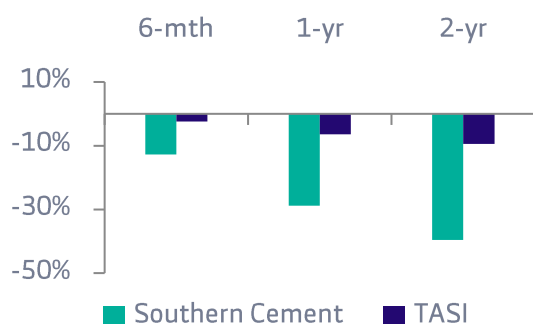


Market Data	
52-week high/low	SAR 34.30/20.66
Market Cap	SAR 3,318 mln
Shares Outstanding	140 mln
Free-float	62.56%
12-month ADTV	77,703
Bloomberg Code	SOCCO AB



Profit Falls into the Red on Transition Challenges

April 01, 2026

Upside to Target Price (7.2%)
 Expected Dividend Yield 2.1%
 Expected Total Return (5.1%)

Rating Neutral
 Last Price SAR 23.70
 12-mth target SAR 22.00

Southern Cement	4Q2025	4Q2024	Y/Y	3Q2025	Q/Q	RC Estimate
Sales	233	238	(2%)	219	6%	246
Gross Profit	(90)	85	-	34	-	38
Gross Margins	(39%)	36%	-	16%	-	16%
Operating Profit	(110)	67	-	16	-	21
Net Profit	(93)	42	-	2	-	13

(All figures are in SAR mln)

- SPCC reported 4Q revenues of SAR 233 mln (-2% Y/Y, +6% Q/Q), in line with our SAR 246 mln estimate. Y/Y slowdown was driven by lower prices outpacing higher sales volumes, while Q/Q growth resulted from higher volumes offsetting lower prices. Blended average selling prices declined to SAR 181/ton (-9.4% Y/Y, -6.5% Q/Q), below our SAR 190/ton estimate. Total sales volumes increased to 1,292k tons (+8.4% Y/Y, +13.8% Q/Q), in line with our estimates. Volumes were split between local cement sales of 1,134k tons (+2.6% Y/Y, +8.5% Q/Q), and clinker exports of 158k tons (+82% Y/Y, +76% Q/Q). Full-year 2025 topline declined -7% to SAR 867 mln, mainly on lower prices of SAR 195/ton (-4%) and lower volumes of 4,447k tons (-3%), driven by weaker local cement sales.
- Jazan plant transition-related inefficiencies (including low utilization during trial operations and elevated fixed cost absorption, alongside inventory adjustments and higher input costs) spiked Cost per ton to SAR 250/ton, turning gross profit negative, compared to SAR 128/ton last year and SAR 163/ton last quarter, also well above our SAR 161/ton estimate. As a result, gross margin came in negative at -39%, versus 36% last year and 16% last quarter, driving the deviation from our estimates. OPEX remained relatively stable and aligned with estimates.
- Net losses of SAR (93) mln were disappointing and well below both SAR 16 mln market consensus and our SAR 13 mln profit estimates. The company earlier announced receiving a notification of higher energy prices, and confirmed a 98% completion of the new production line, with commercial operations expected to start in 2026. SPCC declared a 2H2025 DPS of SAR 0.25, bringing full-year DPS to SAR 0.50 compared with SAR 1.20 last year. We maintain a Neutral stance until we observe ramp-up in utilization of the new line, and trim the target price from SAR 24.00 to SAR 22.00 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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