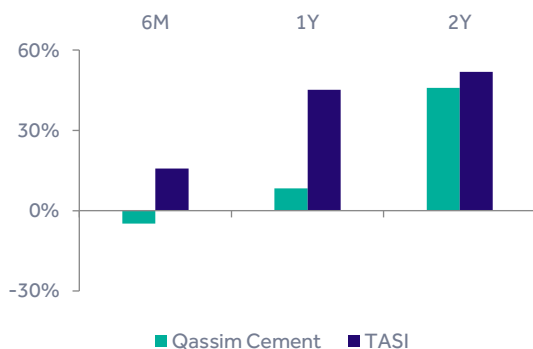


Market Data	
52-week high/low	SAR 94.80/72.90
Market Cap	SAR 7,191 mln
Shares Outstanding	90 mln
Free-float	86.4%
12-month ADTV	112,826
Bloomberg Code	QACCO AB



Significant Decline in Average Selling Price

November 08, 2021

Upside to Target Price	(3.6%)	Rating	Neutral
Expected Dividend Yield	3.4%	Last Price	SAR 79.90
Expected Total Return	(0.2%)	12-mth target	SAR 77.00

Qassim Cement	3Q2021	3Q2020	Y/Y	2Q2021	Q/Q	RC Estimate
Sales	170	232	(26%)	198	(14%)	179
Gross Profit	70	121	(42%)	100	(30%)	90
Gross Margins	41%	52%		51%		50%
Operating Profit	60	112	(46%)	92	(35%)	83
Net Profit	60	110	(45%)	100	(40%)	92

(All figures are in SAR mln)

- Qassim Cement reported top-line of SAR 170 million (-26% Y/Y, -14% Q/Q) for 3Q2021, close to our SAR 179 million estimates. The decline was attributed to lower local sales volume Y/Y and Q/Q by -9% and -2% respectively to reach 1.1 mln tons this quarter along with a decline by -17% Y/Y and -12% Q/Q in average selling price to SAR 157/ton. We believe the decline on both volumes and prices was a result of lower construction activity and a lot of competition in the Central region.
- Gross margin contracted by -11% Y/Y and -10% Q/Q to 41% this quarter. Net margin at 35% followed the same movement of gross margin to decline by -12% Y/Y and -15% Q/Q.
- Clinker inventory declined by -20% Y/Y to 2.3 mln tons by end of September 2021 and represents 7% of the clinker inventory in the cement sector.
- Bottom-line fell by -45% Y/Y and -40% Q/Q to SAR 60 mln due to lower local sales volume and prices.
- We reduce our target price to SAR 77.00 but maintain our 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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