Cement Sector

Monthly Tracker (December)

January 2024

Tharaa Financial Center

Summary

Tharaa Financial Center

Total Sales

Total cement sales (Local+exports) declined by -2.4% MoM (-7.3% YoY) in Dec '23 to reach 4.8 mn tons. On a YTD basis, total sales have decreased by -6.5%.

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

The total cost of cement production will likely be impacted by Aramco's latest increase in fuel prices, as various companies stated.

Local deliveries

Monthly local dispatches increased by 0.3% MoM (-2.1% YoY) in Dec '23 . On a YTD basis, local deliveries dropped by -6.7%.

With a 14% market share, Yamama Cement Company topped the sector in local dispatches during Dec '23.

Yamama Cement managed to maintain its overall leadership position with a market share of 14% in both Dec '23 and Dec '22.

Exports

Exports dispatches decreased by -20% MoM and -35% YoY in Dec '23. On a YTD basis, the total exports have decreased by -4.7%.

The industry's exports stood at 543K tons in December '23, compared to 831K tons in December '22.

Saudi Cement Company recorded the highest market share of exports in Dec '23 with 40% of the total exports.

Production

In Dec '23, cement production showed an increase of 3.6% MoM, although it declined to -5.8% on a YoY basis.

Cement inventory showed a rise of 7.3% on a MoM basis in Dec '23.

The Clinker inventory increased by 1.6% on a MoM basis and by 13.9% on a YoY basis in Dec '23.

The capacity utilization for clinker is estimated at 82.2% in Dec '23 vs. 82.9% in Dec '22.

Prices

In Nov '23, cement prices showed an increase of 6.0% YoY, while declining -2.9% on a MoM basis.

In Nov '23, cement prices dropped to 14.27 nearing its yearly low of 14.21 in 2023 compared to 14.03 In Nov '22

