July 2026

# Qassim Cement Co.

## Results Flash Note Q2-26

aljazira capital الجزيرة كابيتال

## Q2-2026 earnings came in below consensus expectations amid sequential decline in selling prices along with pressure from logistics expenses.

**Qassim Cement posted a weak set of net income at SAR 51.8mn in Q2-26, down 15.2% Y/Y & 24.7% Q/Q), below AJBC estimate of SAR 66.1mn by 22%. The weak performance was mainly attributed to the decrease in average selling prices (ASPs) by 6.4% Y/Y and 9.8% Q/Q to SAR 171/tonne, below our estimates of SAR 180/tonne by 5%. In addition to 21.1% Y/Y and 25.2% Q/Q decrease in gross profit to SAR 57.5mn. Revenue totaled SAR 274.6mn ( down 6.4% Y/Y & 6.2% Q/Q) and below AJBC estimate of SAR 291.6mn by 6%. The ASPs was the main driver from the topline pressure along with the soft volumetric sales. Operating profit came in at SAR 56.2mn, declining 23.6% Y/Y and 22.6% Q/Q due to higher fuel costs, as logistics represents a significant component of the company's operating expenses.**

- **Qassim Cement posted a net income** of SAR 51.8mn, recording a decline of 15.2% Y/Y and 24.7% Q/Q), below AJBC estimate of SAR 66.1mn by 22%. The weak performance was mainly attributed to the decrease in average selling prices (ASPs) by 6.4% Y/Y and 9.8% Q/Q to SAR 171/tonne, well below our estimates of SAR 180/tonne by 5%; along with the gross margin contration to to the hikes in feedstock prices along with low utilization levels.
- **The company's revenue** posted SAR 274.6mn ( down 6.4% Y/Y & 6.2% Q/Q) and below AJBC estimate of SAR 291.6mn by 6%. The ASPs was the main driver from the topline pressure as prices decreased by 6.4%Y/Y and 9.8% Q/Q to SAR 171/tonne, which reflect the relapse of the firmier prices recovery saw in Q1-26 after the intense market competition. In term volumetric sales the demand remaind solid in Y/Y basis at 1.6MT and a 4% recovery on Q/Q basis; and came in-line with AJBC estimates.
- **Gross profits** decreased by 21.1% Y/Y and 25.2% Q/Q to SAR 57.5mn; 22.6% below our expectation of SAR 74.3mn due to the weak selling prices. The gross margin stood at 20.9% in Q2-26 as compared to 24.8% in Q2-25 and 26.3% in Q1-26. The cost per tonne (CPT) posted SAR 135/tonne ( improving by 2% Y/Y and 3% Q/Q) in line with our estimate of SAR 134/tonne; despite the 47% increase in HFO which represent 100% of Hail energy mix.
- **Operating profit** came in at SAR 56.2mn, declining 23.6% Y/Y and 22.6% Q/Q. The result was 20.7% below our estimate of SAR 70.8mn. Operating margin contracted by 458bps Y/Y and 433bps Q/Q to 20.5%. The margin compression was largely driven by higher fuel costs, as logistics represents a significant component of the company's operating expenses. This reflects the company's geographic sales mix, with its primary markets concentrated in Riyadh and other central cities, where transportation costs have been particularly affected by the increase in fuel prices.

**AJBC view and valuation:** Qassim Cement results reflect the ongoing pressure in the Central region. Although the company's ASPs have historically traded at a 3.4% discount to regional peers, the 10% Q/Q decline in ASPs highlights the intensifying pricing pressure in the region. While feedstock cost increases have largely been offset by government subsidies, these subsidies do not fully alleviate the company's cost burden. Higher fuel prices continue to weigh on operating expenses, particularly given the company's geographical location, which increases transportation and distribution costs. Overall, after the 6.32% YTD increase in stock price the company trades at 2026E PE of 19.2x, we retain our "**Neutral**" recommendation on the stock with a TP of **SAR 49.9/share**.

### Results Summary

| SAR mn | Q2-25 | Q1-26 | Q2-26 | Change Y/Y | Change Q/Q | Deviation from AJBC Estimates |
|---|---|---|---|---|---|---|
| Revenue | 293 | 293 | 275 | -6.4% | -6.2% | -5.9% |
| Gross Profit | 73 | 77 | 57 | -21.1% | -25.2% | -22.6% |
| Gross Margin | 24.8% | 26.3% | 20.9% | - | - | - |
| EBIT | 73 | 73 | 56 | -23.6% | -22.6% | -20.7% |
| Net Profit | 61 | 69 | 52 | -15.2% | -24.7% | -21.7% |
| EPS | 0.55 | 0.62 | 0.47 | - | - | - |

Source: Company Reports, AlJazira Capital Research

| Recommendation | Neutral |
|---|---|
| Target Price (SAR) | 49.9 |
| Upside / (Downside)* | 14.4% |

Source: Tadawul *prices as of 29th July, 2026

### Key Financials

| SARmn (unless specified) | FY23 | FY24 | FY25 |
|---|---|---|---|
| Revenues | 584 | 968 | 1,133 |
| Growth % | -13.99% | 65.81% | 17.13% |
| Gross profit | 151 | 325 | 261 |
| EBIT | 120 | 326 | 265 |
| Net Income | 142 | 287 | 258 |
| Growth % | 8.78% | 102.50% | -10.42% |
| EPS | 1.58 | 2.60 | 2.33 |
| DPS | 2.55 | 2.75 | 3.20 |

Source: Company reports, Aljazira Capital Research

### Key Ratios

| | FY23 | FY24 | FY25 |
|---|---|---|---|
| Gross Margin | 25.9% | 33.6% | 23.0% |
| Operating Margin | 20.6% | 33.7% | 23.3% |
| Net Margin | 24.3% | 29.7% | 22.7% |
| P/E | 40.0 | 20.3 | 18.2 |
| P/B | 3.6 | 2.1 | 1.8 |
| EV/EBITDA | 47.6 | 18.8 | 18.1 |
| Dividend Yield | 4.0% | 5.2% | 7.6% |

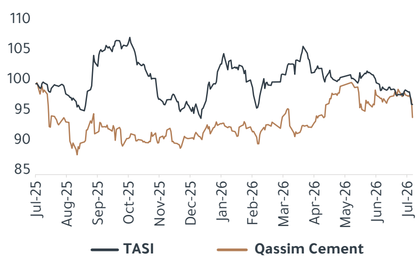
Source: Company reports, Aljazira Capital Research

### Key Market Data

| | |
|---|---|
| Market Cap(bn) | 4.9 |
| YTD% | 6.32% |
| 52 week (High)/(Low) | 44.5/40.5 |
| Share Outstanding (mn) | 110.6 |

Source: Company reports, Aljazira Capital Research

### Price Performance




Source: Tadwaul, Aljazira Capital Research

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RESEARCH DIVISION

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RATING TERMINOLOGY

1. Overweight: This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. Underweight: This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. Neutral: The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. Suspension of rating or rating on hold (SR/RH): This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

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