Cement Sector

Monthly Tracker (August)

September 2023

Tharaa Financial Center

PSU-1998

Summary

Tharaa Financial Center

Total Sales

Total cement sales (Local+exports) dropped by 4.6% MoM and 11.4% YoY in August 2023 to reach 4.6mn tons. On a YTD basis, total sales have decreased by 5.9%.

Saudi Cement Company topped the sector in total sales during August 2023 with a marginal lead over Southern Cement and Yamama Cement.

The outlook for cement dispatches for 2H remains positive with a likely pick-up in demand from new and existing projects and positive export outlooks.

Local deliveries

Monthly local dispatches increased by 2.6% MoM while decreasing by 9.6% YoY on August 23. On a YTD basis, local deliveries dropped by 7.0%.

With a 14% market share, Yamama Cement Company topped the sector in local dispatches during August 2023

Yamama Cement managed to maintain its overall leadership position with a market share of 14% in both August 2022 and August 2023.

Exports

Exports dispatches significantly decreased by 34% MoM and 21% YoY in August 2023. On a YTD basis, The total exports have increased by 1.1%.

The industry's exports stood at 620K tons in August ‘23, compared to 788K tons in August ‘22.

Saudi Cement Company recorded the highest market share of exports during August 2023, with 40% of the total exports.

Production

In August 2023, cement production mirrored trends in overall dispatches and showed an increase of 2.3% MoM while declining by 8.2% YoY.

Cement inventory showed a decline of 3.5% on a MoM basis in August ‘23.

The Clinker inventory increased by 1.2% on a MoM And 10.2% on a YoY basis in August 2023.

The capacity utilization for clinker is estimated at 77.6% in August 2023 vs. 75.2% in August 2022.

Prices

In July of 2023, cement prices showed an increase of 7.4% YoY basis and 0.7% MoM basis.

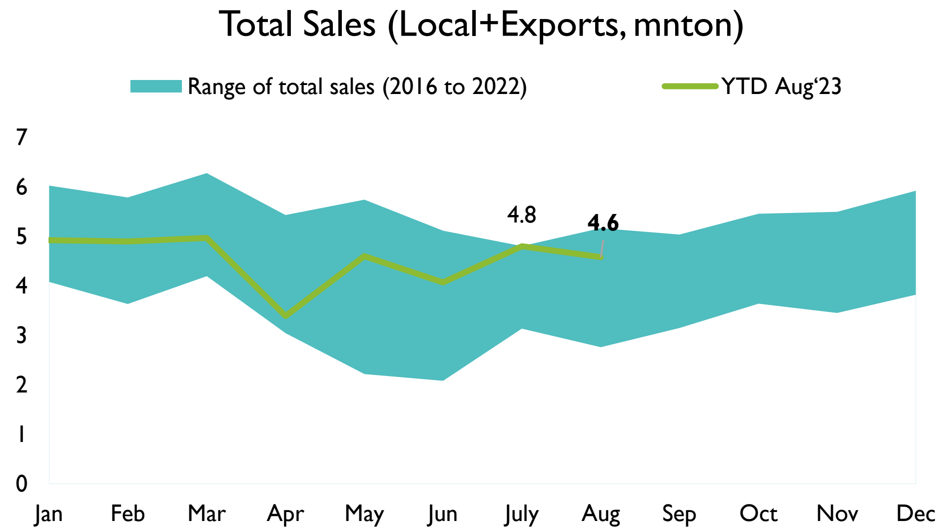
In July, cement prices increased by 0.7% reaching the same prices as its previous peak in May, which is the highest price in the past seven years.

