly higher than expected. As a result of the lower ASP, gross margin fell sharply to 29.7%, a record low, down from 39.9% last year and 35.9% last quarter, below estimates. On the other hand, OPEX to revenue was stable at 12%, compared to 11% last year and 12% last quarter, in line with our 12% estimate. Margin pressure continued to the operating level, with operating margin at 17.8%, down from 29.0% last year and 24.3% last quarter. This led to a drop in operating profit to SAR 65 mln (-42% Y/Y, -44% Q/Q).
- Lackluster bottomline of SAR 53 mln (-47% Y/Y, -44% Q/Q), was below both market consensus of SAR 84 mln and our SAR 96 mln estimate. Earnings drop was driven by softer topline on the back of weaker prices. The stock trades at 2026E P/E of 15x versus 16x implied. We trim our target price from SAR 41.00 to SAR 39.00 per share, with a Neutral stance.

Abdulrahman M Barghouth
abdulrahman.barghouth@riyadcapital.com
+966-11-203-6815

الرياض المالية
Riyad Capital

Disclaimer

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

Riyad Capital is a Saudi closed joint stock company with paid-up capital of SAR 500 million. Licensed by the Saudi Arabian Capital Market Authority (No. 07070-37). Commercial Registration No. 1010239234. Head Office: 3128 Financial Boulevard, 6671 Al Aqeeq Dist., Riyadh 13519, Kingdom of Saudi Arabia.

The information in this report was compiled in good faith from various public sources believed to be reliable. Whilst all reasonable care has been taken to ensure that the facts stated in this report are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable. Riyad Capital makes no representations or warranties whatsoever as to the accuracy of the data and information provided and, in particular, Riyad Capital does not represent that the information in this report is complete or free from any error. This report is not, and is not to be construed as, an offer to sell or solicitation of an offer to buy any financial securities. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this report. Riyad Capital accepts no liability whatsoever for any loss arising from any use of this report or its contents, and neither Riyad Capital nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof. Riyad Capital or its employees or any of its affiliates or clients may have a financial interest in securities or other assets referred to in this report. Opinions, forecasts or projections contained in this report represent Riyad Capital's current opinions or judgment as at the date of this report only and are therefore subject to change without notice. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections which represent only one possible outcome. Further, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified and future actual results or events could differ materially. The value of, or income from, any investments referred to in this report may fluctuate and/or be affected by changes. Past performance is not necessarily an indicative of future performance. Accordingly, investors may receive back less than originally invested amount. This report provides information of a general nature and does not address the circumstances, objectives, and risk tolerance of any particular investor. Therefore, it is not intended to provide personal investment advice and does not take into account the reader's financial situation or any specific investment objectives or particular needs which the reader may have. Before making an investment decision the reader should seek advice from an independent financial, legal, tax and/or other required advisers due to the investment in such kind of securities may not be suitable for all recipients. This research report might not be reproduced, nor distributed in whole or in part, and all information, opinions, forecasts and projections contained in it are protected by the copyright rules and regulations.