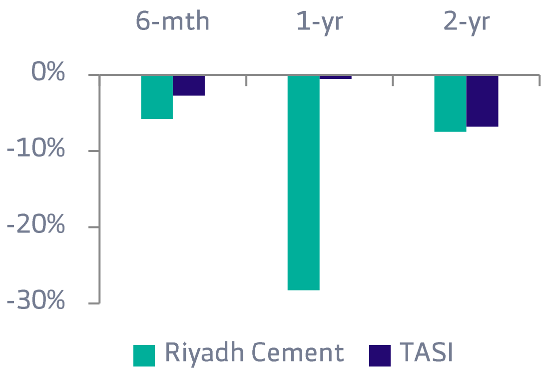
Fuel Costs Bite Margins

August 06, 2026

Upside to Target Price	2.1%	Rating	Neutral
Expected Dividend Yield	5.8%	Last Price	SAR 22.52
Expected Total Return	7.9%	12-mth target	SAR 23.00

Market Data	
52-week high/low	SAR 31.76/20.87
Market Cap	SAR 2,702 mln
Shares Outstanding	120 mln
Free-float	63.03%
12-month ADTV	215,294
Bloomberg Code	SAWCEM AB



Riyadh Cement	2Q2026	2Q2025	Y/Y	1Q2026	Q/Q	RC Estimate
Sales	193	191	1%	200	(4%)	190
Gross Profit	58	69	(16%)	73	(21%)	64
Gross Margins	30%	36%		37%		34%
Operating Profit	49	60	(18%)	62	(21%)	54
Net Profit	50	57	(12%)	60	(17%)	52

(All figures are in SAR mln)

- Riyadh Cement reported 2Q2026 revenues of SAR 193 mln (+1% Y/Y, -4% Q/Q), in line with our SAR 190 mln estimate. Y/Y growth was supported by stronger white cement sales and higher volumes, partly offset by weaker grey cement pricing, while Q/Q decline reflected softer grey cement prices and volumes. Grey cement sales declined to SAR 142 mln (-7% Y/Y, -13% Q/Q), below our SAR 150 mln estimate, while white cement sales rose to SAR 51 mln (+31% Y/Y, +36% Q/Q), above our SAR 39 mln estimate. ASP edged down to SAR 239/ton (-1% Y/Y, flat Q/Q), slightly above our SAR 235/ton estimate. Grey cement volumes increased to 808k tons (+2% Y/Y, -3% Q/Q), in line with estimates. 1H2026 revenue declined 6.6% Y/Y to SAR 393 mln on weaker grey cement prices.
- Cost per ton jumped to SAR 167/ton (+8% Y/Y, +9% Q/Q), driven mainly by fuel costs pressure, above our SAR 156/ton estimate, lifting cost of sales to 135 mln (+11% Y/Y, +6% Q/Q). We expect continuation of higher white cement pricing to be a short-term strategy to partially mitigate the fuel cost pressure. As a result, gross margin contracted to 30%, from 36% last year and 37% last quarter, below our 34% estimate. OPEX remained at SAR 9 mln (vs. SAR 9 mln last year and SAR 11 mln last quarter), in line with estimates. Operating margin fell to 25.4%, below both comparable periods and our estimate.
- Net profit came in at SAR 50 mln (-12% Y/Y, -17% Q/Q), in line with market consensus of SAR 51 mln and our SAR 52 mln estimate. Earnings declined mainly due to higher cost of sales. 1H2026 earnings declined -17% to SAR 110 mln, due to higher fuel costs and softer topline. The company declared a SAR 0.80 DPS for 1H2026 at a similar payout to last year, but -20% down from SAR 1.00, in line with our estimate. We maintain a Neutral rating and trim our target price to SAR 23.00 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

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