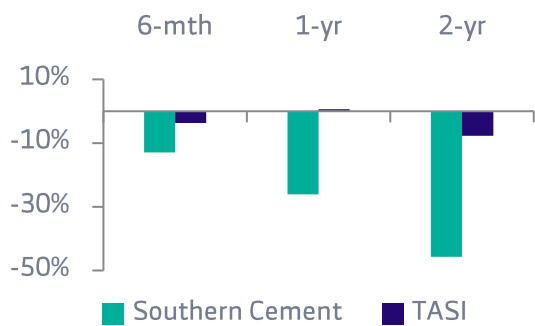


Market Data	
52-week high/low	SAR 28.00/18.41
Market Cap	SAR 2,659 mln
Shares Outstanding	140 mln
Free-float	62.56%
12-month ADTV	79,742
Bloomberg Code	SOCCO AB



■ Cost Relief Drives Profits Beat

August 12, 2026

Upside to Target Price0.1%

Expected Dividend Yield2.6%

Expected Total Return2.7%

RatingLast Price12-mth target

NeutralSAR 18.99SAR 19.00

Southern Cement	2Q2026	2Q2025	Y/Y	1Q2026	Q/Q	RC Estimate
Sales	201	195	3%	203	(1%)	199
Gross Profit	52	31	68%	23	126%	22
Gross Margins	26%	16%		11%		11%
Operating Profit	32	12	167%	3	967%	5
Net Profit	24	3	700%	(4)	-	(2)

(All figures are in SAR mln)

- SPCC reported 2Q2026 revenues of SAR 201 mln (+3% Y/Y, -1% Q/Q), in line with our SAR 199 mln estimate. Y/Y growth was driven by higher volumes despite lower prices, while Q/Q decline resulted from marginally lower prices and volumes. Blended ASP declined to SAR 191/ton (-8% Y/Y, -0.4% Q/Q), in line with our SAR 190/ton estimate. Total sales volumes increased to 1,052k tons (+12% Y/Y, -0.5% Q/Q) driven by clinker exports of 173k tons (from nil Y/Y, -9% Q/Q), while local cement sales declined to 879k tons (-6.5% Y/Y, +1.4% Q/Q), in line with estimates. 1H2026 sales edged down -3% to SAR 403 mln, driven by -7% lower ASPs.
- Cost per ton came in better-than-expected at SAR 142/ton (vs. our SAR 168/ton estimate), driving the earnings beat, and significantly below 1Q2026 elevated level of SAR 170/ton. This improvement was likely partly driven by better fixed cost absorption, with clinker production up +65% Q/Q to 1.2 mln tons. As a result of lower costs, gross margin recovered sharply to 26% from 16% last year and 11% previous quarter, above our 11% estimate. Gross profit jumped to SAR 52 mln, from SAR 31 mln last year, exceeding our SAR 22 mln estimate. OPEX of SAR 20 mln remained broadly stable Y/Y and Q/Q and was marginally above our estimate, similarly net other expenses remained relatively flat at SAR 8 mln, and in line with our estimates.
- SPCC reported net income of SAR 24 mln, exceeding market consensus of SAR 0.3 mln and our SAR (2) mln loss estimate. The strong earnings growth was mainly driven by the significantly lower cost per ton. 1H2026 profits grew marginally to SAR 20 mln, due to lower cost of sales, financing and Zakat expenses. We maintain our Neutral stance with a trimmed target price of SAR 19.00 per share.

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

■ 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.