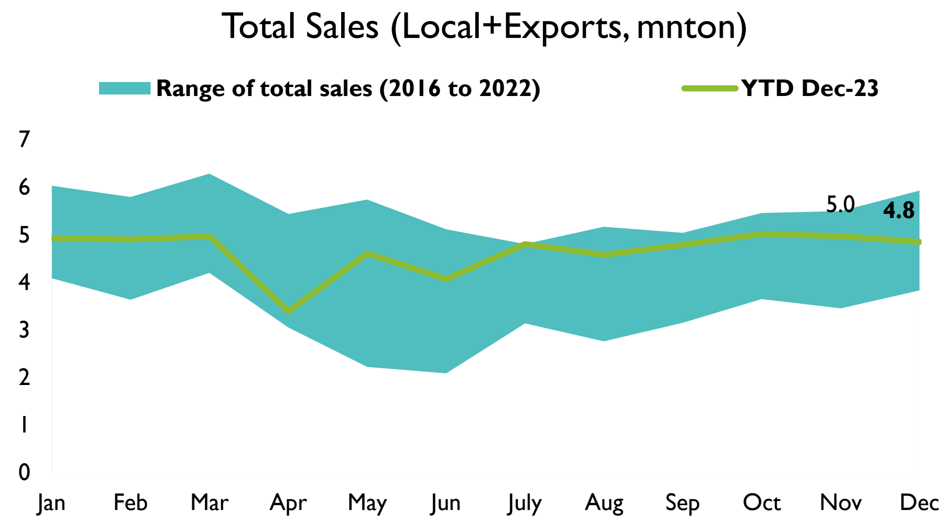
Performance & Valuation

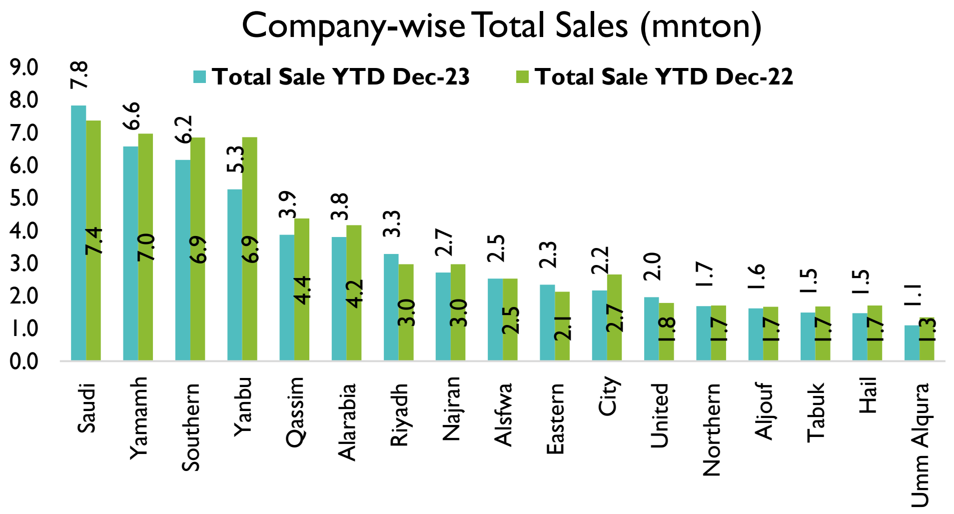
Among TASI-listed cement stocks, Qassim Cement trades at the highest EV/Ton of SAR 1,347, followed by Al Yammah Cement with an EV/Ton of SAR 1,1161.This can be compared to an average EV/Ton of 766 SAR for sector. Meanwhile, Tabuk Cement (SAR410) and Najran Cement (SAR316) trade at the lowest valuations.

Eight cement companies listed in TASI achieved positive returns on a YTD basis, while six achieved negative returns. Yamama Cement topped the list, achieving the highest performance with 26%. Meanwhile, Southern cement was the worst performer with -17%.

