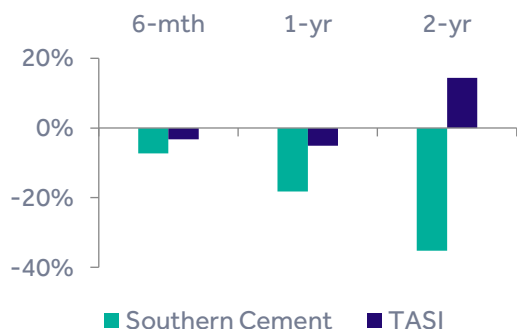


Market Data	
52-week high/low	SAR 42.30/30.70
Market Cap	SAR 4,536 mln
Shares Outstanding	140 mln
Free-float	62.56%
12-month ADTV	89,664
Bloomberg Code	SOCCO AB



## Improving Cost/Ton Boosts Earnings

March 27, 2025

Upside to Target Price	1.9%	Rating	Neutral
Expected Dividend Yield	3.4%	Last Price	SAR 32.40
Expected Total Return	5.2%	12-mth target	SAR 33.00

Southern Cement	4Q2024	4Q2023	Y/Y	3Q2024	Q/Q	RC Estimate
Sales	237	258	(8%)	233	2%	239
Gross Profit	124	89	40%	72	74%	73
Gross Margins	52%	34%		31%		31%
Operating Profit	116	68	72%	49	140%	52
Net Profit	99	74	33%	53	86%	50

(All figures are in SAR mln)

- SPCC's 4Q revenues came in at SAR 237 mln (-8% Y/Y, +2% Q/Q), closely matching our SAR 239 mln estimate. The company showed weak total cement and clinker sales volumes of 1,192k tons, down -17% Y/Y but up +6% Q/Q, hence the Y/Y decline in revenues. This was despite +11% growth in blended average selling price (ASP) to SAR 199/ton, yet a -3% Q/Q drop, which came in below our SAR 207/ton estimate. For 2024, full-year revenues declined by -13% to SAR 935 mln, stemming from weak demand, with total volume dropping by -25% to 4,602k, marking a concerning low record. This was despite a +17% increase in ASP to SAR 203/ton.
- This quarter's Cost/Ton surprised us, coming in at a lower-than-expected SAR 95, much better than our SAR 144 estimate, likely due to a reversal or MIM program support. This resulted in a high gross margin of 52% compared to 34% last year and 31% last quarter, also exceeding estimates. Gross profits surged +40% Y/Y and +74% Q/Q to SAR 124 mln. OPEX for the quarter also came in better than estimates at SAR 8 mln vs SAR 21 mln last year and SAR 23 mln last quarter, further boosting operating margin. Operating profits of SAR 116 mln jumped +72% Y/Y and +140% Q/Q.
- Net profit of SAR 99 mln in 4Q2024, up +33% Y/Y and +86% Q/Q, came in well above market consensus of SAR 44 mln and our SAR 50 mln estimate, mainly supported by better Cost/Ton. Full-year profits grew by +25% to SAR 244 mln, despite lower revenues, supported by a lower Cost/Ton, primarily driven by the 4<sup>th</sup> quarter. The company announced a SAR 0.70 DPS for 2H2024, bringing full-year DPS to SAR 1.20 at 69% payout. We maintain our Neutral stance, but tweak the target price to SAR 33.00 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](mailto:research@riyadcapital.com)

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