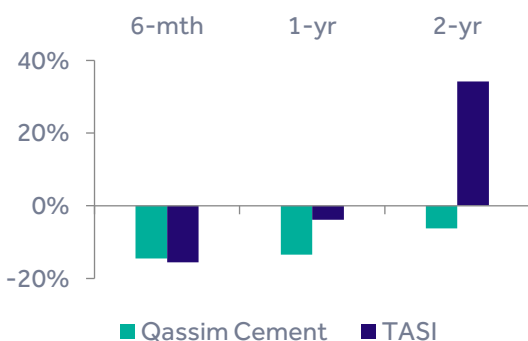


Market Data	
52-week high/low	SAR 92.60/67.60
Market Cap	SAR 6,120 mln
Shares Outstanding	90 mln
Free-float	99.3%
12-month ADTV	76,037
Bloomberg Code	QACCO AB



COGS Continues to Rise

November 14, 2022

Upside to Target Price	7.4%	Rating	Neutral
Expected Dividend Yield	4.0%	Last Price	SAR 68.00
Expected Total Return	11.4%	12-mth target	SAR 73.00

Qassim Cement	3Q2022	3Q2021	Y/Y	2Q2022	Q/Q	RC Estimate
Sales	167	170	(2%)	152	10%	159
Gross Profit	38	70	(45%)	46	(17%)	38
Gross Margins	23%	41%		30%		24%
Operating Profit	34	61	(44%)	39	(12%)	30
Net Profit	23	60	(61%)	29	(19%)	32

(All figures are in SAR mln)

- Qassim Cement Co. reported a -2% decline Y/Y in top-line to SAR 167 mln, in-line with our SAR 159 mln forecast. The Y/Y decline was attributed to lower prices, which fell by -5% to SAR 149/ton this quarter, despite an increase in local sales volume by +4% to 1.1 mln tons. Top-line showed an increase of +10% on a quarterly basis, supported by a +23% growth in volumes.
- Gross profit fell on both yearly and quarterly basis by -45% and -17% respectively to SAR 38 mln, matching our forecast. We witnessed a rise in COGS per ton Y/Y and Q/Q for the second quarter in a row. Gross margin contracted by -18% Y/Y and -7% Q/Q to a level of 23% this quarter. Net margins at 14% this quarter, fell 21% on yearly basis and by -5% on a quarterly basis.
- In 9M2022, the Company sold 3.2 mln tons versus 3.4 mln tons in the same period last year. The decline of -7% Y/Y in volumes was a result of higher competition in the Central region.
- Qassim Cement reported a bottom-line of SAR 23 mln (-61% Y/Y, -19% Q/Q), missing both our and market expectations. We reduce our target Price to SAR 73.00 but maintain our 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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