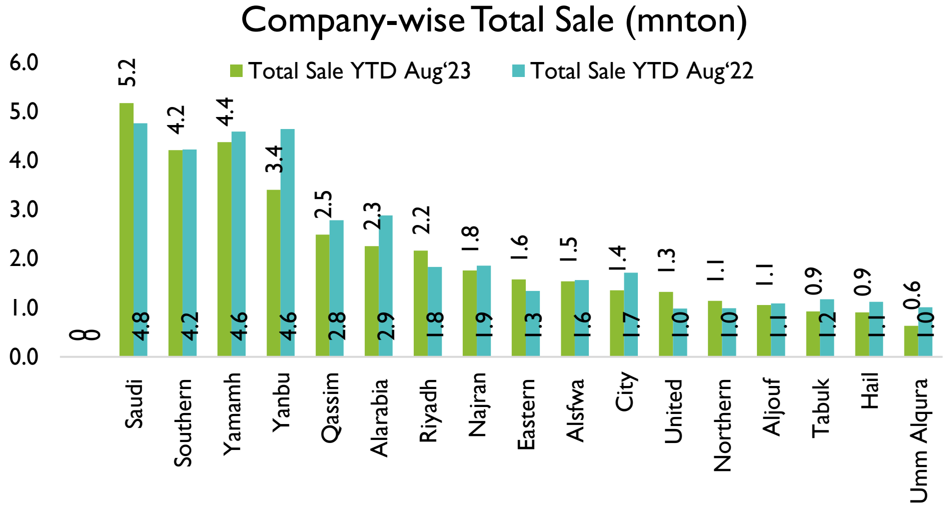
Performance & Valuation

Among TASI-listed cement stocks, Qassim Cement trades at the highest EV/Ton of SAR 1,550, followed by Yamama Cement with an EV/Ton of SAR 1,258. compared to an average EV/Ton of 880 SAR. Meanwhile, Tabuk Cement (SAR497) and Najran Cement (SAR395) trade at the lowest valuations.

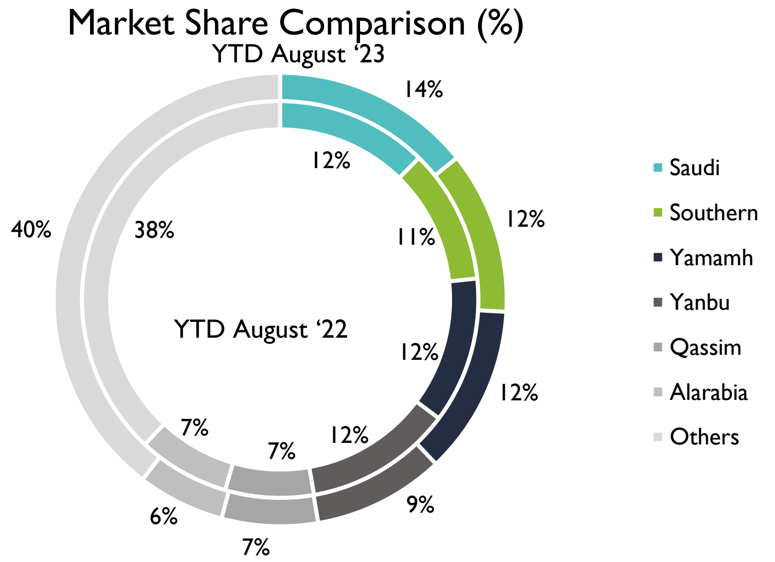
All cement companies listed in TASI except for Southern and Tabuk Cement achieved positive returns on a YTD basis. Yamama Cement topped the list, achieving the highest performance with 22%.

Total Sales (Local deliveries & Exports)





