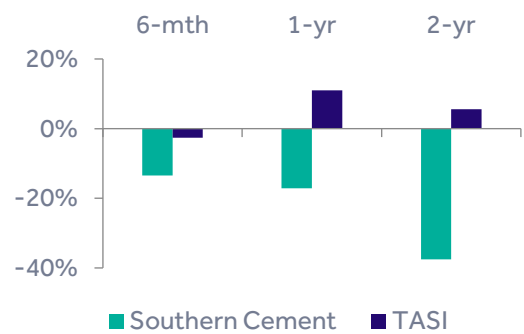


Market Data	
52-week high/low	SAR 44.00/32.10
Market Cap	SAR 4,711 mln
Shares Outstanding	140 mln
Free-float	62.56%
12-month ADTV	86,766
Bloomberg Code	SOCCO AB



■ Weaker Sales Volume Y/Y

November 10, 2024

Upside to Target Price	4.0%	Rating	Neutral
Expected Dividend Yield	3.0%	Last Price	SAR 33.65
Expected Total Return	7.0%	12-mth target	SAR 35.00

Southern Cement	3Q2024	3Q2023	Y/Y	2Q2024	Q/Q	RC Estimate
Sales	233	286	(19%)	214	9%	246
Gross Profit	72	81	(11%)	55	31%	69
Gross Margins	31%	28%		26%		28%
Operating Profit	49	58	(16%)	33	48%	48
Net Profit	53	53	0%	30	77%	41

(All figures are in SAR mln)

- SPCC's in this quarter recorded SAR 233 mln in revenues (~19% Y/Y, +9% Q/Q), slightly below our SAR 246 mln estimate on lower-than-expected clinker volume sales. The annual decline resulted from -33% lower total sold volume at 1,128k tons, despite a +21% higher blended average selling price (ASP) at SAR 207/ton, in line with our SAR 204/ton estimate. Sequential incline was due to higher total sales volume coupled with better ASP. The company has recorded 1,049k tons in cement sales, down -17% Y/Y but up +14% Q/Q, in line with our 1,059k estimate. For clinker, the company recorded 79k tons, down -81% Y/Y and -44% Q/Q, lower than our 149k tons estimate.
- This quarter also showed better margins on both Y/Y and Q/Q basis. Gross margin came in higher than our estimate, at 30.9% higher than 28.3% last year and 25.7% last quarter. On a yearly basis, better prices helped despite higher Costs/Ton at SAR 143 this quarter, and sequentially, margins improved on better prices and reduced Costs/Ton. OPEX was staple, and operating margin was better compared to the comparable periods. Operating profits of SAR 49 mln matched our SAR 48 mln estimate.
- Despite the lower Y/Y sales, this quarter's net profit of SAR 53 mln was flat Y/Y on better margins coupled with SAR 4 mln in other income, compared to negative other income of SAR (5) mln last year and SAR (3) mln last quarter. Profits were higher than our estimate (mainly on positive other income) and market consensus of SAR 44 mln. We maintain our target price and rating.

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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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