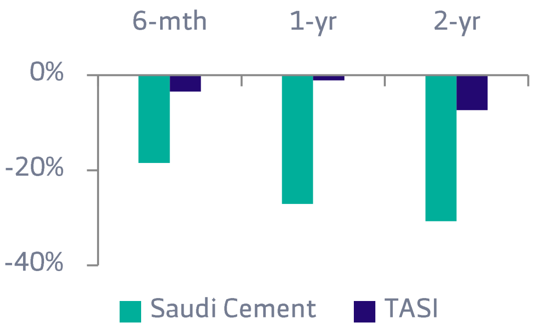
Cost Discipline Supports Profits Growth

August 09, 2026

Upside to Target Price	6.0%	Rating	Neutral
Expected Dividend Yield	6.0%	Last Price	SAR 28.30
Expected Total Return	12.0%	12-mth target	SAR 30.00

Market Data	
52-week high/low	SAR 41.58/28.02
Market Cap	SAR 4,330 mln
Shares Outstanding	153 mln
Free-float	38.8%
12-month ADTV	145,967
Bloomberg Code	SACCO AB



Saudi Cement	2Q2026	2Q2025	Y/Y	1Q2026	Q/Q	RC Estimate
Sales	435	432	1%	383	14%	435
Gross Profit	169	155	9%	157	8%	161
Gross Margins	39%	36%		41%		37%
Operating Profit	111	105	6%	109	2%	109
Net Profit	102	96	7%	100	2%	100

(All figures are in SAR mln)

- Saudi Cement reported 2Q sales of SAR 435 mln (+1% Y/Y, +14% Q/Q), matching our SAR 435 mln estimate. Sales growth was driven by higher local cement volumes, despite local prices easing. Local cement sales volumes rose to 1.53 mln tons (+13% Y/Y, +12% Q/Q), on stronger local demand and competition, while export volumes (cement and clinker) dropped to 0.68 mln tons (-25% Y/Y, +39% Q/Q), in line with estimates. However, blended ASP edged up to SAR 197/ton (+3% Y/Y, -5% Q/Q), supported by higher share of local cement, despite the decrease in local cement prices, in line with our SAR 197/ton forecast. 1H2026 sales slipped by -4% to SAR 818 mln due to lower volumes on weaker exports.
- Cost per ton for the quarter improved to SAR 121/ton (-1% Y/Y, -2% Q/Q), better than our SAR 124/ton estimate. Gross margin improved to 38.8% on a favorable revenue mix, compared to 35.9% last year and 40.9% last quarter, coming in above our 37.0% estimate. OPEX came in above expectations at SAR 58 mln, compared to SAR 50 mln last year and SAR 48 mln last quarter. Operating margin stood at 25.5%, up from 24.3% last year but down from 28.4% last quarter, and above our 25.0% estimate.
- Bottomline came in at SAR 102 mln (+7% Y/Y, +2% Q/Q), broadly in line with both market consensus of SAR 106 mln and our SAR 100 mln estimate. Y/Y earnings growth was driven by higher sales and lower cost of sales. 1H2026 profits edged down -1% to SAR 202 mln, due to softer sales despite lower costs. The company previously declared a SAR 1.00 DPS for 1H2026 at 76% payout, similar to last year. Reflecting lower local prices in our model, we trim our target price to SAR 30.00 per share and maintain our Neutral rating.

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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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