Riyadh Cement Company | Earnings Review

alinma capital

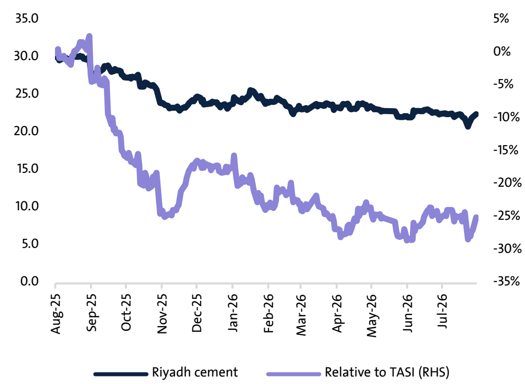
Diversification paying off; focus on cost efficiency to deliver margin resilience

Recommendation	BUY
Market Price	22.5
Target Price	30.0
Upside/Downside	33%

Stock Data

Market Cap Total/FF (SARmn)	2,707/1,527
Shares Total/FF (mn)	120/67.7
52 Week Hi-Low(SAR)	31.3/20.9
3/6/12 M Volume Traded (mnsh)	0.34/0.26/0.21
3/6/12 M Value Traded (USDmn)	2.5/1.8/1.4
3/6/12 M Relative Performance (%)	-3/-5/-26

Riyadh Cement: Stock Price Performance VS TASI



Source: Bloomberg, AC

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Riyadh Cement: Robust 2Q delivery; margin resilience seen

Riyadh Cement Company (Riyadh Cement) reported net income of SAR50mn in 2Q26 (-17% QoQ), bringing 1H26 earnings to SAR110mn, down -17% YoY. Riyadh Cement's 2Q26 earnings are in-line with consensus expectations. Despite broader region-wide pricing stress and the industry's soft sales performance, Riyadh Cement managed to deliver strong white cement revenue (+34% QoQ) and prices (estimated +7% QoQ). Looking ahead, Riyadh Cement is expected to realize the tangible cost efficiency from its newly commenced Waste Heat Recovery (WHR) system. Accordingly, we broadly maintain our future estimates and reiterate our Buy rating with TP of SAR30/sh. Riyadh Cement's 7% D/Y is a standout feature among its peers and other listed stocks.

Key highlights of 2Q26 results

Key positive updates are: (i) **Start of trial production** of Riyadh Cement's WHR project in 1Q with full-scale operation started in 3Q. WHR will improve energy efficiency and will drive down company's production cost, **(ii) White cement sales surged 34%,** driving high-margin revenue diversification that insulates Riyadh Cement from volatility in grey cement's prices, and; **(iii) healthy payout ratio,** translating into a solid dividend yield 7.1%, one of the highest among its peers.

Key negative updates are: (i) realized grey cement prices dropped by 8% QoQ, suggesting a reoccurrence of pricing pressure in 2Q, **(ii) drop in volumes of grey cement** by 3% QoQ **(1H: 3%)**, and; **(iii) addition in clinker inventory for Riyadh Cement,** a trend also observed among many players in 1H26. Overall local consumption of grey cement in 2H is expected to improve vs 1H (lower number of holidays, more working hours, improved demand from private and public sectors) and should lead to higher volumes for Riyadh Cement.

Further reduction in production costs ahead

With the WHR project fully operational from 3Q26, investors' focus has shifted to timely delivery of the company's two other major initiatives– natural gas conversion and power grid connection—slated to come online by early 2027. Both projects are aimed at further reducing the company's production cost, providing a cushion against future increases in fuel oil prices and adding to margin resilience.

Riyadh Cement: Financial Highlights (SARmn)

Year to Dec	CY24	CY25	CY26E	CY27E	CY28E	CY29E
Revenues	789	788	819	855	890.2	926.9
Growth	-22.7%	-0.2%	4.0%	4.3%	4.1%	4.1%
Profit after tax	310	208	222	226	230	238
Growth	65%	-33%	7%	2%	2%	4%
EPS (SAR)	2.6	1.7	1.8	1.9	1.9	2.0
DPS (SAR)	1.8	2.3	1.5	1.7	1.7	2.0
P/E (X)	8.7	13.0	12.2	11.9	11.8	11.3
D/Y (%)	8%	10%	7%	8%	8%	9%
EV/EBITDA (%)	6.5	8.3	7.7	7.6	7.3	6.9
P/B(X)	1.52	1.57	1.53	1.51	1.49	1.49

