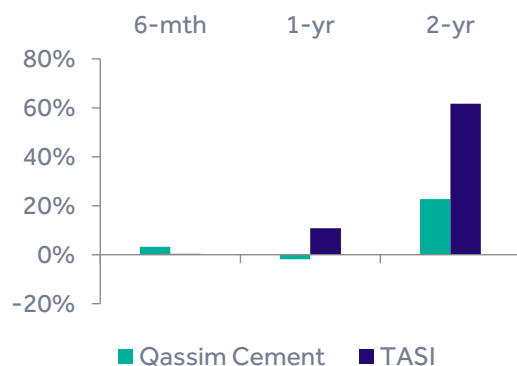


Market Data	
52-week high/low	SAR 92.60/71.80
Market Cap	SAR 7,353 mln
Shares Outstanding	90 mln
Free-float	99.3%
12-month ADTV	87,573
Bloomberg Code	QACCO AB



Local Sales Volume Falls Y/Y and Q/Q

August 16, 2022

Upside to Target Price	(5.8%)	Rating	Neutral
Expected Dividend Yield	3.3%	Last Price	SAR 81.70
Expected Total Return	(2.5%)	12-mth target	SAR 77.00

Qassim Cement	2Q2022	2Q2021	Y/Y	1Q2022	Q/Q	RC Estimate
Sales	152	198	(23%)	142	7%	143
Gross Profit	46	100	(54%)	27	67%	51
Gross Margins	30%	51%		19%		36%
Operating Profit	37	92	(60%)	19	96%	51
Net Profit	29	100	(71%)	25	15%	48

(All figures are in SAR mln)

- On a yearly basis, Qassim Cement Co. has reported a -23% decline in sales to SAR 152 mln, in-line with our SAR 143 mln forecast. The Y/Y decline was attributed to both lower local sales volume and prices which fell by -17% and -30% to 914K tons and SAR 126/ton respectively. Sales showed an increase of +7% on a quarterly basis despite lower volumes (-19%) and stable prices.
- Gross profit fell by -54% Y/Y but is up by +67% Q/Q to SAR 46 mln. We witnessed a rise in COGS per ton Y/Y and Q/Q. Gross margin contracted by 21% Y/Y but went up 11% Q/Q to 30% this quarter. Net margins at 19% this quarter, fell 32% on yearly basis but is up by +1% Q/Q.
- The Company sold 914k tons versus 1.10 mln tons in 2Q2021 and 1.13 mln tons in 1Q2022. The decline in volumes was a result of higher competition in the Central region as well as Ramadan.
- Qassim Cement reported a net profit of SAR 29 mln (-71% Y/Y, +15% Q/Q), missing both our and market expectations, due to higher COGS per ton which affected gross margins.
- We maintain our target price of SAR 77.00 and Neutral rating.

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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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