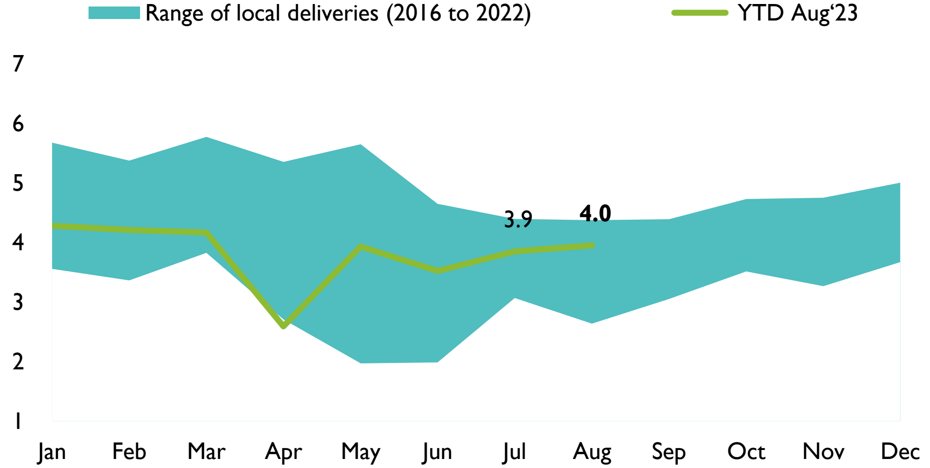
- Total cement sales (Local+exports) dropped by 4.6% MoM and 11.4% YoY in August of 2023 to reach 4.6mn tons. On a YTD basis, total sales have decreased by 5.9%.
- Saudi Cement Company topped the sector in total sales during August '23 with a marginal lead over Southern Cement and Yamama Cement.
- The outlook for cement dispatches for 2H remains positive with a likely pick-up in demand from new and existing projects and positive export outlooks.



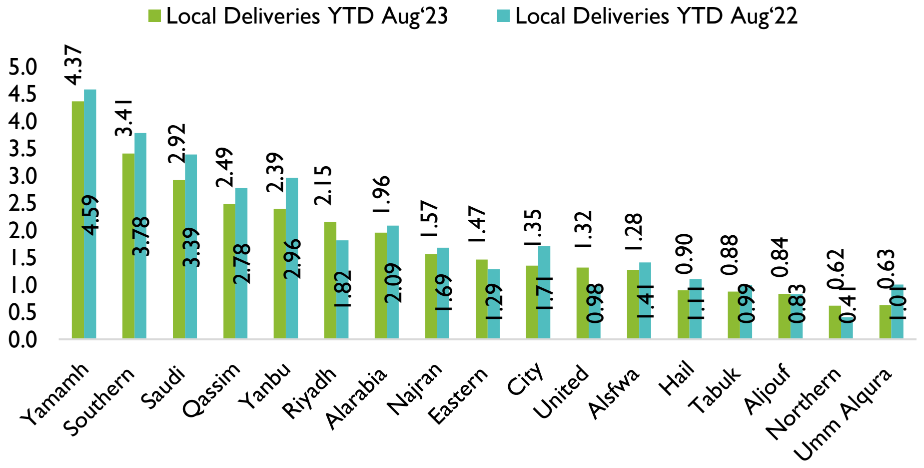
Source: Yamama Cement, Tharaa

Local Cement Deliveries

Local Deliveries (mnton)



Company-wise local Deliveries (mnton)



Source: Yamama Cement, Tharaa

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- With 14% market share, Yamama Cement Company topped the sector in local dispatches during August 2023
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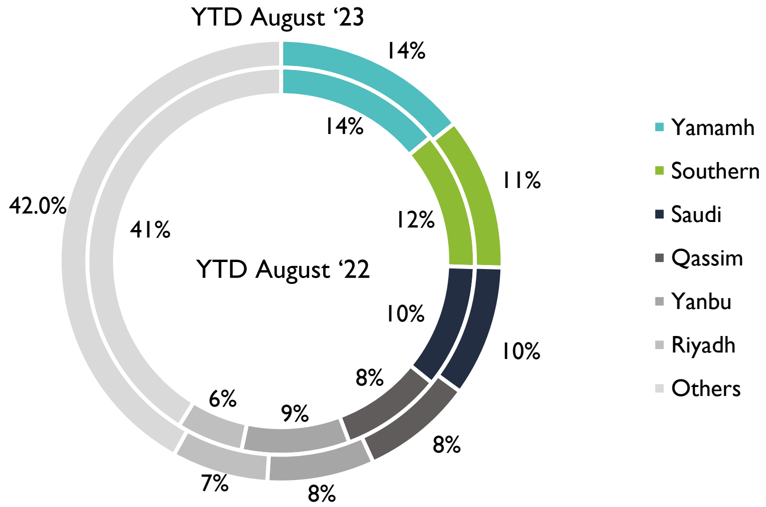
Market Share Comparison (%)