On a QoQ comparison, total cement sales grew by 5% in 4Q-2023 compared to 3Q-2023, with Umm Alqura (+71%), Alsfwa (+35%), and City (+34%) outperforming the industry's sales growth by a big margin

Total Sales (Local deliveries & Exports)





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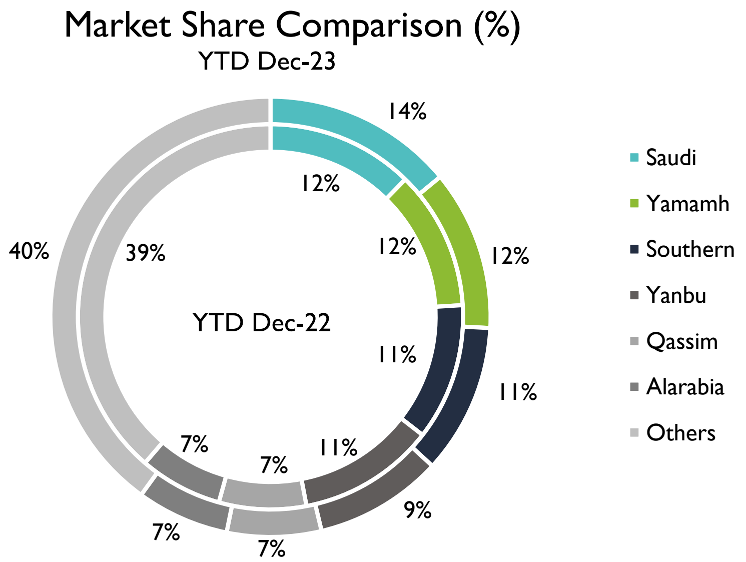
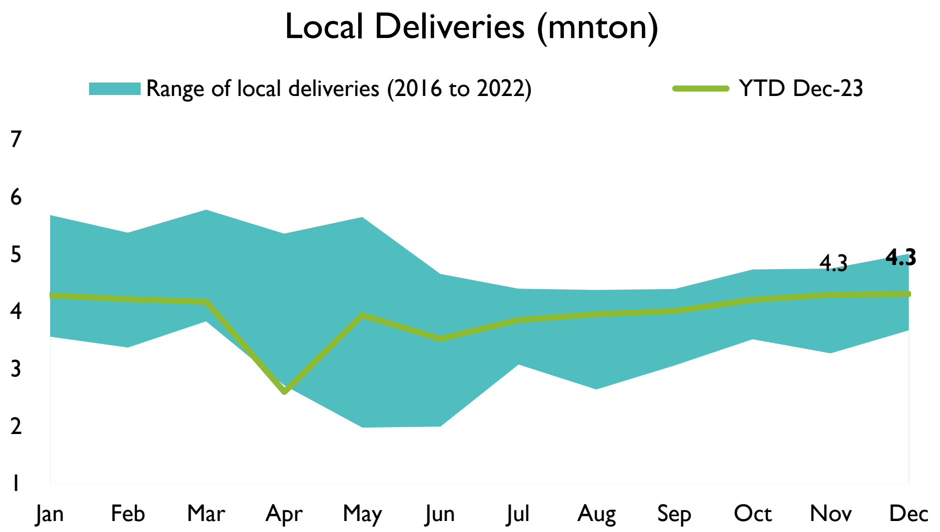
- The total cost of cement production will likely be impacted by Aramco’s latest increase in fuel prices, as various companies stated.



