

Saudi Cement Co. (BUY, TP: SAR 49, 3030.SE) 4Q25 Results Review

Profitability recovered sharply on a Q/Q basis, driven by dispatches and retention price. Maintain BUY.

Saudi Cement (SACCO) reported a 12% Y/Y drop in 4Q25 earnings, with EPS at SAR 0.70; however, earnings jumped significantly on a Q/Q basis. Revenue declined Y/Y due to lower retention price, while a sequential jump in revenue is driven by higher dispatches and retention price. Gross profit fell Y/Y but increased Q/Q, similarly gross margins contracted Y/Y while increased Q/Q. Operating expenses declined Y/Y; however, they were up Q/Q. Net margin stood at 23%.

- Revenue declined 5% Y/Y to SAR 457mn. This drop is due to retention price declining by 13% despite a 9% Y/Y increase in dispatches. Sequentially, revenue jumped 26% as both dispatches (+20% Y/Y) and realized price (+4% Y/Y) improved. Gross profit stood at SAR 168mn, a decline of 14% Y/Y as the decline in cost per ton of production was less than the decline in revenue per ton. On a Q/Q basis, revenue per ton jumped 4% while cost per ton of production declined 6% resultantly, gross profit advanced 55%. Operating expenses fell 16% Y/Y, but increased 24% Q/Q.
- With lower revenue and gross profit, operating profit in 4Q25 recorded a decline of 12% Y/Y while it jumped 76% Q/Q.
- Other income stood at SAR 2mn in 4Q25 Vs SAR 3mn in 4Q24 and SAR 10mn in 3Q25. Finance cost during the quarter declined 13% Y/Y and 24% Q/Q.
- The company's net profit after zakat and tax declined 12% Y/Y (+100% Q/Q). Net margin for the company stood at 23%.
- The company's inventory-to-LTM sales ratio of 48% is lower vis-à-vis its regional peer Eastern Cement (70%) and the sector average of 78%. Inventory stood at 3.5mn tons (3.4mn tons in 4Q24 and 3.5mn tons in 3Q25).
- The company trades at EV/ton of SAR 563, at a premium of 14% to the sector (EV/ton of SAR 496) and 11% to its regional peer Eastern cement (EV/ton of SAR 505). It trades at a 27% discount to its 3-year average EV/ton multiple of SAR 767 compared with the overall sector, which is trading at 28% discount (SAR 685).
- Saudi Cement maintained its leadership in both the eastern region and the overall Saudi cement market. The company's regional market share (domestic) rose from 67% in 4Q24 to 70% in 4Q25, while it had an export market share of 82% share over the same period. The company also maintained a solid position in clinker exports, accounting for 32% of total volumes in 4Q25. Despite its distance from the primary demand center, domestic sales have remained resilient, growing 23% Y/Y. However, pricing pressures persist, particularly in the central region, where competition remains intense. While Saudi Cement continues to benefit from rail connectivity between the eastern and central regions, enabling selective market penetration, competitive intensity is likely to increase further following the commencement of new capacity by Yamama Cement. Looking ahead, demand in the eastern region is expected to remain robust, underpinned by major infrastructure and industrial projects such as King Salman Energy Park, the Jubail and Ras Al Khair expansions, and the Eastern Province Industrial Corridor. A sustained recovery in oil prices could provide additional support to regional development activity. Nevertheless, as a key exporter with its own terminal at King Abdulaziz Port, Saudi Cement may face downside risks to export volumes amid ongoing tensions in the Strait of Hormuz. The stock is currently trading at a 2026F P/E of 13.6x and offers a dividend yield of 7.4% for 2026F. Maintain Buy.

Rating and Risks

We are Buy rated on SACCO and our 12-month target price is SAR 49. Upside risks include stronger-than-expected cement demand and higher retention price. Downside risks include a slump in cement demand, rising inventory levels, regulatory action against higher selling prices and contraction in public spending due to the decline in oil prices.

SAR mln	4Q25	3Q25	4Q24	Q/Q %	Y/Y %
Revenues	457	364	484	26%	-5%
Cost of Sales	-290	-256	-290	13%	0%
Gross Profit	168	108	194	55%	-14%
Operating Expenses	-54	-43	-64	24%	-16%
Operating Profit	114	65	130	76%	-12%
Net Income	107	53	121	100%	-12%
EPS	0.70	0.35	0.79	100%	-12%
Dispatches ('000 tons)	2,132	1,771	1,952	20%	9%
Realized Price (SAR/ton)	215	205	248	4%	-13%
Cost per ton (SAR/ton)	-136	-145	-148	-6%	-8%
Margins (%)					
Gross Margin	37	30	40	697 bps	-352 bps
Operating Margin	25	18	27	711 bps	-198 bps
Net Margin	23	15	25	866 bps	-163 bps

Rating Summary and Forecasts

Rating Summary

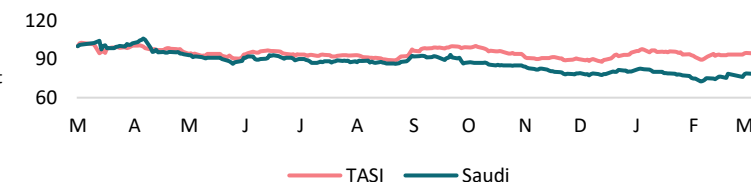
Rating	Buy
Market Price	34.6
12-month Target Price	49
Upside / Downside	43%
Mkt Cap (SAR mn)	5,290.7
52 week High/Low	46.70/29.74

Forecasts

	12/25 A	12/26 E	12/27 E	12/28 E
Net Income (SAR mn)	364	390	443	478
PER (x)	14.5	13.6	12.0	11.1
PBV (x)	2.4	2.3	2.2	2.2
EPS (SAR)	2.4	2.5	2.9	3.1
DPS (SAR)	1.8	2.5	2.9	3.1
RoE (%)	16.4	16.7	18.5	19.7
Dividend Yield (%)	5.2	7.4	8.4	9.0

Price Chart

● TASI ● Saudi Cement



Rating Framework

Buy

Shares of the companies under coverage in this report are expected to outperform relative to the sector or the broader market.

Hold

Shares of the companies under coverage in this report are expected to perform in line with the sector or the broader market.

Sell

Shares of the companies under coverage in this report are expected to underperform relative to the sector or the broader market.

Saudi Fransi Capital

(Closed Joint Stock Company Owned by BSF)

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