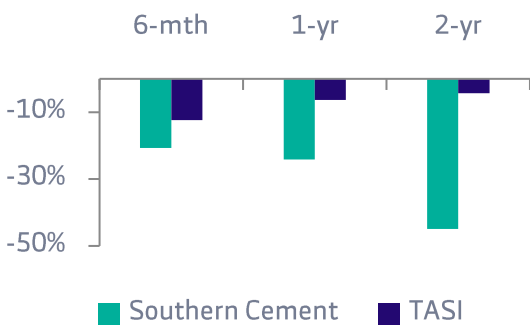


Market Data	
52-week high/low	SAR 36.35/25.90
Market Cap	SAR 3,724 mln
Shares Outstanding	140 mln
Free-float	62.56%
12-month ADTV	85,601
Bloomberg Code	SOCCO AB



Persisting Margin Pressure; Earnings Miss

August 10, 2025

Upside to Target Price1.5%

Expected Dividend Yield4.6%

Expected Total Return6.1%

RatingLast Price12-mth target

NeutralSAR 26.60SAR 27.00

Southern Cement	2Q2025	2Q2024	Y/Y	1Q2025	Q/Q	RC Estimate
Sales	195	214	(9%)	220	(11%)	200
Gross Profit	40	55	(27%)	47	(15%)	50
Gross Margins	21%	26%		21%		25%
Operating Profit	21	33	(36%)	32	(34%)	31
Net Profit	15	30	(50%)	27	(44%)	27

(All figures are in SAR mln)

- SPCC reported 2Q revenues of SAR 195 mln (-9% Y/Y, -11% Q/Q), in line with our SAR 200 mln estimate. Both annual and sequential declines were driven by weaker sales volumes and prices. The company recorded no clinker exports during the quarter, while local cement sales remained mediocre. Sales volumes to fell -11.4% Y/Y and -13.0% Q/Q to 940k tons, in line with our 936k tons estimate. Local cement prices declined -2.6% Y/Y and -1.5% Q/Q to SAR 207/ton, also in line with estimates.
- Cost per ton remained at a record high of SAR 165/ton, likely on higher fuel costs, rising +9.5% Y/Y and +3.3% Q/Q, versus our SAR 161/ton estimate. This further weighed on gross profit, which fell to SAR 40 mln (-27% Y/Y, -15% Q/Q), missing estimates. Gross margin stayed under pressure at 20.5%, down from 25.7% last year and 21.4% last quarter. OPEX came in line with estimates at SAR 19 mln, compared to SAR 22 mln last year and SAR 15 mln last quarter. Operating margin contracted to 10.8% from 15.4% last year and 14.5% last quarter, below estimates.
- Lackluster bottomline of SAR 15 mln (-50% Y/Y, -44% Q/Q), came in below both the SAR 30 mln market consensus and our SAR 27 mln estimate, impacted by the elevated cost per ton and lower revenues. We maintain our Neutral stance, and trim the target price from SAR 30.00 to SAR 27.00 per share.

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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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