Source: Riyadh Cement, AC Estimates

Riyadh Cement: 2Q2026 Earnings Review

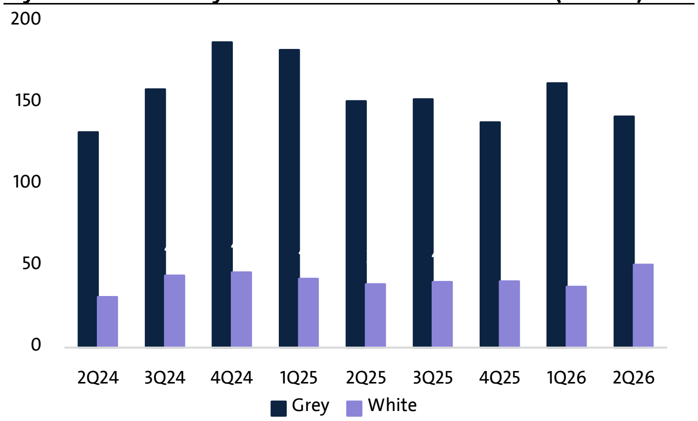
Riyadh Cement's 2Q 2026 earnings review

SARmn	1Q26	2Q26	QoQ	1H25	1H26	YoY
Sales	**200**	**193**	**-3%**	**416**	**393**	**-5%**
Gross Profit	**72**	**58**	**-19%**	**155**	**130**	**-16%**
Operating Profit	62	49	-21%	137	111	-19%
EBITDA	91	79	-13%	194	171	-12%
Profit Before Zakat/taxes	64	53	-17%	141	117	-17%
Net Profit	**60**	**50**	**-17%**	**133**	**110**	**-17%**
EPS	0.5	0.4	-17%	1.1	0.9	-17%
Gross Margin	36%	30%	-6%	37%	33%	-4%
EBITDA Margin	46%	41%	-5%	47%	43%	-3%
Net Margin	30%	26%	-4%	32%	28%	-4%
Volumes (000'ton)*	836	808	-3%	1695	1644	-3%
Realized price (SAR/Ton)*	191	175	-8%	194	183	-6%

*Grey cement figures, Source: Company Announcement

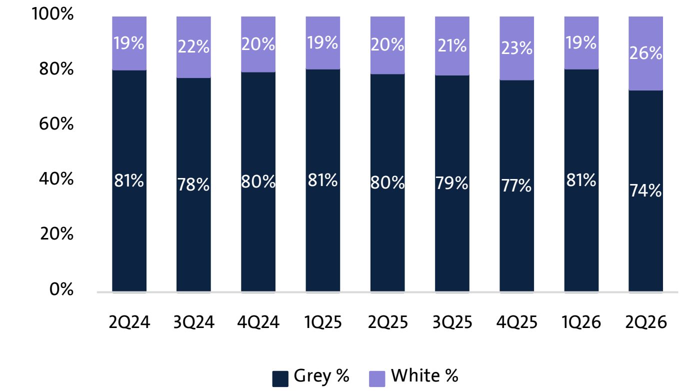
Riyadh Cement: Key Quarterly Trends

Riyadh Cement: Grey cement vs White cement sales (SARmn)



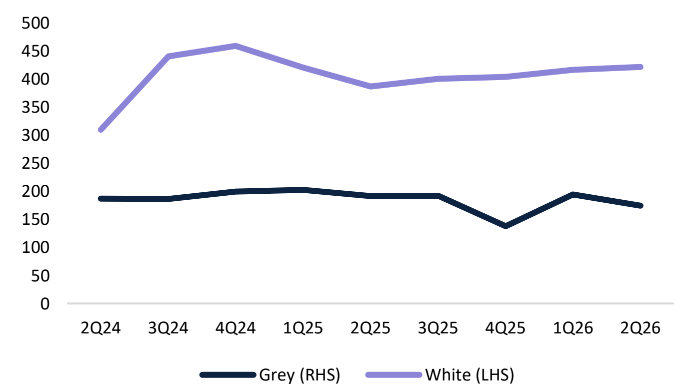
Source: Riyadh Cement, AC

Riyadh Cement: Revenue Profile (%)



