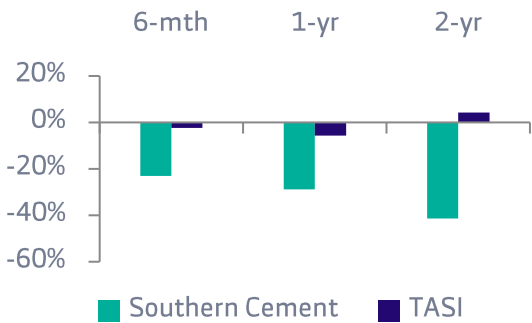


Market Data	
52-week high/low	SAR 35.25/23.90
Market Cap	SAR 3,368 mln
Shares Outstanding	140 mln
Free-float	62.56%
12-month ADTV	81,708
Bloomberg Code	SOCCO AB



■ Margins Under Pressure; Solar Deal to Cut Costs

November 13, 2025

Upside to Target Price (0.2%)

Expected Dividend Yield 2.1%

Expected Total Return 1.8%

Rating Last Price 12-mth target

Neutral SAR 24.06 SAR 24.00

Southern Cement	3Q2025	3Q2024	Y/Y	2Q2025	Q/Q	RC Estimate
Sales	219	233	(6%)	195	12%	230
Gross Profit	34	72	(53%)	40	(15%)	45
Gross Margins	16%	31%		21%		19%
Operating Profit	16	49	(67%)	21	(24%)	25
Net Profit	2	49	(96%)	15	(87%)	20

(All figures are in SAR mln)

- SPCC reported 3Q revenues of SAR 219 mln (-6% Y/Y, +12% Q/Q), slightly below our SAR 230 mln estimate. Y/Y slowdown was driven by lower prices, while Q/Q growth resulted from a surge in sales volumes. Blended average selling prices declined to SAR 193/ton (-6.4% Y/Y, -7.0% Q/Q), slightly below our SAR 196/ton estimate. Meanwhile, total sales volumes increased to 1,135k tons (+0.6% Y/Y, +20.7% Q/Q), in line with our 1,176k tons estimate. Volumes were split between local cement sales of 1,045k tons (-0.4% Y/Y, +11.2% Q/Q), and clinker exports of 90k tons (+14% Y/Y, from none Q/Q).
- Cost per ton remained elevated at SAR 163/ton, likely on higher energy costs, rising +14.2% Y/Y but down -1.0% Q/Q, above our SAR 158/ton estimate. This further weighed on gross profit, which fell to SAR 34 mln (-53% Y/Y, -15% Q/Q), missing estimates. As a result, gross margin continued to shrink for the 3rd consecutive quarter, reaching a 6-year record low at 15.5%, down from 30.9% last year and 20.5% last quarter, below our 19.4% estimate. However, OPEX to revenue improved to 8%, down from 10% in both comparable periods, and in line with our 8% estimate. Operating margin contracted to 7.3%, from 21.0% last year and 10.8% last quarter.
- Lackluster bottomline of SAR 2 mln (-96% Y/Y, -87% Q/Q), came in below both the SAR 19 mln market consensus and our SAR 20 mln estimate. This decline was also impacted by elevated other expenses due to higher financing costs and lower Murabaha income. The company announced a 25-year solar energy purchase agreement with Tarshid Energy Solutions for its Bisha plant to reduce long-term energy costs, with average payments of SAR 4 mln annually for 25 years. Operations are set to begin in 3Q2026, with no capital or operating costs borne by the company. The stock trades at 1x P/B, but at higher P/E than peers. We maintain a Neutral stance and trim the target price from SAR 27.00 to SAR 24.00 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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