Source: Yamama Cement, Tharaa

Local Cement Deliveries



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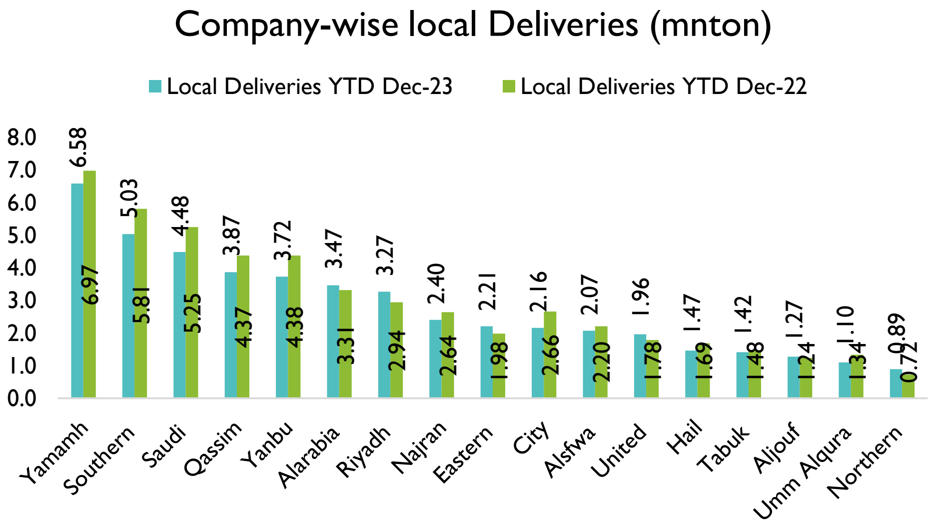
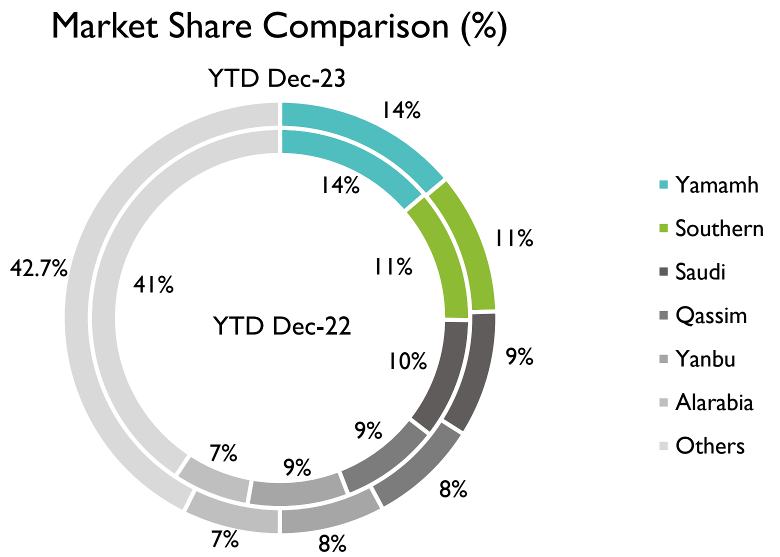
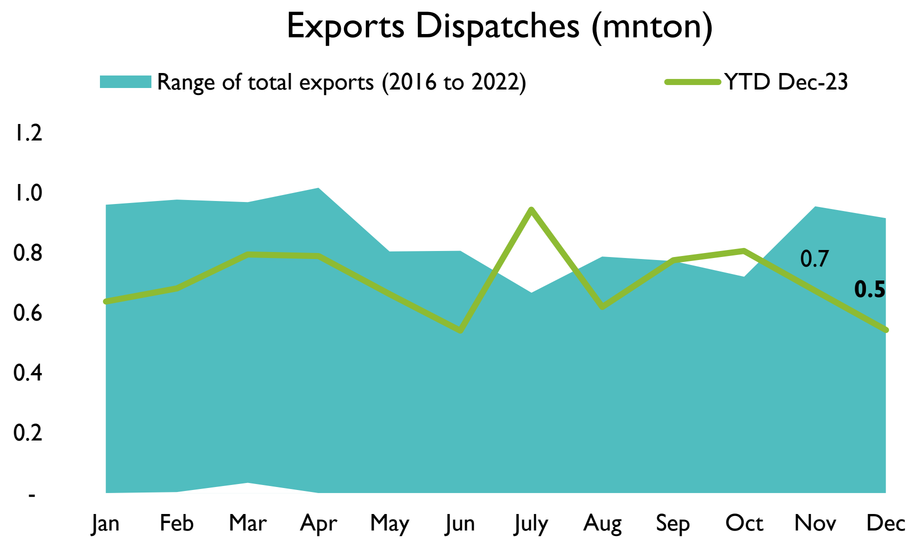
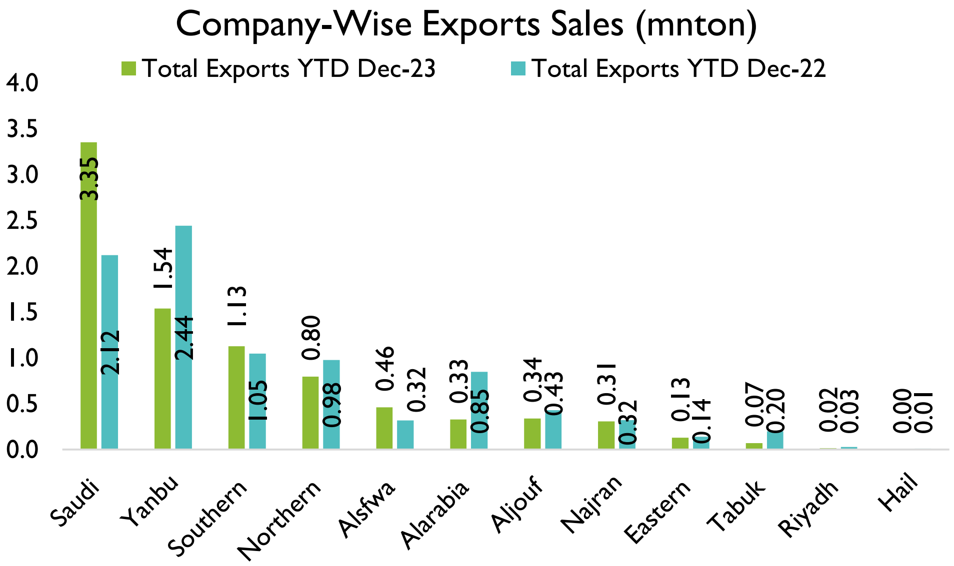




