

Market Data	
52-week high/low	SAR 80.60/55.60
Market Cap	SAR 6,246 mln
Shares Outstanding	90 mln
Free-float	99.33%
12-month ADTV	53,799
Bloomberg Code	QACCO AB

■ Sales Decline Y/Y and Q/Q

Upside to Target Price	0.9%
Expected Dividend Yield	3.9%
Expected Total Return	4.8%

Rating	Neutral
Last Price	SAR 69.40
12-mth target	SAR 70.00

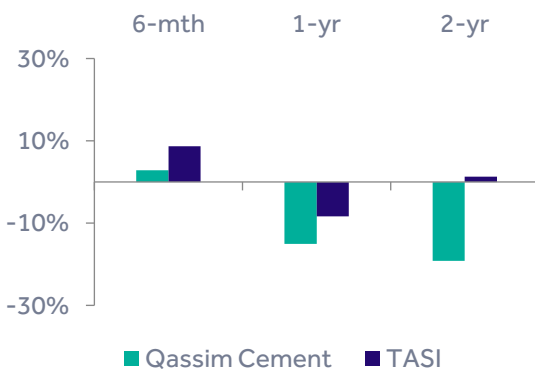
August 15, 2023

Qassim Cement	2Q2023	2Q2022	Y/Y	1Q2023	Q/Q	RC Estimate
Sales	137	152	(10%)	174	(21%)	123
Gross Profit	38	46	(18%)	57	(34%)	39
Gross Margins	27%	30%		33%		32%
Operating Profit	28	39	(27%)	49	(42%)	31
Net Profit	38	29	32%	55	(31%)	33

(All figures are in SAR mln)

- Qassim Cement reported a top-line of SAR 137 mln in 2Q2023, down from SAR 152 mln in the same quarter last year and SAR 174 mln in the previous quarter. The Y/Y decline was on the back of lower sales volume of -14% Y/Y despite an increase in average selling prices by +4% Y/Y to SAR 174/ton. On a quarterly basis, revenues showed a -21% decline on the back of lower volumes by -25% despite a growth of 5% in prices.
- Gross profit came in at SAR 38 mln, down -18% Y/Y and -34% Q/Q. Gross margins contracted Y/Y and Q/Q by -265 bps and -517 bps, respectively, to 27% this quarter. This is attributed to a +8% Y/Y and +13% Q/Q increase in COGS per ton.
- The Company sold 790K tons during the quarter compared to 914K tons in the same quarter a year earlier and 1.0 mln in 1Q2023. We expect steady prices in the coming months but we are concerned about the volumes on the back of lower demand.
- Qassim Cement's bottom-line is up +32% Y/Y driven by investments income but down by -31% Q/Q to SAR 38 mln, in-line with our expectations. We maintain our target price and recommendation.

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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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