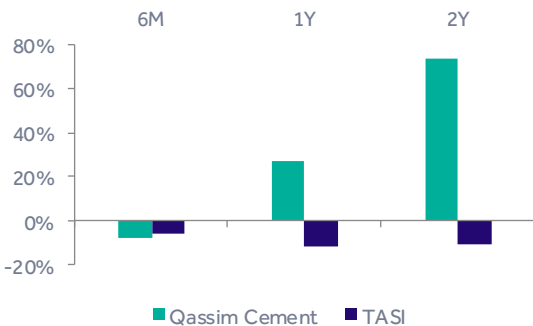


Market Data	
52-week high/low	SAR 79.30/43.10
Market Cap	SAR 6,039 mln
Shares Outstanding	90 mln
Free-float	89.9%
12-month ADTV	191,391
Bloomberg Code	QACCO AB



## EBIT Declines – 36% Q/Q

August 11, 2020

Upside to Target Price (9.1%)  
 Expected Dividend Yield 5.7%  
 Expected Total Return (3.4%)

Rating Neutral  
 Last Price SAR 67.10  
 12-mth target SAR 61.00

Qassim Cement	2Q2020	2Q2019	Y/Y	1Q2020	Q/Q	RC Estimate
Sales	167	155	8%	262	(36%)	157
Gross Profit	91	76	20%	153	(41%)	71
Gross Margins	54%	49%		58%		45%
Operating Profit	82	68	20%	129	(36%)	62
Net Profit	85	70	21%	111	(23%)	59

(All figures are in SAR mln)

- Qassim Cement announced its 2Q net profit at SAR 85 mln (+21% Y/Y, -23% Q/Q) above both our and market expectations of SAR 59 million and SAR 65 million respectively.
- On yearly basis, bottom-line was driven by an increase in sales volume and average selling prices and an increase in other revenues, despite the increase in operational expenses, in addition to impairment in long term financial investments.
- On a quarterly basis, the decrease in sales was due to seasonality such as Ramadan and Eid al-Fitr and lower average selling prices, while the net margin for 2Q was up +860 bps compared to the previous quarter.
- Due to market conditions as well as our expectations of the demand to be stable in the upcoming months, we raise our target price to SAR 61.00 per share but maintain 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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