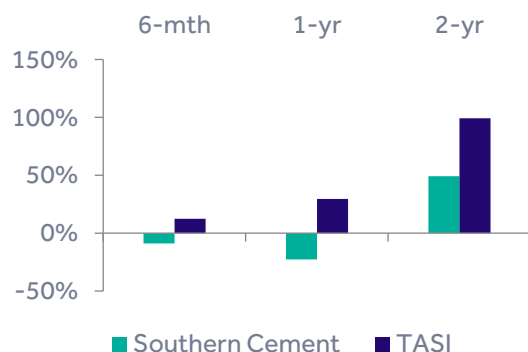


Market Data	
52-week high/low	SAR 89.00/64.60
Market Cap	SAR 9,058 mln
Shares Outstanding	140 mln
Free-float	62.41%
12-month ADTV	103,274
Bloomberg Code	SOCCO AB



■ Clinker Exports Up +255% Q/Q

May 15, 2022

Upside to Target Price	17.5%	Rating	Buy
Expected Dividend Yield	3.3%	Last Price	SAR 64.70
Expected Total Return	20.8%	12-mth target	SAR 76.00

Southern Cement	1Q2022	1Q2021	Y/Y	4Q2021	Q/Q	RC Estimate
Sales	330	439	(25%)	328	1%	308
Gross Profit	106	184	(42%)	109	(3%)	94
Gross Margins	32%	42%		33%		30%
Operating Profit	91	171	(47%)	95	(4%)	80
Net Profit	87	169	(49%)	88	(1%)	77

(All figures are in SAR mln)

- On a yearly basis, sales declined -25% Y/Y to SAR 330 mln for 1Q2022, slightly above our forecast. The decline was attributed to a decrease in both local sales volume and lower prices. On a quarterly basis, sales were steady, supported by higher sales volume Q/Q despite lower average selling prices.
- Margins have continued to contract. Gross margins have fallen on both yearly and quarterly basis by -976 bps and -106 bps respectively to 32% this quarter while net margins also witnessed a decline Y/Y by -12% and by -43 bps Q/Q to reach a level of 26% this quarter.
- The company sold 1.7 mln tons during the quarter (-23% Y/Y but up by +3% Q/Q). The rise in sales volume Q/Q is driven by a +255% growth in Clinker exports to 142K tons. The average selling price has fallen by -3% on both yearly and quarterly basis to SAR 187/ton.
- SPCC reported a net income of SAR 87 mln (-49% Y/Y, -1% Q/Q) for 1Q2022, in-line with our forecast. We maintain our target price of SAR 76.00 and Buy rating on the stock.

Abdullah D Alharbi
 abdullah.ulihan.alharbi@riyadcapital.com
 +966-11-486-5680

■ 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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