

Market Data	
52-week high/low	SAR 64.60/50.40
Market Cap	SAR 5,970 mln
Shares Outstanding	111 mln
Free-float	99.87%
12-month ADTV	86,839
Bloomberg Code	QACCO AB



Underperformance on Falling Prices

November 11, 2024

Upside to Target Price	3.7%	Rating	Neutral
Expected Dividend Yield	4.8%	Last Price	SAR 54.00
Expected Total Return	8.5%	12-mth target	SAR 56.00

Qassim Cement	3Q2024	3Q2023	Y/Y	2Q2024	Q/Q	RC Estimate
Sales	265	121	119%	203	30%	330
Gross Profit	77	13	492%	79	(2%)	114
Gross Margins	29%	11%		39%		35%
Operating Profit	77	10	661%	75	3%	91
Net Profit	72	8	800%	73	(1%)	91

(All figures are in SAR mln)

- Qassim Cement reported revenues of SAR 265 mln this quarter, up +119% Y/Y and +30% Q/Q. This was lower than Bloomberg's consensus of SAR 360 mln and our estimates, likely due to lower-than-expected selling prices. Prices came in low at SAR 160/ton, down -9% Q/Q but up +36% Y/Y from last year's price war, and below our SAR 188/ton estimate. Additionally, volumes sold jumped by +61% Y/Y and +44% Q/Q, due to the full consolidation with Hail Cement Co., to 1,651k tons; yet still lower than our 1,757k tons estimate. 9M2024 performance showed a +54% and +117% jump in topline and bottomline, respectively, due to higher selling prices and volumes sold by +34% and +14%, respectively.
- Profitability ratios for the quarter expanded on a Y/Y basis on higher prices, but shrank on a Q/Q basis due to lower prices coupled with a rise in Costs per ton to SAR 114/ton from SAR 108/ton last quarter. Gross margin came in at 29%, up from 11% last year but down from 39% last quarter. OPEX declined by -79% Y/Y and -85% Q/Q to SAR 1 mln only, resulting in an operating margin of 29%, only 23 bps lower than gross margin.
- Net profit grew by +800% Y/Y but decreased by -1% Q/Q to SAR 72 mln, lower than SAR 96 mln market consensus and our SAR 91 mln estimate. We maintain our target price and 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

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