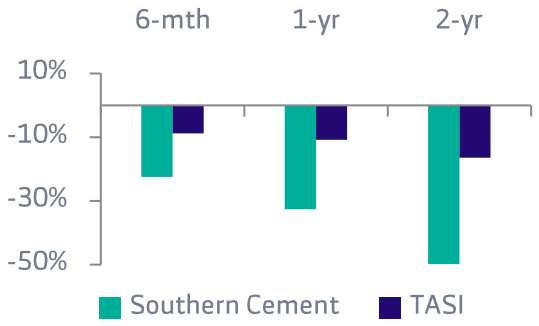
Finance Costs Erode Operating Gains

November 8, 2026

Upside to Target Price	3.8%	Rating	Neutral
Expected Dividend Yield	3.1%	Last Price	SAR 16.38
Expected Total Return	6.8%	12-mth target	SAR 17.00

Market Data	
52-week high/low	SAR 24.31/15.86
Market Cap	SAR 2,293 mln
Shares Outstanding	140 mln
Free-float	62.56%
12-month ADTV	74,003
Bloomberg Code	SOCCO AB



Southern Cement	3Q2026	3Q2025	Y/Y	2Q2026	Q/Q	RC Estimate
Sales	238	219	9%	201	18%	253
Gross Profit	51	28	82%	52	(2%)	37
Gross Margins	21%	13%		26%		15%
Operating Profit	32	10	220%	32	-	18
Net Profit	5	3	67%	24	(79%)	12

(All figures are in SAR mln)

- SPCC reported 3Q2026 revenues of SAR 238 mln (+9% Y/Y, +18% Q/Q), broadly in line with our SAR 253 mln estimate. Growth was driven by higher export sales volumes, both Y/Y and Q/Q. Blended ASP declined to SAR 158/ton (-18% Y/Y, -17% Q/Q), below our SAR 168/ton estimate, reflecting a higher share of lower-priced clinker exports in the sales mix. Total sales volumes surged to 1,507k tons (+33% Y/Y, +43% Q/Q), driven by clinker exports of 587k tons (vs. 90k tons last year and 173k tons last quarter), while local cement sales declined to 920k tons (-12% Y/Y, +5% Q/Q), in line with estimates. 9M2026 sales edged up +1% to SAR 641 mln, as +15% higher volumes offset -12% lower ASP.
- Cost per ton improved significantly to SAR 124/ton (-26% Y/Y, -12% Q/Q), better than our SAR 143/ton estimate, likely supported by better fixed cost absorption on higher volumes. As a result, gross margin expanded to 21.4% from 12.8% last year, though down from 25.9% last quarter, above our 14.7% estimate. Gross profit jumped to SAR 51 mln (+82% Y/Y, -2% Q/Q), exceeding our SAR 37 mln estimate. OPEX of SAR 19 mln remained broadly stable Y/Y and Q/Q, in line with our SAR 19 mln estimate. Consequently, operating profit tripled Y/Y to SAR 32 mln (flat Q/Q), well above our SAR 18 mln estimate, with operating margin at 13.4% vs. 4.6% last year and 15.9% last quarter. However, net other expenses jumped to SAR 27 mln (vs. SAR 7 mln last year and SAR 8 mln last quarter), well above our SAR 6 mln estimate, likely due to higher financing costs, absorbing most of the operating gains.
- SPCC reported net income of SAR 5 mln (+67% Y/Y, -79% Q/Q), in line with market consensus of SAR 8 mln and below our SAR 12 mln estimate. Y/Y growth was driven by higher export volumes and lower cost of sales, while the Q/Q decline reflected higher financing costs. 9M2026 profits grew +14% to SAR 25 mln, on higher volumes and lower cost of sales, despite higher OPEX and finance costs. We maintain our Neutral stance and trim our target price to SAR 17.00 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

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