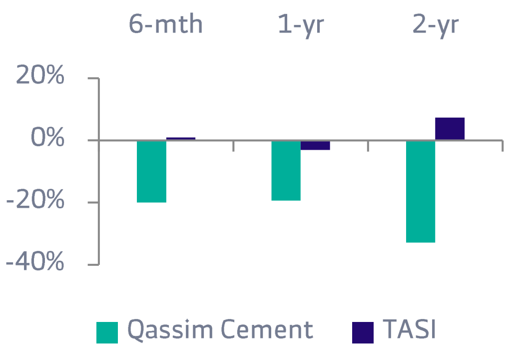
Weak Prices Drive Earnings Miss

November 02, 2025

Upside to Target Price	4.3%	Rating	Neutral
Expected Dividend Yield	6.4%	Last Price	SAR 42.20
Expected Total Return	10.7%	12-mth target	SAR 44.00

Market Data	
52-week high/low	SAR 54.60/40.50
Market Cap	SAR 4,666 mln
Shares Outstanding	111 mln
Free-float	75.50%
12-month ADTV	163,693
Bloomberg Code	QACCO AB



Qassim Cement	3Q2025	3Q2024	Y/Y	2Q2025	Q/Q	RC Estimate
Sales	247	265	(7%)	293	(16%)	274
Gross Profit	33	73	(55%)	73	(54%)	54
Gross Margins	13%	28%		25%		20%
Operating Profit	36	70	(48%)	73	(50%)	55
Net Profit	41	66	(37%)	61	(32%)	51

(All figures are in SAR mln)

- Qassim Cement reported revenues of SAR 247 mln this quarter, down -7% Y/Y and -16% Q/Q, below our SAR 274 mln estimate on lower-than-expected prices. Weak prices caused the decline, and came in at SAR 143/ton (-11% Y/Y, -23% Q/Q), lower than our SAR 156/ton estimate. While conversely, sales volumes increased to 1,721k tons (+4% Y/Y, +9% Q/Q), in line with our estimate of 1,750k tons.
- Cost per ton came in slightly better-than-excepted at SAR 124/ton, up from SAR 114/ton last year on higher fuel costs but down from SAR 140/ton last quarter, compared to our SAR 126/ton estimate. Subsequently, gross margin contracted sharply to 13%, down from 28% last year and 25% last quarter, below our estimates of 20%. As a result, gross profit was below estimates at SAR 33 mln, falling -55% Y/Y and -54% Q/Q. OPEX for the quarter was positive at SAR 3 mln, compared to SAR (3) mln last year and SAR 1 mln last quarter, likely boosted by financial reimbursement from Industrial Sector Competitiveness Program. Moreover, operating margin also contracted to 15% versus 26% last year and 25% last quarter. Net other income came in positive at SAR 5 mln, compared to expenses of SAR (4) mln last year and SAR (12) mln last quarter.
- Net profit of SAR 41 mln (-37% Y/Y, -32% Q/Q), came in below market consensus of SAR 48 mln and our SAR 51 mln estimate. Annual and sequential declines were driven by lower prices. Given the weaker prices, we tweak our target price from SAR 47.00 to SAR 44.00 per share, while maintaining a Neutral stance.

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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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