Cement Sector

Monthly Tracker (December)

January 2023

Tharaa Financial Center

Summary

Tharaa Financial Center

Total Sales

Total Cement sales (Local+exports) have declined -4.9% MoM and but increased by 2.2% YoY in Dec-22 to reach 5.2mn tons.

In CY22, total sales of cement have recorded a decrease of 0.7% (59.7mn tons) with a big support coming from export sales (8.9mn tons)

Saudi Cement Company topped the sector in total sales in CY22 with a marginal lead over Yamama Cement and Yanbu Cement.

Local deliveries

Monthly Local dispatches slowed down in Dec-22 with 3.2% MoM drop and -6.3% YoY basis. The sequential drop in sales is primarily attributed to heavy rains and the peak winter season in the key demand centers.

In CY22, local deliveries of cement have recorded a decrease of 2.3%.

With 33.7% in CY22 growth, Yamama Cement's remains the only big player which has recorded growth in local sales thanks to the commissioning of the company's new plant.

Strong sales growth also reflects in significant gains in market share for Yamama Cement to 14% (+600 bps in CY22).

Exports

Monthly export dispatches decreased by -13.1% MoM and but recorded a jump of 97.4% YoY. In CY22, exports have increased by 9.4%.

The industry's exports stood at 831K tons in December-22, compared to 421K tons in December-21.

Yanbu Cement Company recorded the highest share of exports in CY22 with 28% of the total exports.

Production

In December-22, cement production showed a decreases of 1.6% MoM and 2.9% YoY basis.

Cement inventory has decreased in CY22 by 13.8%.

The Clinker inventory shows an increased of 0.8% in Dec-22 compared to the previous month, while it increased by 0.2% on a YoY basis.

The capacity utilization for clinker is estimated at 82.9% in Dec-22 vs 79.7% in Dec-21.

Prices

In Dec-22, Cement Prices showed an increase of 1.8% YoY and 1.3% MoM.

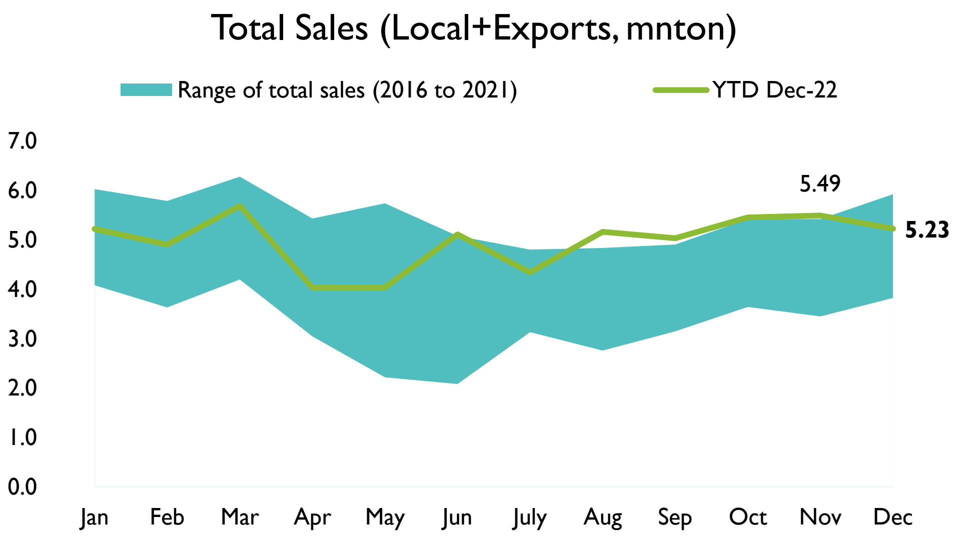
Cement prices may remain relatively strong in CY23 with expected demand growth and draw down in clinker inventory.