Source: Yamama Cement, Tharaa

Export Dispatches





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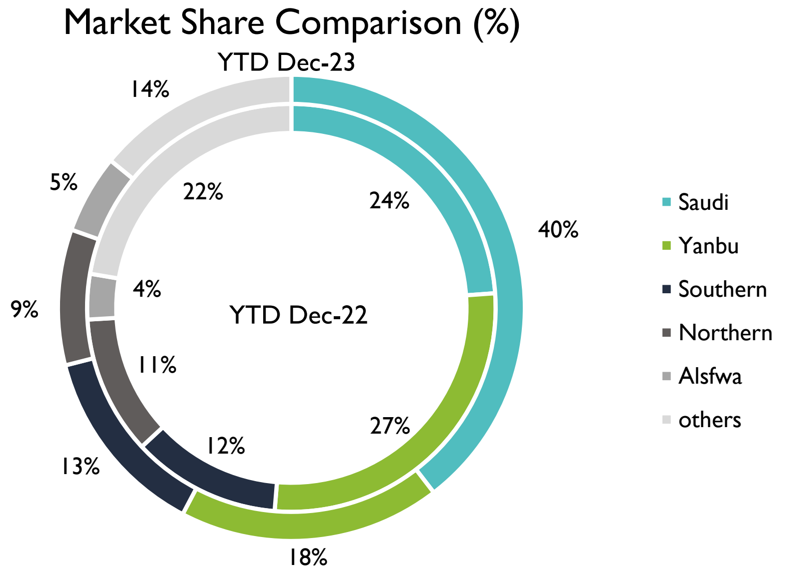
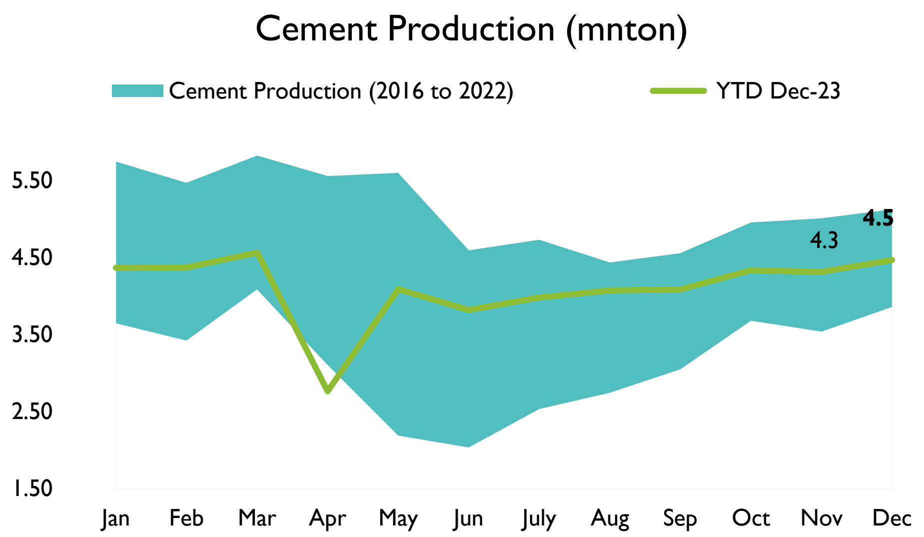
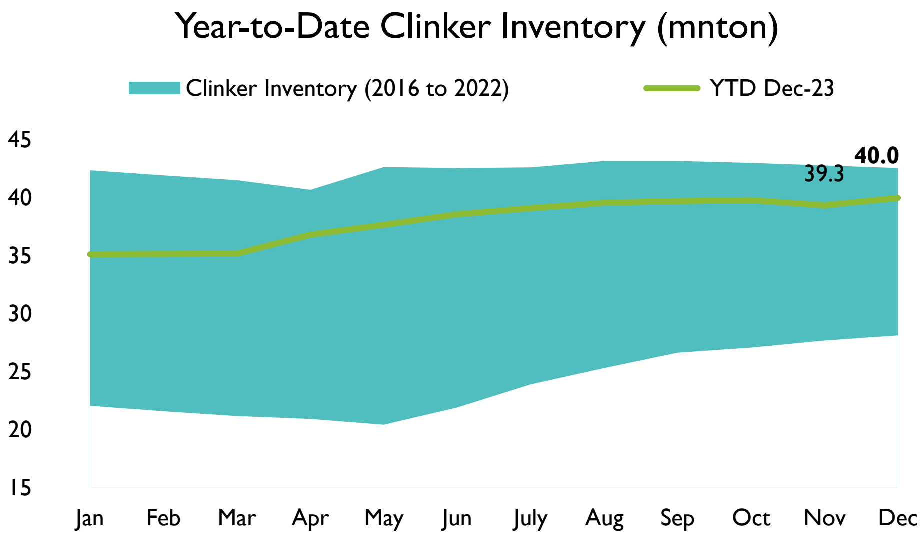


