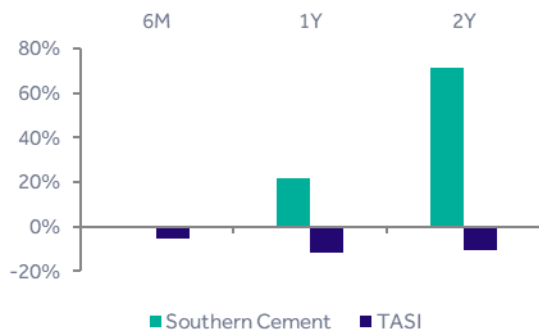


Market Data	
52-week high/low	SAR 74.80/42.00
Market Cap	SAR 9,142 mln
Shares Outstanding	140 mln
Free-float	50.6%
12-month ADTV	219,089
Bloomberg Code	SOCCO AB



Net Profit Jumped by +49% Y/Y

August 10, 2020

Upside to Target Price (3.5%)
 Expected Dividend Yield 4.4%
 Expected Total Return 0.9%

Rating Neutral
 Last Price SAR 65.30
 12-mth target SAR 63.00

Southern Cement	2Q2020	2Q2019	Y/Y	1Q2020	Q/Q	RC Estimate
Sales	339	276	23%	457	(26%)	316
Gross Profit	152	113	35%	193	(21%)	126
Gross Margins	45%	41%		42%		40%
Operating Profit	137	98	40%	181	(24%)	112
Net Profit	135	91	49%	183	(26%)	108

(All figures are in SAR mln)

- Southern Cement reported 2Q2020 net profit above both our and market expectations of SAR 108 million and SAR 101 million respectively.
- On yearly basis, net profit increased by +49% due to an increase in sales volumes by +23% and the other revenues up by +282%.
- On quarterly basis, bottom-line fell by -26% due to a drop in sales volumes by -26%, while other revenues fell by -75% while there was an increase in financing fees by +75% compared to the same quarter last year.
- SPCC managed to improve their margins on both yearly and quarterly basis. For the 1H2020 the company led the market share in cement sector.
- Despite Covid-19, the company achieved +49% Y/Y higher net profits. We expect the company to continue its performance. We raise our target price to SAR 63.00 per share but change the recommendation to Neutral.

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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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