Performance & Valuation

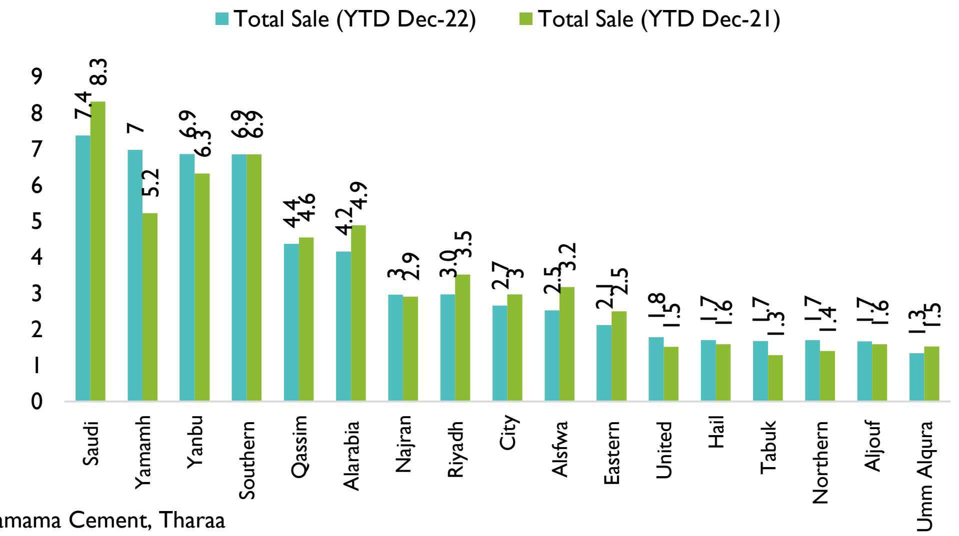
On an EV/EBITDA basis, Najran cement company trades at the lowest valuation of SAR353/ton, while Qassim cement carries the highest valuation of SAR1,502/ton, compared to the industry average of SAR811/ton.

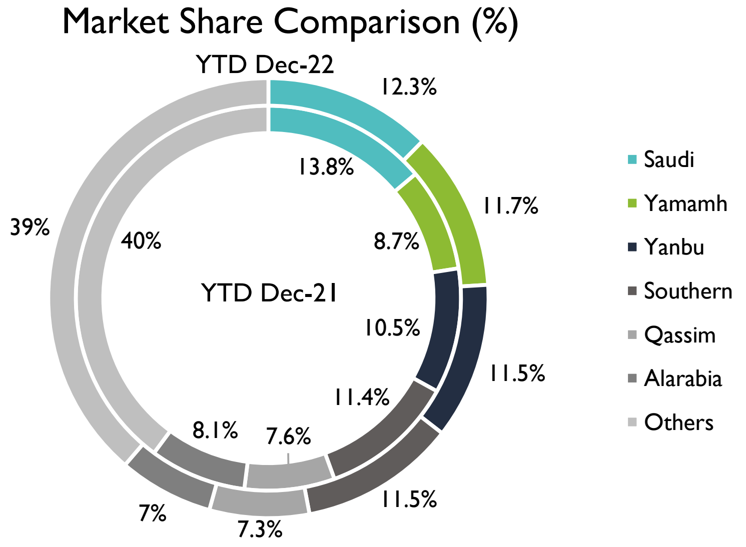
Yamama Cement Company had the best and only positive year-to-date performance among cement firms listed on the main market (TASI), with a +4% return, while Najran and Umm Al-Qura recorded the worst performance, with -33% and -29% declines, respectively.

Total Sales (Local deliveries & Exports)



