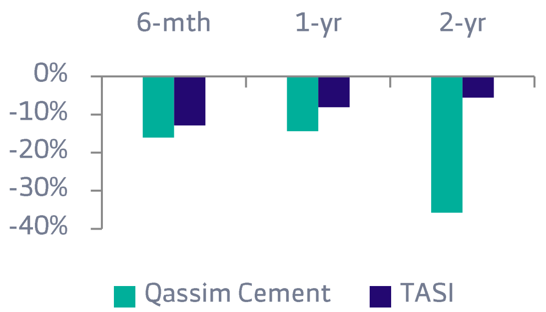
Qassim Cement Co. | 2Q2025 First Look

Costs Weigh on Margins; Earnings Miss

August 12, 2025

Upside to Target Price	6.0%	Rating	Neutral
Expected Dividend Yield	6.5%	Last Price	SAR 44.34
Expected Total Return	12.5%	12-mth target	SAR 47.00

Market Data	
52-week high/low	SAR 55.00/44.20
Market Cap	SAR 4,902 mln
Shares Outstanding	111 mln
Free-float	80.86%
12-month ADTV	122,954
Bloomberg Code	QACCO AB



Qassim Cement	2Q2025	2Q2024	Y/Y	1Q2025	Q/Q	RC Estimate
Sales	293	203	44%	303	(3%)	284
Gross Profit	73	78	(7%)	90	(20%)	85
Gross Margins	25%	38%		30%		30%
Operating Profit	73	73	0%	89	(17%)	82
Net Profit	61	71	(14%)	89	(31%)	81

(All figures are in SAR mln)

- Qassim Cement reported revenues of SAR 293 mln this quarter, up +44% Y/Y and down -3% Q/Q, in line with our SAR 284 mln estimate. We note that consolidation with Hail Cement Co. was partial in 2Q2024, making Y/Y performance non-comparable. The Y/Y growth was driven by a +37% increase in sales volume to 1,697k tons, due to full consolidation, from 1,150k tons last year (as per our calculation), alongside a +5% rise in prices to SAR 186/ton. On a Q/Q basis, the decline was driven by -7% lower volumes, despite a +4% increase in prices. Prices and volumes came in line with our estimates of SAR 180/ton and 1,576k tons.
- Cost per ton increased to SAR 140/ton, up from SAR 109/ton last year and SAR 125/ton last quarter, also above our SAR 126/ton estimate, which mainly drove the deviation from our estimates. Subsequently, gross margin contracted to 25%, down from 38% last year and 30% last quarter, below estimates. As a result, gross profit was below estimates at SAR 73 mln, falling -7% Y/Y and -20% Q/Q. OPEX for the quarter were positive at SAR 0.6 mln, compared to SAR (5) mln last year and SAR (2) mln last quarter, likely boosted by financial reimbursement from Industrial Sector Competitiveness Program. However, operating margin also contracted to 25% versus 36% last year and 29% last quarter. Net other expenses stood high at SAR (12) mln, due to recording unrealized investment losses, compared to SAR (2) mln last year and SAR (0.05) mln last quarter.
- Net profit of SAR 61 mln (-14% Y/Y, -31% Q/Q), came in below market consensus of SAR 72 mln and our SAR 81 mln estimate. Annual and sequential declines were driven by higher cost per ton and the investment losses. Given the higher costs, we revise our assumptions and reduce the target price from SAR 57.00 to SAR 47.00 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

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