Export Dispatches

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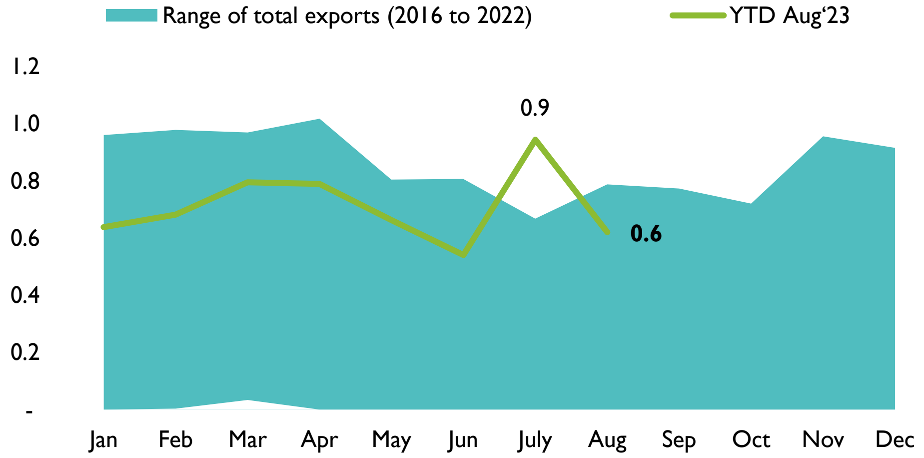
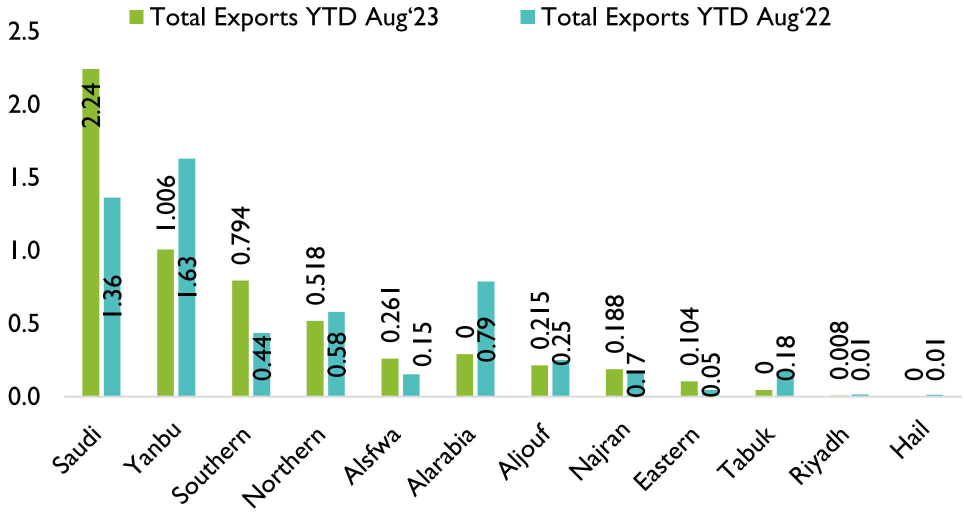
Exports Dispatches (mnton)



Company-Wise Exports Sales (mnton)