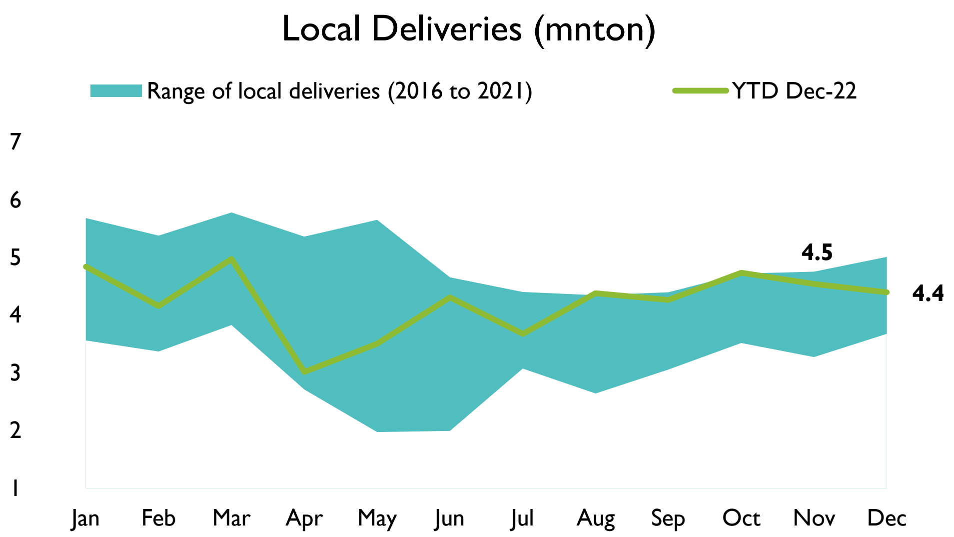
- Total Cement sales (Local+exports) have declined -4.9% MoM and but increased by 2.2% YoY in Dec-22 to reach 5.2mn tons.
- In CY22, total sales of cement have recorded a decrease of 0.7% (59.7mn tons) with a big support coming from export sales (8.9mn tons)
- Saudi Cement Company topped the sector in total sales in CY22 with a marginal lead over Yamama Cement and Yanbu Cement.



