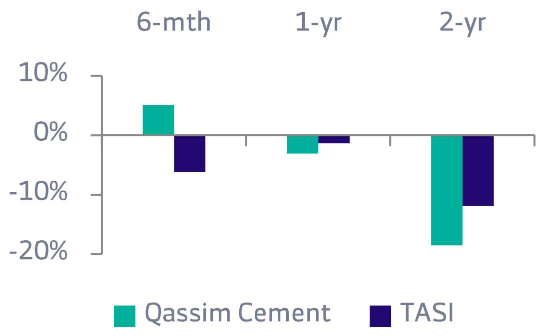
Margins Under Pressure on Lower Prices

July 30, 2026

Upside to Target Price	(6.2%)	Rating	Neutral
Expected Dividend Yield	6.0%	Last Price	SAR 44.76
Expected Total Return	(0.1%)	12-mth target	SAR 42.00

Market Data	
52-week high/low	SAR 46.66/40.50
Market Cap	SAR 4,973 mln
Shares Outstanding	111 mln
Free-float	80.86%
12-month ADTV	192,235
Bloomberg Code	QACCO AB



Qassim Cement	2Q2026	2Q2025	Y/Y	1Q2026	Q/Q	RC Estimate
Sales	275	293	(6%)	293	(6%)	294
Gross Profit	57	73	(21%)	77	(25%)	68
Gross Margins	21%	25%		26%		23%
Operating Profit	56	73	(24%)	73	(23%)	68
Net Profit	52	61	(15%)	69	(25%)	62

(All figures are in SAR mln)

- Qassim Cement reported 2Q2026 revenues of SAR 275 mln (-6% Y/Y, -6% Q/Q), slightly below our SAR 294 mln estimate, driven by lower-than-expected pricing. Although we had anticipated a modest decline in prices, ASP fell more sharply to SAR 171/ton (-8% Y/Y, -10% Q/Q), below our SAR 183/ton estimate. Meanwhile, sales volumes increased to 1,608k tons (+4% Y/Y, +2% Q/Q), in line with our estimate. 1H2026 topline declined -5% Y/Y to SAR 567 mln, reflecting -4% lower volumes and -1% lower ASP.
- Cost per ton improved to SAR 135/ton, down from SAR 140/ton in both comparable periods, and below our SAR 141/ton estimate. However, the decline in ASP more than offset the cost improvement, leading gross margin to contract sharply to 21%, from 25% last year and 26% last quarter, below our 23% estimate. Consequently, gross profit declined to SAR 57 mln (-21% Y/Y, -25% Q/Q), missing estimates. OPEX remained low at SAR 1.3 mln (vs. SAR 0.6 mln income last year and SAR 4.3 mln expense last quarter), supported by reimbursements from Industrial Competitiveness Program. Net other expenses came in at SAR 4.4 mln (vs. SAR 12.4 mln last year and SAR 3.9 mln last quarter), in line with our SAR 5.8 mln estimate.
- Net profit declined to SAR 52 mln (-15% Y/Y, -25% Q/Q), well below market consensus of SAR 69 mln and our SAR 62 mln estimate. The decline in earnings was driven by lower selling prices and higher fuel costs, despite higher volumes. 1H2026 subdued profits fell -19% Y/Y to SAR 120 mln, on lower volumes, prices, investment income, and higher fuel costs. Last month, the company announced that higher fuel prices are expected to increase total costs by +3%. We trim our target price to SAR 42.00 from SAR 44.00 per share, maintaining a Neutral stance.

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Disclaimer

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

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