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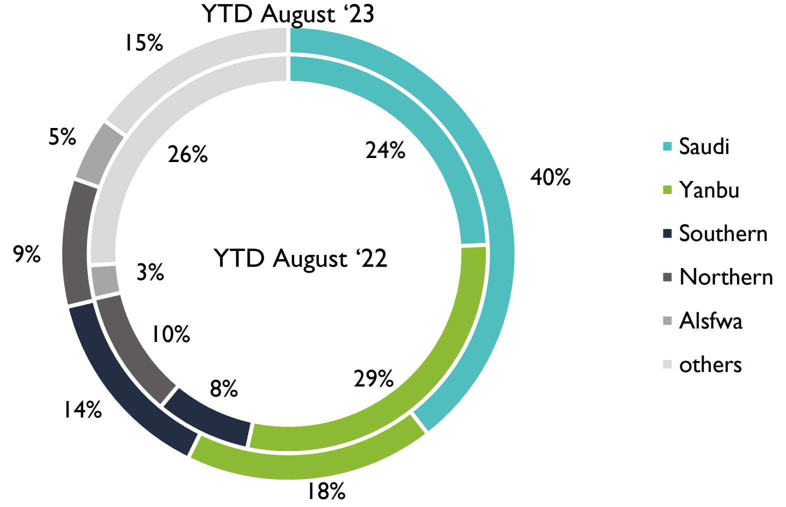
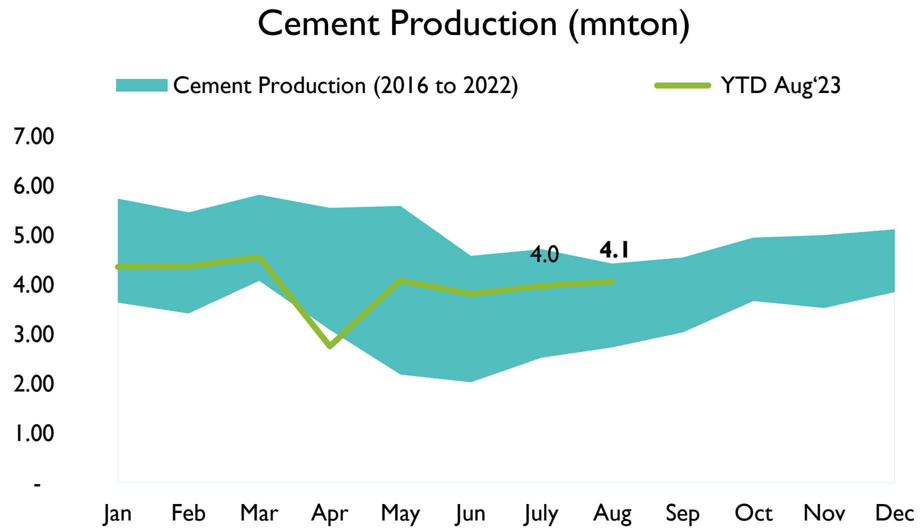
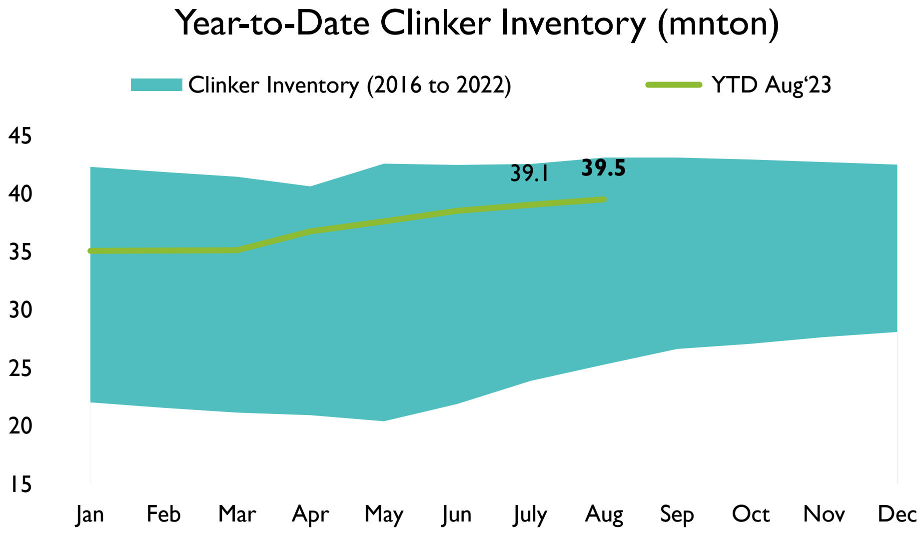


Source: Yamama Cement, Tharaa

Cement Production





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- The capacity utilization for clinker is estimated at 77.6% in August '23 vs. 75.2% in August '22.