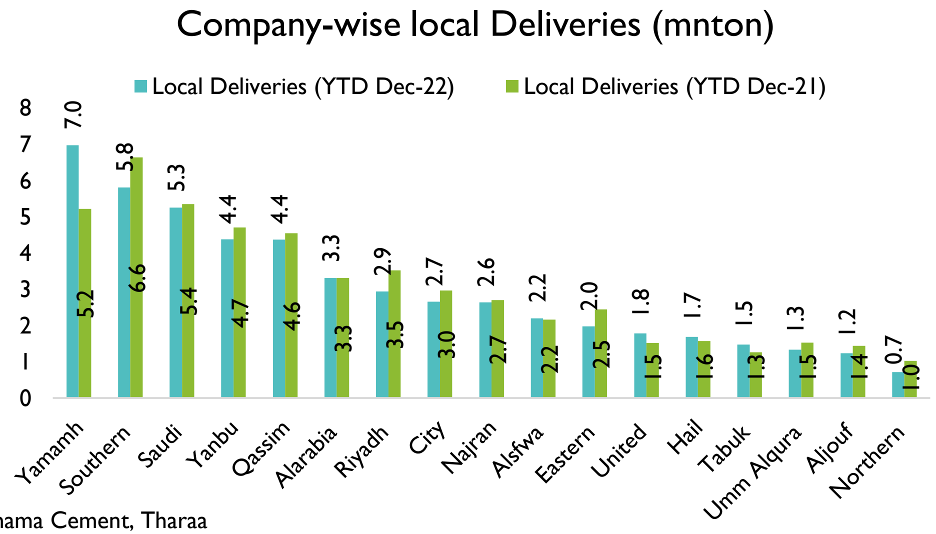


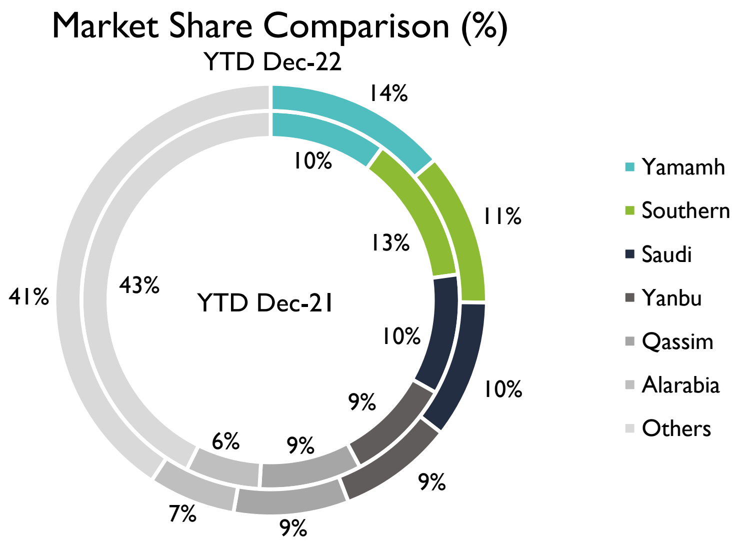
Source: Yamama Cement, Tharaa

Local Cement Deliveries



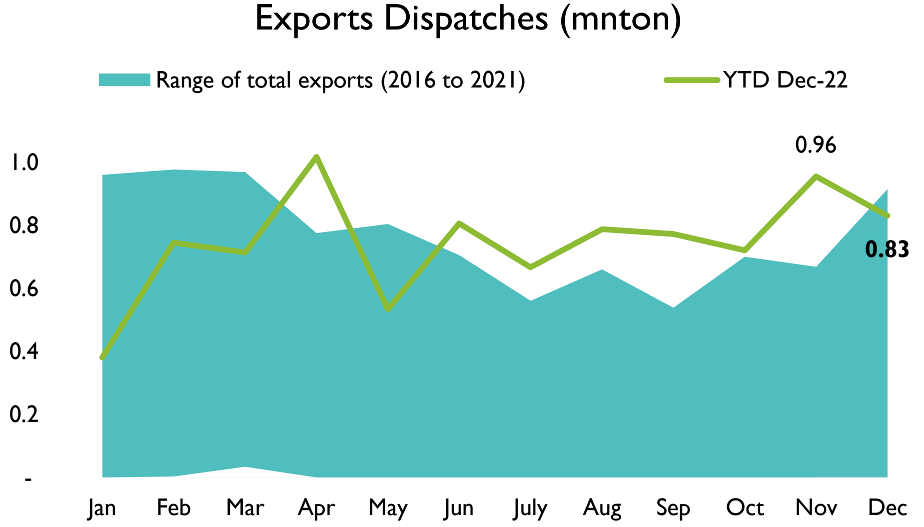
- Monthly Local dispatches slowed down in Dec-22 with 3.2% MoM drop and -6.3% YoY basis. The sequential drop in sales is primarily attributed to heavy rains and the peak winter season in the key demand centers.
- In CY22, local deliveries of cement have recorded a decrease of 2.3%.
- With 33.7% in CY22 growth, Yamama Cement's remains the only big player which has recorded growth in local sales thanks to the commissioning of the company's new plant.
- Strong sales growth also reflects in significant gains in market share for Yamama Cement to 14% (+600 bps in CY22).



