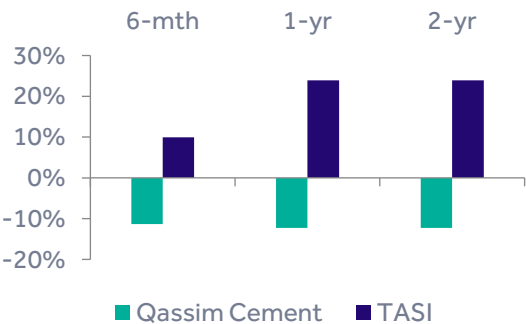


Market Data	
52-week high/low	SAR 75.00/57.70
Market Cap	SAR 5,355 mln
Shares Outstanding	90 mln
Free-float	99.33%
12-month ADTV	49,739
Bloomberg Code	QACCO AB



■ Financial Investment Returns Boosts Bottomline

March 03, 2024

Upside to Target Price	(9.2%)	Rating	Neutral
Expected Dividend Yield	4.7%	Last Price	SAR 59.50
Expected Total Return	(4.5%)	12-mth target	SAR 54.00

Qassim Cement	4Q2023	4Q2022	Y/Y	3Q2023	Q/Q	RC Estimate
Sales	151	217	(30%)	121	25%	180
Gross Profit	44	77	(43%)	13	235%	61
Gross Margins	29%	36%		11%		34%
Operating Profit	33	59	(45%)	6	439%	51
Net Profit	41	53	(23%)	8	408%	57

(All figures are in SAR mln)

- For FY2023 Qassim Cement reported a top-line of SAR 584 mln, down -14% from previous year’s SAR 678 mln, due to lower sales volumes and average selling prices (ASP) by -12% and -3%, respectively. In 4Q23, revenues of SAR 151 mln were -30% lower Y/Y but are up +25% Q/Q, the sequential growth is driven by a +27% increase in ASP to SAR 150/ton, despite the weaker demand.
- Gross margin for FY2023 contracted to 26% versus 28% in 2022 due to the lower ASP. In 4Q23, gross profit came in at SAR 44 mln, down -43% Y/Y but up +235% Q/Q. Gross margins expanded to 29% as ASP increased. The Company sold 3.9 mln tons in 2023 versus 4.4 mln in 2022. 4Q volumes were down -16% Y/Y to 1.0 mln tons.
- Bottomline for the year grew by +10% to SAR 144 mln, with the help of higher financial investment returns, even though 2022 was positively impacted from a reversal and recovered expenses totaling SAR 13.5 mln. 4Q bottom line declined by -23% Y/Y but is up +408% Q/Q. Sequential increase is due to lower competition intensity; to be lower than our expectations but in line with market consensus. We reduce our target price from SAR 66.00 to SAR 54.00 on higher costs and demand uncertainty but maintain a 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](mailto:research@riyadcapital.com)

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