Source: Yamama Cement, Tharaa

Cement Production





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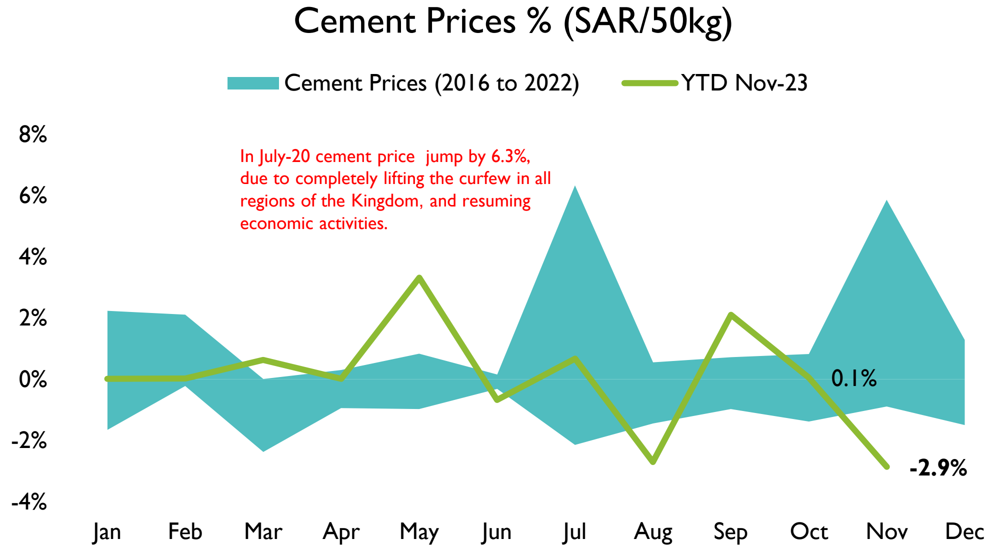
Cement Prices change (50kg)



