

Daily Bulletin

August 17, 2025

- > QACCO signs USD 310 mn (SAR 1.2 bn) contracts with Sinoma International
- > Marketing Home 2Q25 net profit surges 544% YoY

QACCO signs USD 310 mn (SAR 1.2 bn) contracts with Sinoma International

Qassim Cement Co. signed two contracts with Sinoma International Engineering Co. on August 14, 2025, to establish a fourth production line at its Buraidah plant and implement the Liquid Fuel Displacement Program (LFDP) for its existing lines.

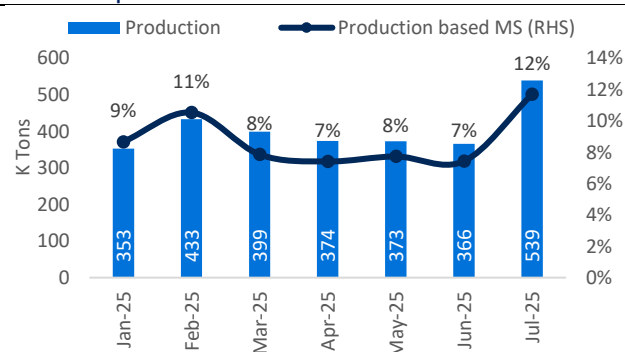
The new production line, valued at USD 298 mn (SAR 1.12 bn), will add 10,000 tons of clinker production capacity per day under a 24-month EPC contract. The project will replace older, less efficient lines with a modern facility, enhancing energy efficiency and lowering production costs once commercial operations begin. As of 2024, Qassim Cement reported a total production capacity of 8.6 mn tons and a market share of 12.7%.

The USD 12 mn (SAR 45 mn) Liquid Displacement Program (LDP) & Gas conversion contract, with a 15 month, will transition the existing production lines at the Buraidah plant from liquid fuel to natural gas, using the latest technologies to improve efficiency and cost competitiveness.

In July 2025, the company ramped up production to 539k tons, reflecting a 47% increase MoM increase (+48% YoY), capturing a production-based market share of 12%. During the same month, QACCO sold approximately 433k tons, up 18% MoM (1% YoY), securing a 9.5% share of domestic cement sales.

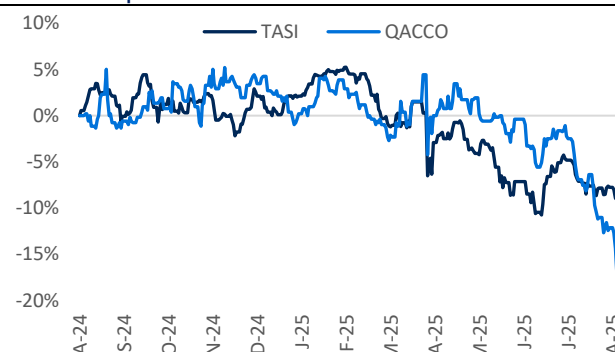
QACCO is trading at SAR 43.6/sh, down 15.9% YoY, underperforming TASI's 8.6% decline over the same period. The stock is trading at a 2025e P/E of 14.9x, with a consensus target price of SAR 52.97/sh, implying an upside of 21.6% from the last close of 14th Aug-25.

QACCO production rose 47% MoM in Jul-25



Source: YC, anbc research

Relative price chart



Source: Bloomberg, anbc research

Marketing Home 2Q25 net profit surges 544% YoY

Marketing Home Group for Trading Co. reported a net profit of SAR 16.1 mn in 2Q25, compared to SAR 2.5 mn in 2Q24, marking a 543.5% YoY increase and a 25.9% QoQ growth from SAR 12.8 mn in 1Q25. The YoY growth was supported by higher sales in the ceramics and sanitaryware segment, coupled with margin expansion. Gross profit in 2Q25 rose 28.8% YoY to SAR 55.8 mn, with gross margin improving to 53.1% from 51.4% last year, though moderating from 58.1% in 1Q25.

Operating profit stood at SAR 20.6 mn in 2Q25 versus SAR 4.8 mn in 2Q24, supported by the higher sales, margin gains, and stable operating expenses. Operating margin expanded to 19.5% from 5.7% in 2Q24, sustaining momentum from 18.0% in 1Q25.

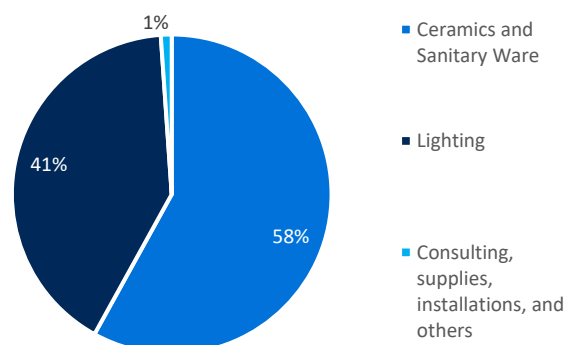
To recap, the final offer price for the company's IPO on TASI was set at SAR 85 per share, with the offering being oversubscribed by 967%. The retail tranche, comprising 960,000 shares (20% of the offer), will be open for subscription on Aug 19-20. We note that MHG competes with Saudi Ceramics Co. (SCERCO) in the ceramics and sanitary ware segment. Notably, SCERCO is the market leader in tiles, holding 15.1% market share. However, SCERCO posted a net loss of SAR 79.3 mn in 2024, while MHG reported a net profit of SAR 56.9 mn, with the latter being listed at a TTM P/E of 24.5x on 2024 earnings.

MHG Financials (SAR mn)

	2Q25	2Q24	YoY(%)	1Q25	QoQ(%)
Revenue	105.1	84.2	24.8	87.7	19.8
COGS	49.3	40.9	20.6	36.7	34.3
Gross profit	55.8	43.3	28.8	51.0	9.4
Gross margin (%)	53.1	51.4		58.1	
Operating profit	20.6	4.8	330.8	15.8	30.1
Opt. margin (%)	19.5	5.7		18.0	
Net income	16.1	2.5	543.5	12.8	25.9
Net margin (%)	15.3	3.0		14.6	
EPS	1.01	0.16	531.3	0.80	26.3

Source: Company financials, anbc research

Revenue Mix – 1H25*



Source: Company financials, anbc research

* Based on unaudited financial statements from the prospectus

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