Source: Yamama Cement, Tharaa

Cement Prices change (50kg)

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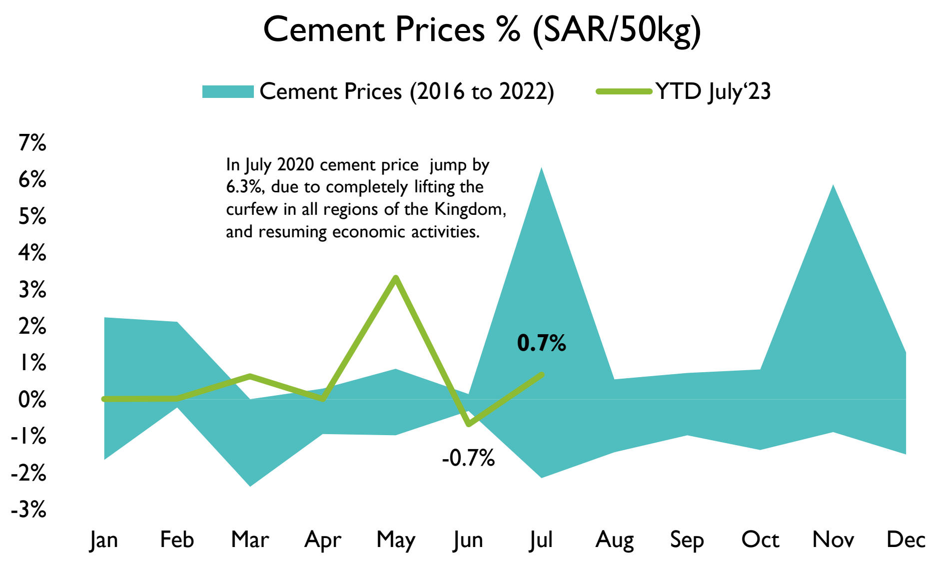