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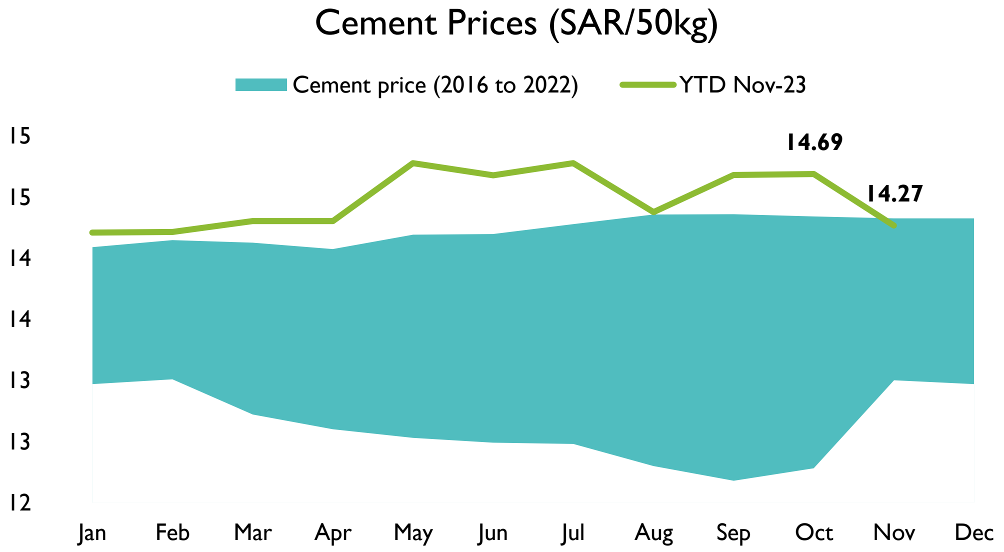

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Source: Yamama Cement, Tharaa

