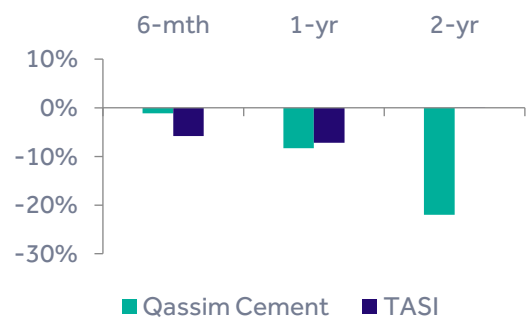


Market Data	
52-week high/low	SAR 61.50/49.15
Market Cap	SAR 5,838 mln
Shares Outstanding	111 mln
Free-float	99.87%
12-month ADTV	118,364
Bloomberg Code	QACCO AB



■ Lower Costs Support Bottomline Amid Weaker Prices

May 11, 2025

Upside to Target Price	8.0%	Rating	Neutral
Expected Dividend Yield	5.5%	Last Price	SAR 52.80
Expected Total Return	13.4%	12-mth target	SAR 57.00

Qassim Cement	1Q2025	1Q2024	Y/Y	4Q2024	Q/Q	RC Estimate
Sales	303	196	54%	303	(0%)	316
Gross Profit	94	83	13%	94	(1%)	92
Gross Margins	31%	42%		31%		29%
Operating Profit	94	67	41%	74	27%	81
Net Profit	94	74	27%	82	15%	83

(All figures are in SAR mln)

- Qassim Cement reported revenues of SAR 303 mln this quarter, up +54% Y/Y and flat Q/Q, slightly below our SAR 316 mln estimate due to lower-than-expected prices. Note that full consolidation with Hail Cement Co. began in 3Q2024, making 1Q2024’s performance non-comparable. The Y/Y growth was driven by +62% increase in sales volume to 1,697k tons following the consolidation, despite a -5% drop in prices to SAR 178/ton. On a Q/Q basis, volumes rose +4%, offsetting a -4% decline in prices. Prices came in lower than our SAR 186/ton estimate, while volumes matched our 1,698k tons estimate.
- Cost per ton came in better than our SAR 132/ton estimate at SAR 123/ton, also better than SAR 128/ton last quarter. This lower cost offset the sequential decline in prices, bringing this quarter gross margin to 31%, matching last quarter’s margin. As a result, gross profit matched last quarter’s gross profit at SAR 94 mln, in line with estimates. Positive OPEX of SAR 0.6 mln surprised us, likely due to a one-off item, coupled with financial reimbursement support from Industrial Sector Competitiveness Program, in addition to lower selling, marketing and admin expenses. These OPEX compare to SAR (20) mln last quarter and our estimates of SAR (10) mln. This expanded operating margin to 31% versus 24% last quarter and our 26% estimate. Lower investment income resulted in net other expense of SAR (0.05) mln, versus net other income of SAR 7.73 mln last quarter and our SAR 1.74 mln estimate.
- Net profit of SAR 94 mln (+27% Y/Y, +15% Q/Q) came in above market consensus of SAR 80 mln and our SAR 83 mln estimate. Deviation from our estimate came from the positive OPEX. Despite pricing pressure being a concern, we maintain our target price but lower the rating to Neutral.

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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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