

Daily Bulletin

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Al Jouf Cement: New SAR 55.4 mn contract offers near term revenue support

Last Price: SAR 5.0 | YoY Performance: -34.9%

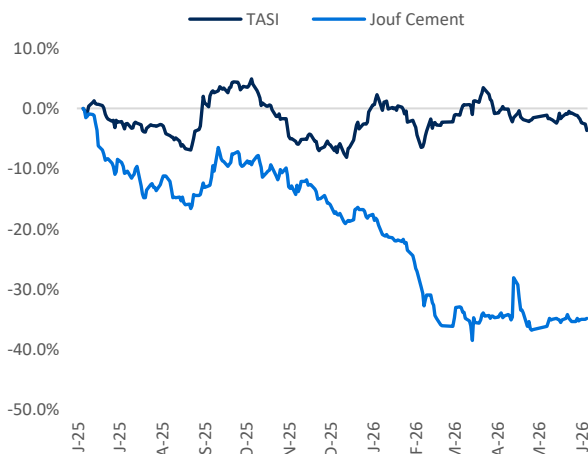
Al Jouf Cement has secured a SAR 55.4mn contract with Maham Construction and Contracting Co. LLC (Al Hassan Holding Group subsidiary) to supply cement and clinker for export to Syria — equivalent to 22.7% of FY25 revenue. The one-year deal commences in 3Q26, offering a meaningful demand boost at a time when domestic volumes remain soft. The parties have also signed a non-binding MoU to explore broader strategic and commercial opportunities.

The contract comes against a difficult operating backdrop. 1Q26 net loss widened 41.8% YoY to SAR 21.6mn as revenue declined 41.3% to SAR 40.2mn, hit by weak domestic sales volumes. Higher average selling prices provided only partial relief. The YoY picture is challenging, though the sequential read is more constructive — net loss narrowed 84.9% QoQ from SAR 142.8mn in 4Q25, largely on the absence of the SAR 97.8mn one-off inventory charge that impacted the prior quarter. Elevated fuel costs and a competitive market continue to weigh.

On the cost side, the company signed a SAR 27.8mn contract with ALTEC Limited in May for electrical interconnection works at Turaif under the Liquid Fuel Displacement Program. Energy efficiency gains are expected from 1Q27 — a meaningful structural lever, but the benefit remains a few quarters out.

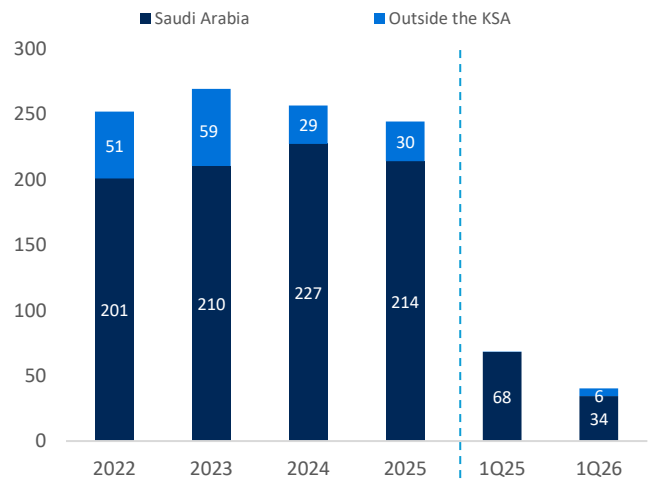
The stock has shed 34.9% over the past year, significantly lagging TASI's 3.7% decline. Consensus carries a SAR 6.8/sh target, implying 36% upside from the current SAR 5.0/sh — though a re-rating will likely hinge on execution of the export contract and tangible progress on cost reduction as well as sustained pricing strength in the domestic cement market.

Relative price chart



Source: Tadawul, anbc research

Segment-wise revenue (SAR mn)



Source: Company financials, anbc research

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