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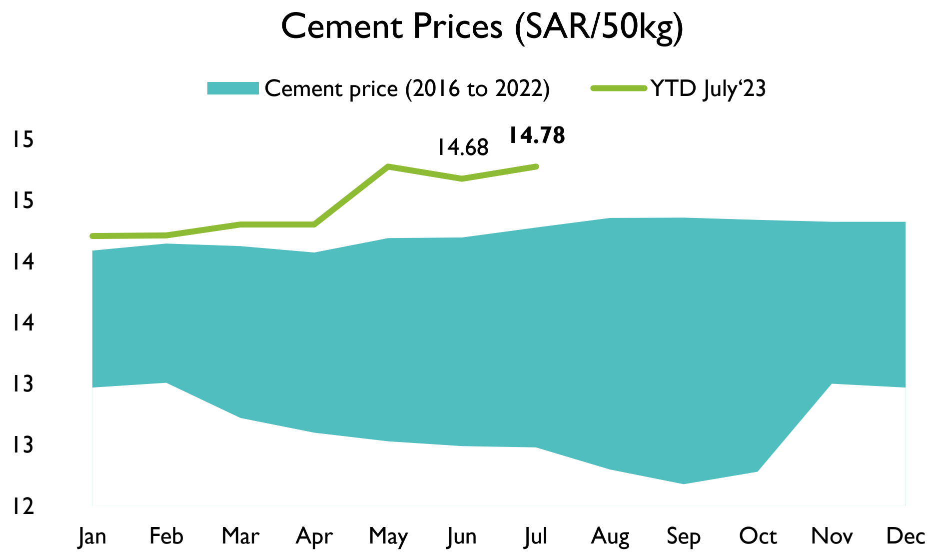
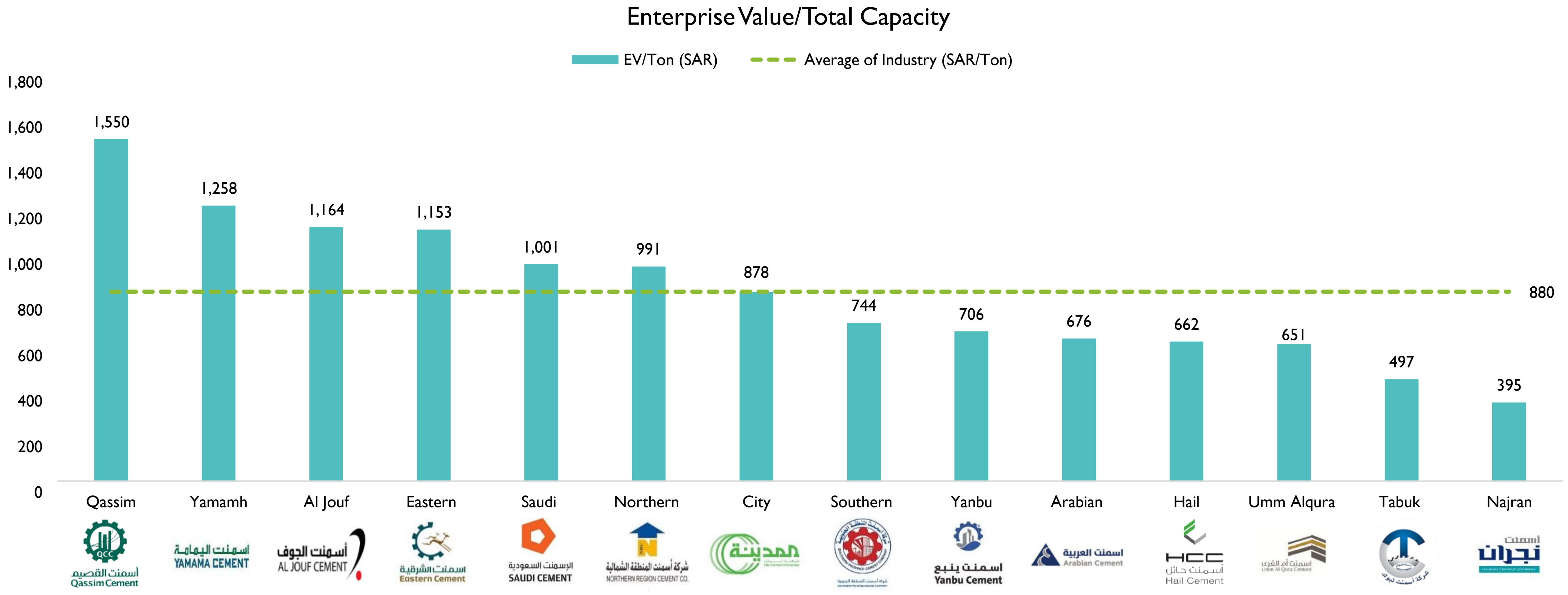


- In July, cement prices increased by 0.7% reaching the same prices as its previous peak in May, which is the highest price in the past seven years.