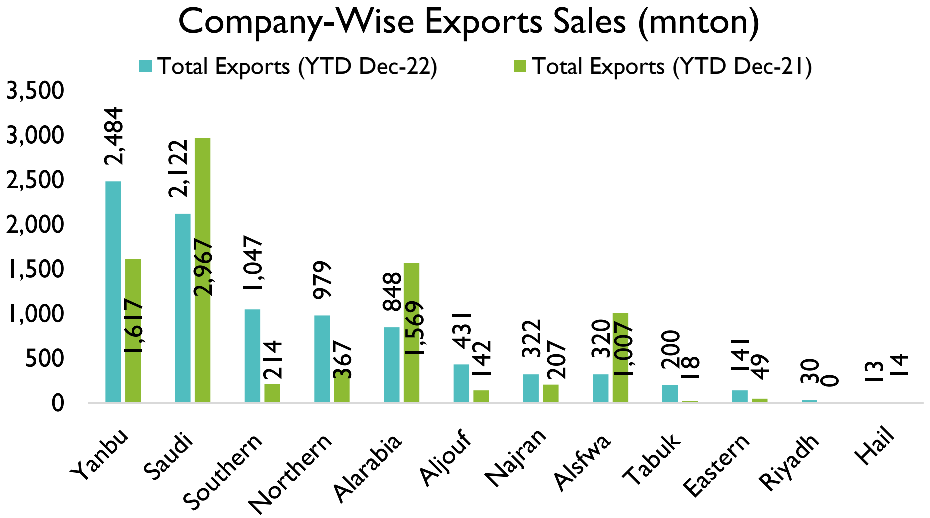


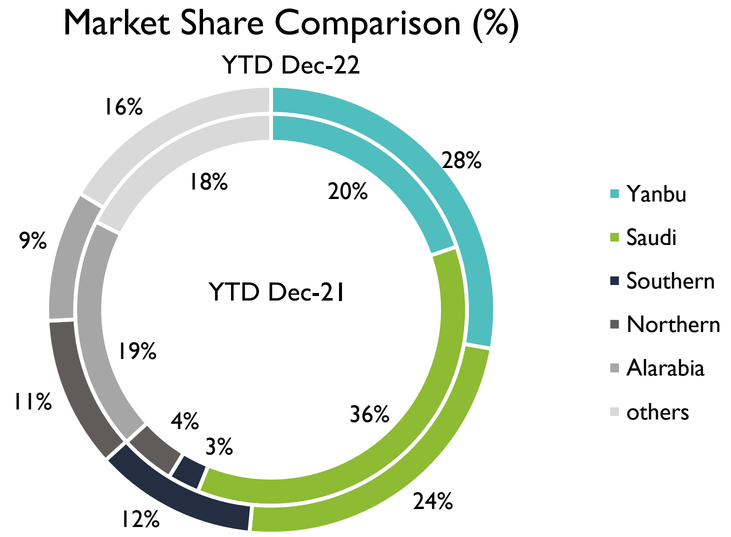
Source: Yamama Cement, Tharaa

Export Dispatches



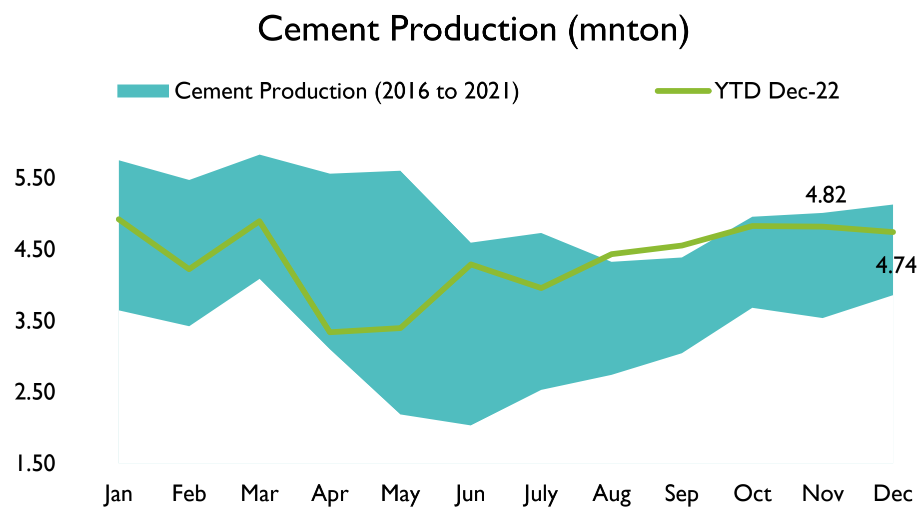
- Monthly export dispatches decreased by -13.1% MoM and but recorded a jump of 97.4% YoY. In CY22, exports have increased by 9.4%.
- The industry's exports stood at 831K tons in December-22, compared to 421K tons in December-21.
- Yanbu Cement Company recorded the highest share of exports in CY22 with 28% of the total exports.

