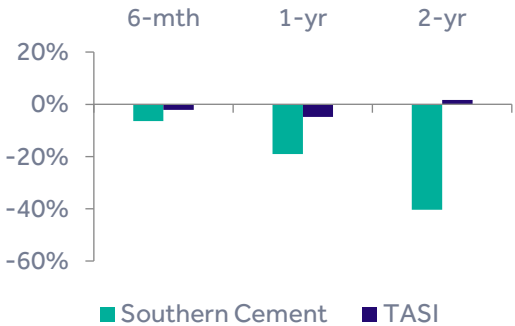


Market Data	
52-week high/low	SAR 39.70/29.65
Market Cap	SAR 4,375 mln
Shares Outstanding	140 mln
Free-float	62.56%
12-month ADTV	88,870
Bloomberg Code	SOCCO AB



■ Margins Erode Amid Cost Spike and Soft Volumes

May 14, 2025

Upside to Target Price	(4.0%)	Rating	Neutral
Expected Dividend Yield	3.9%	Last Price	SAR 31.25
Expected Total Return	(0.1%)	12-mth target	SAR 30.00

Southern Cement	1Q2025	1Q2024	Y/Y	4Q2024	Q/Q	RC Estimate
Sales	220	251	(12%)	238	(8%)	226
Gross Profit	47	98	(52%)	125	(62%)	63
Gross Margins	21%	39%		53%		28%
Operating Profit	32	79	(59%)	117	(73%)	42
Net Profit	27	72	(63%)	99	(73%)	36

(All figures are in SAR mln)

- SPCC reported 1Q revenues of SAR 220 mln (-12% Y/Y, -8% Q/Q), in line with our SAR 226 mln estimate. Both annual and sequential declines were driven by weaker sales volumes. Sales volumes fell -11.5% Y/Y and -9.4% Q/Q to 1,080k tons, slightly below our 1,122k tons estimate. Blended average selling price (ASP) marginally decreased -0.8% Y/Y but improved +2.2% Q/Q to SAR 204/ton, in line with our SAR 201/ton estimate.
- Cost per ton surged to a record high of 160 SAR/ton, likely on higher fuel costs and depreciation charges, rising +24% Y/Y and +70% Q/Q, and worse than our 145 SAR/ton estimate. This sharp increase was the main factor of the deviation from our gross margin estimate. Consequently, gross margin plummeted to 21.4% — the lowest level since 2Q2023 — compared to 39.0% last year and 52.5% last quarter, missing our 28.0% estimate. OPEX came in better than expected at SAR 15 mln, compared to SAR 19 mln last year and SAR 8 mln last quarter. Operating margin contracted to 14.5%, from 31.5% last year and 49.2% last quarter.
- Bottomline came in at SAR 27 mln (-63% Y/Y, -73% Q/Q), below both the SAR 42 mln market consensus and our SAR 36 mln estimate, mainly impacted by the elevated cost per ton. We maintain our Neutral stance, but revise the target price from SAR 33.00 to SAR 30.00 per share, implying a P/E and P/B of 17.1x and 1.2x, respectively.

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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](mailto:research@riyadcapital.com)

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