

Market Data	
52-week high/low	SAR 79.30/39.00
Market Cap	SAR 4,347 mln
Shares Outstanding	90 mln
Free-float	89.9%
12-month ADTV	144,104
Bloomberg Code	QACCO AB

Net Income Doubles Y/Y

May 05, 2020

Upside to Target Price 11.8%
 Expected Dividend Yield 3.11%
 Expected Total Return 14.9%

Rating Neutral
 Last Price SAR 48.30
 12-mth target SAR 54.00

Qassim Cement	1Q2020	1Q2019	Y/Y	4Q2019	Q/Q	RC Estimate
Sales	262	153	71%	294	(11%)	219
Gross Profit	153	65	136%	190	(19%)	109
Gross Margins	58%	42%		65%		50%
Operating Profit	129	57	126%	166	(22%)	100
Net Profit	111	56	98%	144	(23%)	98

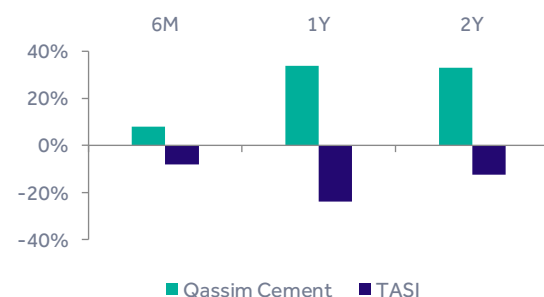
(All figures are in SAR mln)

- Qassim Cement announced a net income of SAR 111 mln (+98% Y/Y, -23% Q/Q) above both our and market expectations of SAR 98 million and SAR 99 million respectively. On yearly basis, bottom-line was driven by an increase in sales volume and average selling prices, despite the increase in operational expenses and an increase in Zakat expense, in addition to impairment in long term financial investments.
- On a quarterly basis, local cement sales grew by +12% Q/Q to reach 14.3 mln tons, Qassim Cement showed an increase in sales volume by +20% to reach 1.1 mln tons. Qassim managed to outperform the sector, but wasn't reflected into the Company results due to reverse of sales allowances during 4Q2019.
- Given recent news flow as well as our expectations of likely reduction in government spending for 2020 and going into 2021, we reduce our target price to SAR 54.00 but maintain a Neutral rating.

Abdullah D Alharbi
 abdullah.ulhan.alharbi@riyadcapital.com
 +966-11-486-5680

Rawabi A. Al Mutaywia
 rawabi.al.mutaywia@riyadcapital.com
 +966-11-203-6805

الرياض المالية
 riyad capital



■ 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

Riyad Capital is a Saudi Closed Joint Stock Company with Paid up capital of SR 200 million, licensed by the Saudi Arabian Capital Market Authority NO.07070-37. Commercial Registration No: 1010239234. Head Office: Granada Business Park 2414 Al-Shohda Dist. – Unit No 69, Riyadh 13241 - 7279 Saudi Arabia. Ph: 920012299.

The information in this report was compiled in good faith from various public sources believed to be reliable. Whilst all reasonable care has been taken to ensure that the facts stated in this report are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable. Riyad Capital makes no representations or warranties whatsoever as to the accuracy of the data and information provided and, in particular, Riyad Capital does not represent that the information in this report is complete or free from any error. This report is not, and is not to be construed as, an offer to sell or solicitation of an offer to buy any financial securities. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this report. Riyad Capital accepts no liability whatsoever for any loss arising from any use of this report or its contents, and neither Riyad Capital nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof. Riyad Capital or its employees or any of its affiliates or clients may have a financial interest in securities or other assets referred to in this report. Opinions, forecasts or projections contained in this report represent Riyad Capital's current opinions or judgment as at the date of this report only and are therefore subject to change without notice. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections which represent only one possible outcome. Further, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified and future actual results or events could differ materially. The value of, or income from, any investments referred to in this report may fluctuate and/or be affected by changes. Past performance is not necessarily an indicative of future performance. Accordingly, investors may receive back less than originally invested amount. This report provides information of a general nature and does not address the circumstances, objectives, and risk tolerance of any particular investor. Therefore, it is not intended to provide personal investment advice and does not take into account the reader's financial situation or any specific investment objectives or particular needs which the reader may have. Before making an investment decision the reader should seek advice from an independent financial, legal, tax and/or other required advisers due to the investment in such kind of securities may not be suitable for all recipients. This research report might not be reproduced, nor distributed in whole or in part, and all information, opinions, forecasts and projections contained in it are protected by the copyright rules and regulations.