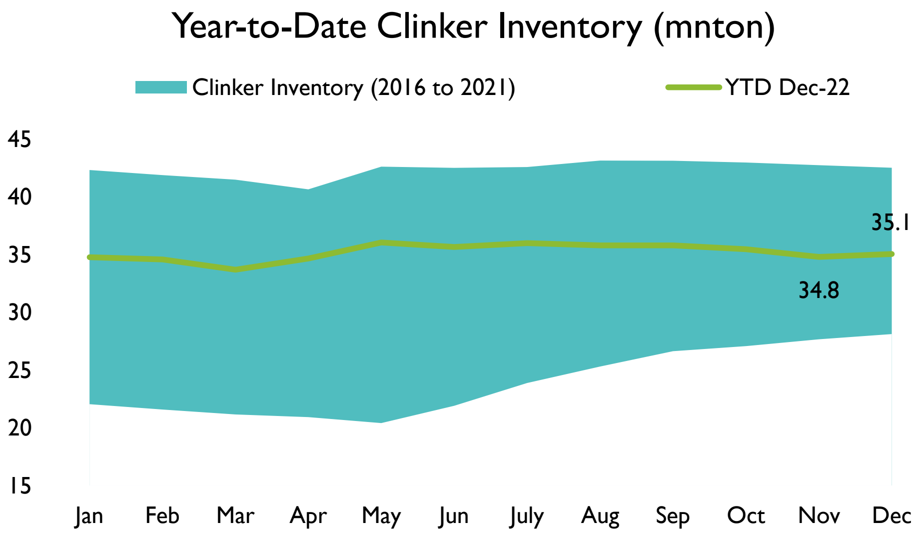




Source: Yamama Cement, Tharaa

Cement Production



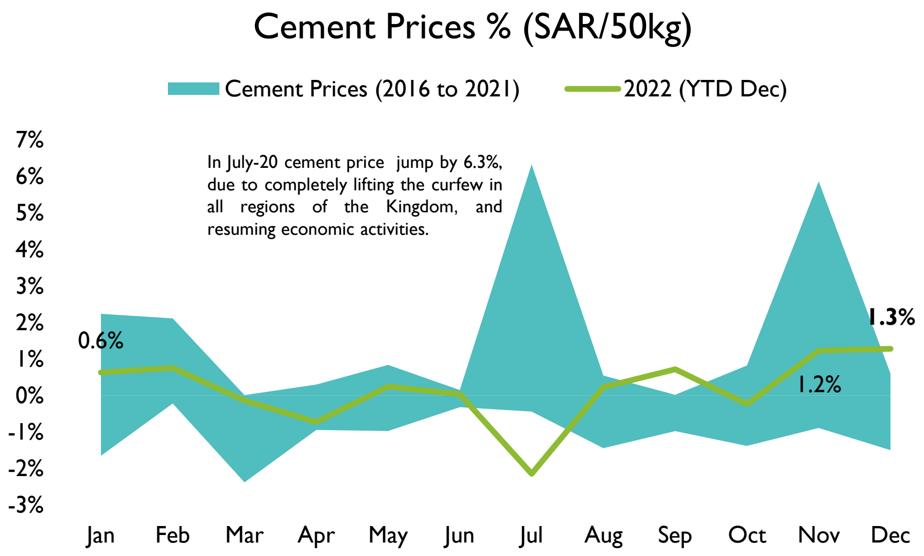


- In December-22, cement production showed a decreases of 1.6% MoM and 2.9% YoY basis.
- Cement inventory has decreased YTD Dec-22 by 13.8%.

- The Clinker inventory shows an increased of 0.8% in Dec-22 compared to the previous month, while it has increased by 0.2% on a YoY basis.
- The capacity utilization for clinker is estimated at 82.9% in Dec-22 vs 79.7% in Dec-21. In CY22, capacity utilization is estimated at 77.8% in CY22 vs 74.4% in CY21.

Source: Yamama Cement, Tharaa

Cement Prices change (50kg)