Source: Yamama Cement, Tharaa

Enterprise Value/Total Capacity

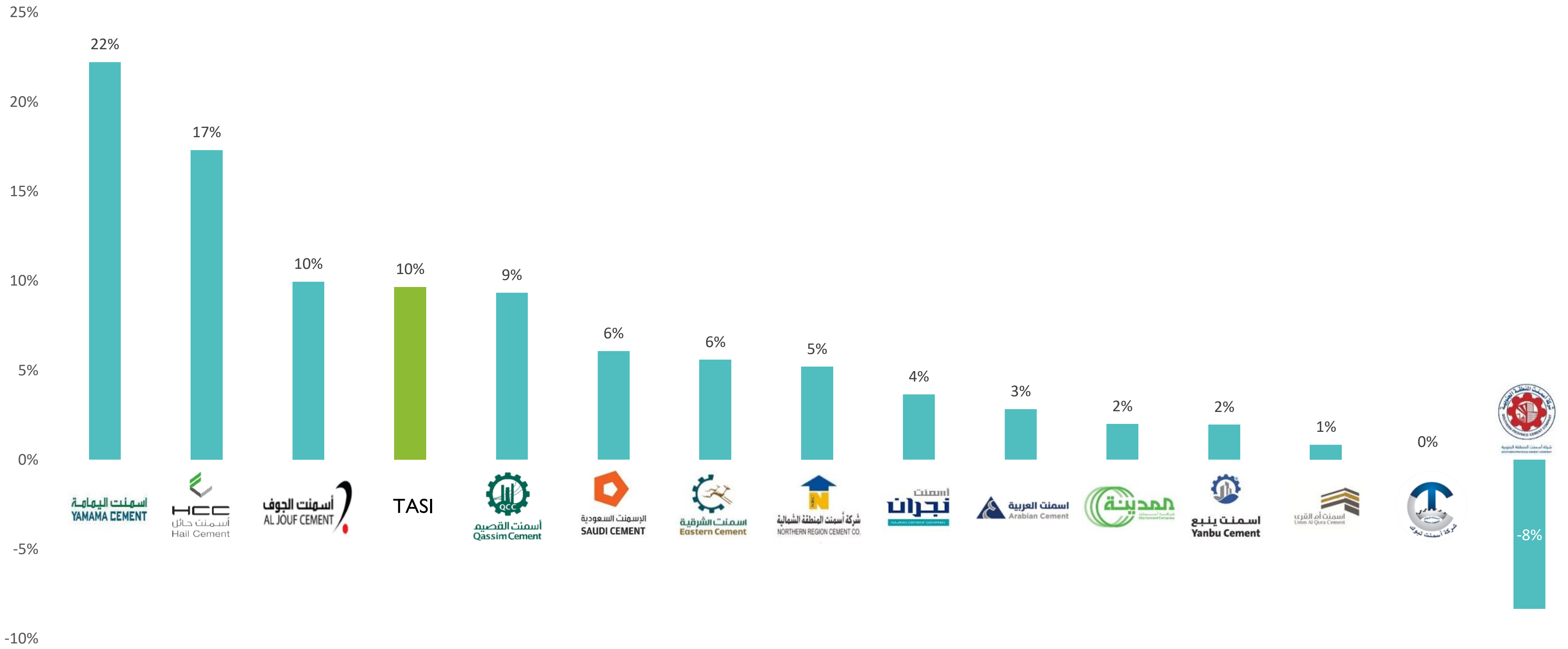
Among TASI-listed cement stocks, Qassim Cement trades at the highest EV/Ton of SAR 1,550, followed by Yamama Cement with an EV/Ton of SAR 1,258. This can be compared to an average EV/Ton of 880 SAR. Meanwhile, Tabuk Cement (SAR497) and Najran Cement (SAR395) trade at the lowest valuations.



Source: Tadawul (Financial Statements End of 30 of June 2023 reports), Tharaa
**Enterprise Value: Equity Value + Debt(LT+ST) – (Cash + Liquid Assets)*
Mkt Stock Price as closed in 30-06-2023.

Cement Sector YTD Performance

All cement companies listed in TASI except for Southern and Tabuk Cement achieved positive returns on a YTD basis. Yamama Cement topped the list, achieving the highest performance with a 22% return.



Source: Bloomberg, Tharaa Financial Center
**Mkt Stock Price as closed in 31-08-2023*

Disclaimer

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