

Market Data	
52-week high/low	SAR 76.50/55.60
Market Cap	SAR 5,607 mln
Shares Outstanding	90 mln
Free-float	99.33%
12-month ADTV	49,739
Bloomberg Code	QACCO AB

■ Bottom-line Declines Sharply

Upside to Target Price	5.9%
Expected Dividend Yield	4.3%
Expected Total Return	10.2%

Rating	Neutral
Last Price	SAR 62.30
12-mth target	SAR 66.00

November 09, 2023

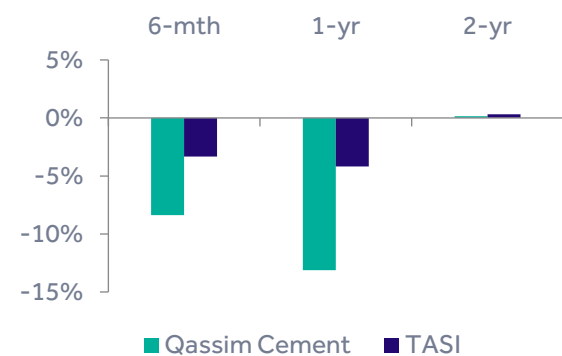
Qassim Cement	3Q2023	3Q2022	Y/Y	2Q2023	Q/Q	RC Estimate
Sales	121	167	(28%)	137	(12%)	177
Gross Profit	13	38	(66%)	38	(65%)	53
Gross Margins	11%	23%		27%		30%
Operating Profit	10	34	(70%)	28	(64%)	41
Net Profit	8	23	(66%)	38	(79%)	41

(All figures are in SAR mln)

- Qassim Cement reported a top-line of SAR 121 mln in 3Q2023, down -28% Y/Y and -12% Q/Q. The top-line was impacted negatively by higher competition in the Central region, which caused -21% Y/Y and -32% Q/Q lower average selling prices to SAR 118/ton.
- Gross profit came in at SAR 13 mln, down -66% Y/Y and -65% Q/Q. Gross margins at 11% contracted from 23% in 3Q2022 and 27% in the previous quarter. This is attributed to lower prices.
- The Company sold 1.0 mln tons during the quarter compared to 1.1 mln tons in the same quarter a year earlier and 790K in 2Q2023. We expect steady volumes in the upcoming months but we are concerned that the competition in Central region would affect margins.
- Qassim Cement reported a sharp decline in its bottom-line by -66% Y/Y and -79% Q/Q to SAR 8 mln, much lower than our expectations and market consensus. We reduce our target price from SAR 70.00 to SAR 66.00 on margin pressure but we maintain our Neutral rating.

Abdullah D Alharbi

abdullah.ulihan.alharbi@riyadcapital.com
+966-11-486-5680



■ 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

Riyad Capital is a Saudi Closed Joint Stock Company with Paid up capital of SR 500 million, licensed by the Saudi Arabian Capital Market Authority NO.07070-37. Commercial Registration No: 1010239234. Head Office: Granada Business Park 2414 Al-Shohda Dist. – Unit No 69, Riyadh 13241 - 7279 Saudi Arabia. Ph: 920012299.

The information in this report was compiled in good faith from various public sources believed to be reliable. Whilst all reasonable care has been taken to ensure that the facts stated in this report are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable. Riyad Capital makes no representations or warranties whatsoever as to the accuracy of the data and information provided and, in particular, Riyad Capital does not represent that the information in this report is complete or free from any error. This report is not, and is not to be construed as, an offer to sell or solicitation of an offer to buy any financial securities. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this report. Riyad Capital accepts no liability whatsoever for any loss arising from any use of this report or its contents, and neither Riyad Capital nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof. Riyad Capital or its employees or any of its affiliates or clients may have a financial interest in securities or other assets referred to in this report. Opinions, forecasts or projections contained in this report represent Riyad Capital's current opinions or judgment as at the date of this report only and are therefore subject to change without notice. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections which represent only one possible outcome. Further, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified and future actual results or events could differ materially. The value of, or income from, any investments referred to in this report may fluctuate and/or be affected by changes. Past performance is not necessarily an indicative of future performance. Accordingly, investors may receive back less than originally invested amount. This report provides information of a general nature and does not address the circumstances, objectives, and risk tolerance of any particular investor. Therefore, it is not intended to provide personal investment advice and does not take into account the reader's financial situation or any specific investment objectives or particular needs which the reader may have. Before making an investment decision the reader should seek advice from an independent financial, legal, tax and/or other required advisers due to the investment in such kind of securities may not be suitable for all recipients. This research report might not be reproduced, nor distributed in whole or in part, and all information, opinions, forecasts and projections contained in it are protected by the copyright rules and regulations.