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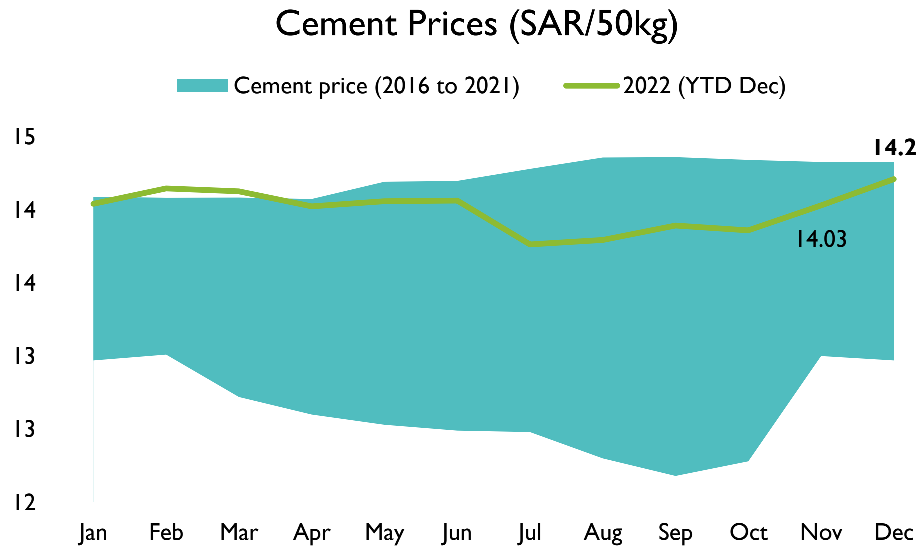
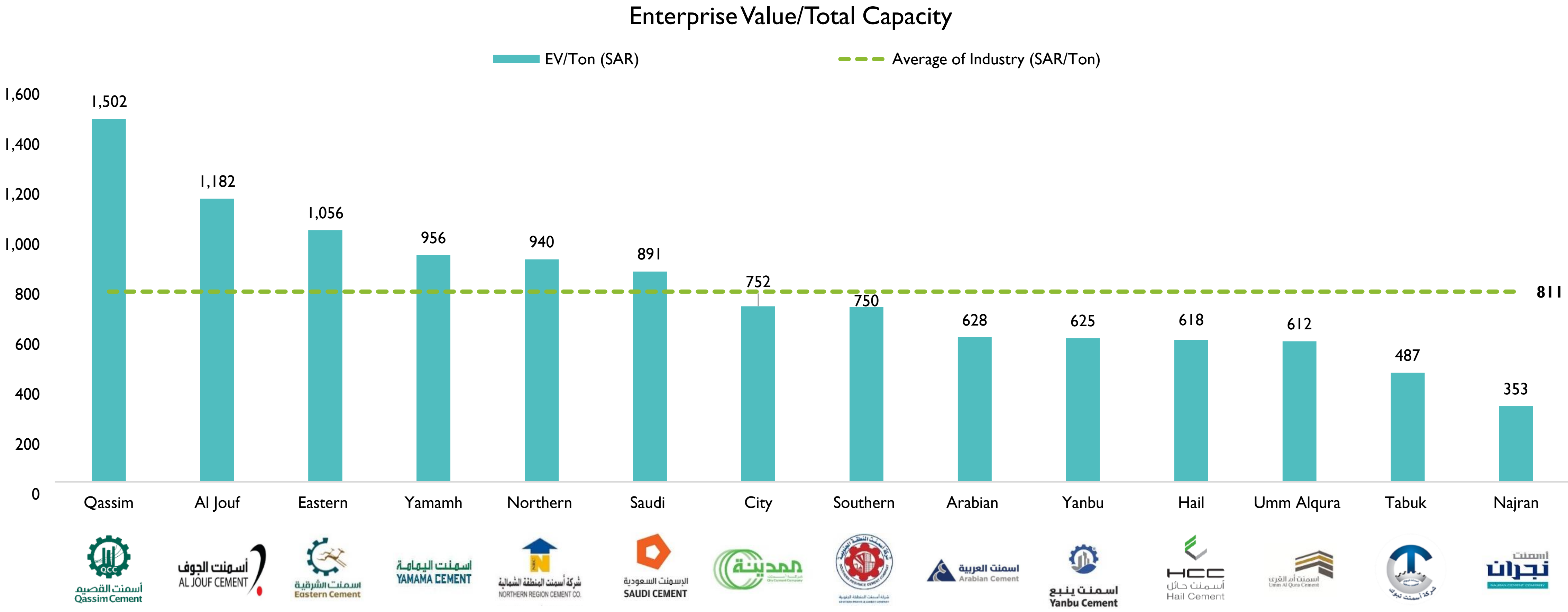


- Cement prices may remain relatively strong in CY23 with expected demand growth and draw down in clinker inventory.