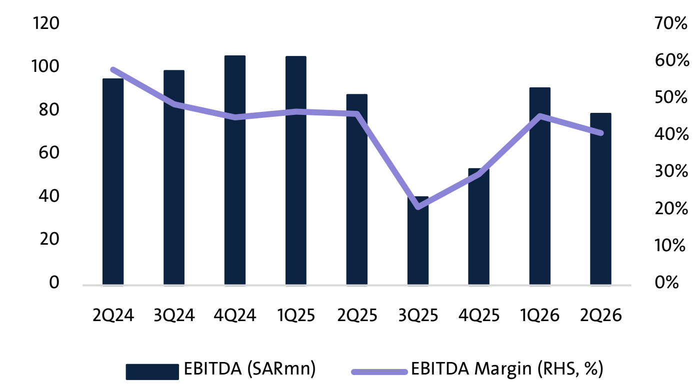
Source: Riyadh Cement, AC

Riyadh Cement's Realized price (SAR/Ton)



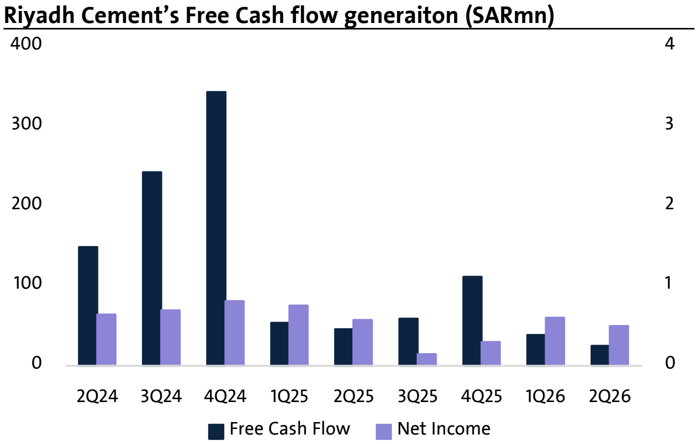
Source: Riyadh Cement, AC

Riyadh Cement: EBITDA and EBITDA margin trends



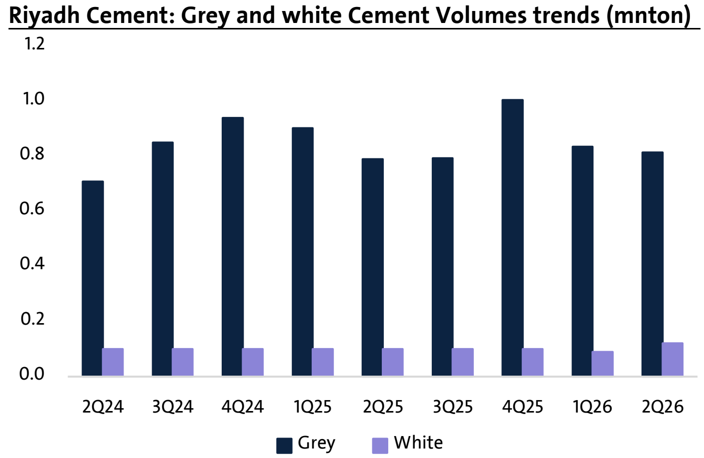
Source: Riyadh Cement, AC

Riyadh Cement's Free Cash flow generaiton (SARmn)



Source: Riyadh Cement, AC

Riyadh Cement: Grey and white Cement Volumes trends (mnton)



Source: Riyadh Cement, AC estimate

Analyst Certification:

I/We, **Abdulrahman Yusef Alnafia, Muhammad Fawad Khan, CFA,** the author/s of this report, hereby certify that that: (i) views expressed in this report reflect the Research Analyst's personal views about all of the securities and (ii) no part of any of compensation of the author/s was, is, or will be directly or indirectly related to the specific recommendations or views expressed by in this report.

Rating Methodology

Alinma Capital Company (ACC) follow a four-tier rating system based on total return methodology as per following details

>+15% Total Return: Stocks with +15% expected total return (including dividend yield) over the next 12-months are classified as Buy.

5-15%: Stocks with total return between 5-15% can be classified as Buy or Neutral.

>-5%<+5% total return: Stocks with total return between -5+5% can be classified as Neutral or Underperform

Underperform-Stocks which are expected to have <-5% total return

Not Covered: AIC has not assigned any rating on the stock

Coverage Suspended: AIC has temporarily suspended the coverage of the stock either in compliance with local regulation or other considerations

Price data for the listed securities is based on 10 Aug, 2026.

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