Source: Yamama Cement, Tharaa

Enterprise Value/Total Capacity

Among TASI-listed cement stocks, Qassim Cement trades at the highest EV/Ton of SAR 1,502, followed by Al Jouf Cement with an EV/Ton of SAR 1,182. Meanwhile, Najran Cement (SAR353) and Tabuk Cement (SAR487) trade at the lowest valuations.

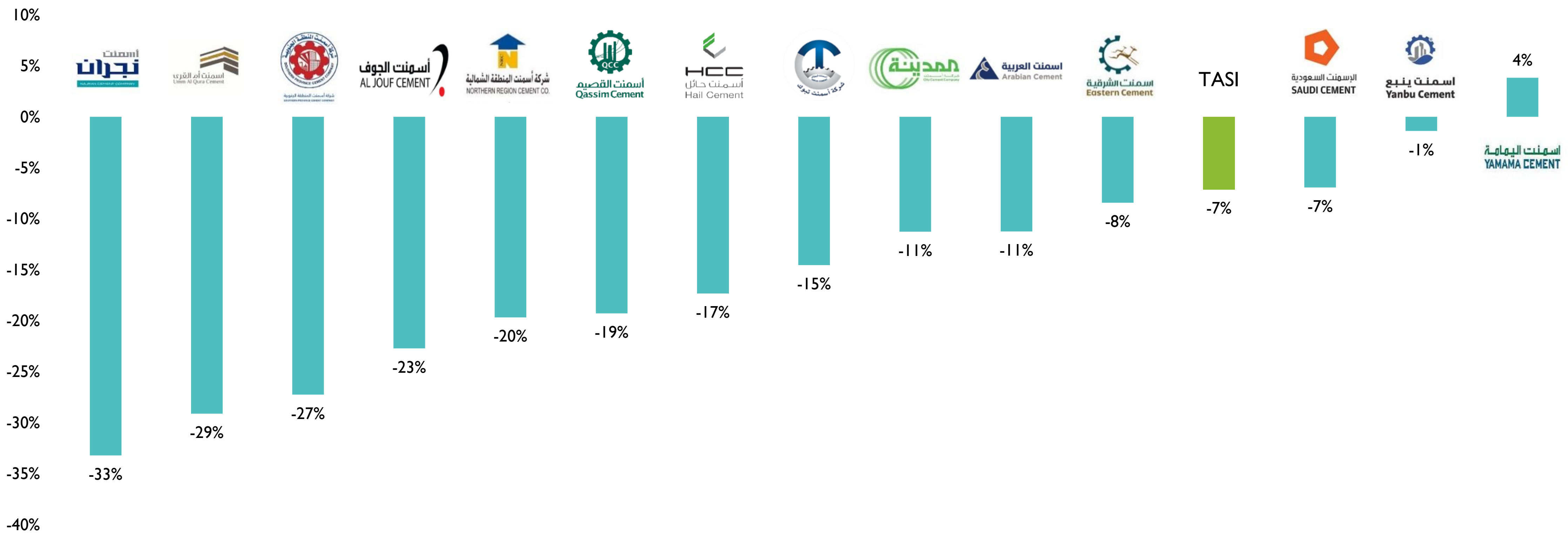


Source: Tadawul (Financial Statements End of 30 of September 2022 reports), Tharaa
**Enterprise Value: Equity Value + Debt(LT+ST) – (Cash + Liquid Assets)*
Mkt Stock Price as closed in 12-01-2023.

Cement Sector YTD Performance

Tharaa Financial Center

Yamama Cement Company had the best and only positive year-to-date performance among cement firms listed on the main market (TASI), with a +4% return, while Najran and Umm Al-Qura had the worst, with -33% and -29% declines, respectively.



Source: Bloomberg, Tharaa Financial Center
**Mkt Stock Price as closed in 29-12-2022*

Disclaimer

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