Enterprise Value/Total Capacity

Tharaa Financial Center

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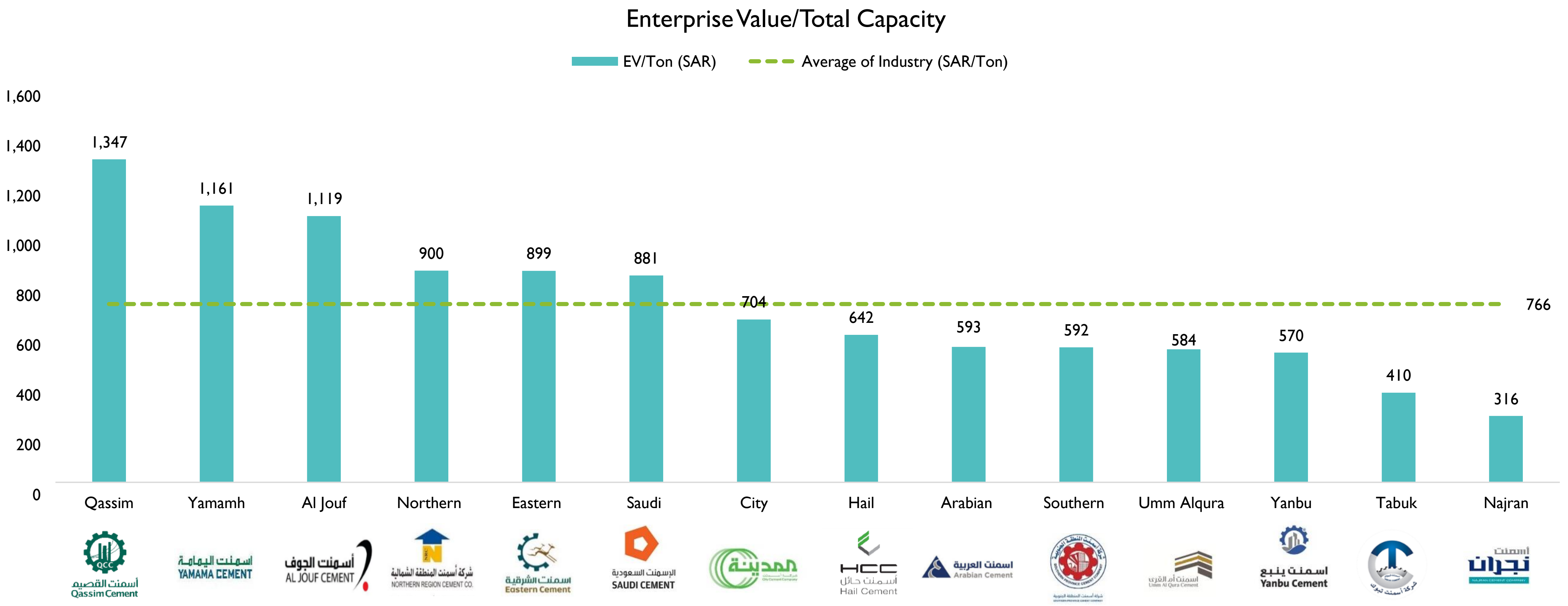
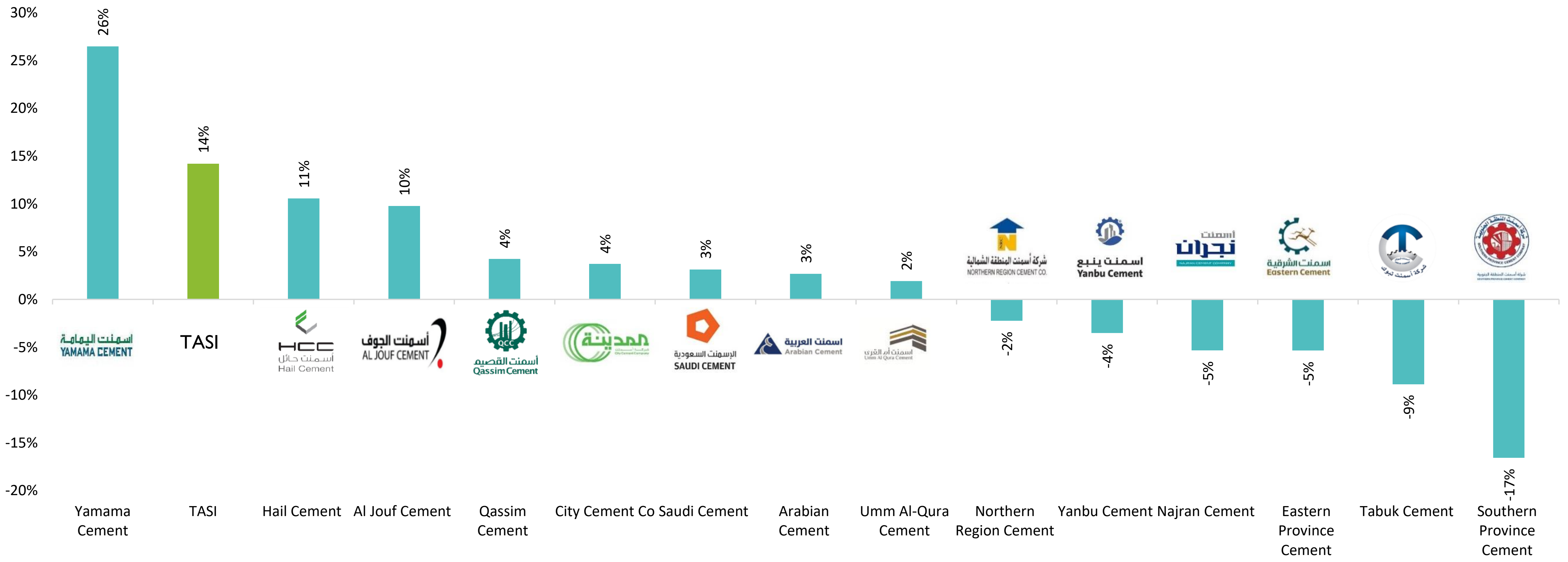


Source: Tadawul (Financial Statements Q3-2023 reports), Tharaa
*Enterprise Value: Equity Value + Debt(LT+ST) – (Cash + Liquid Assets)
Mkt Stock Price as closed in 3112-2023.

Cement Sector YTD Performance

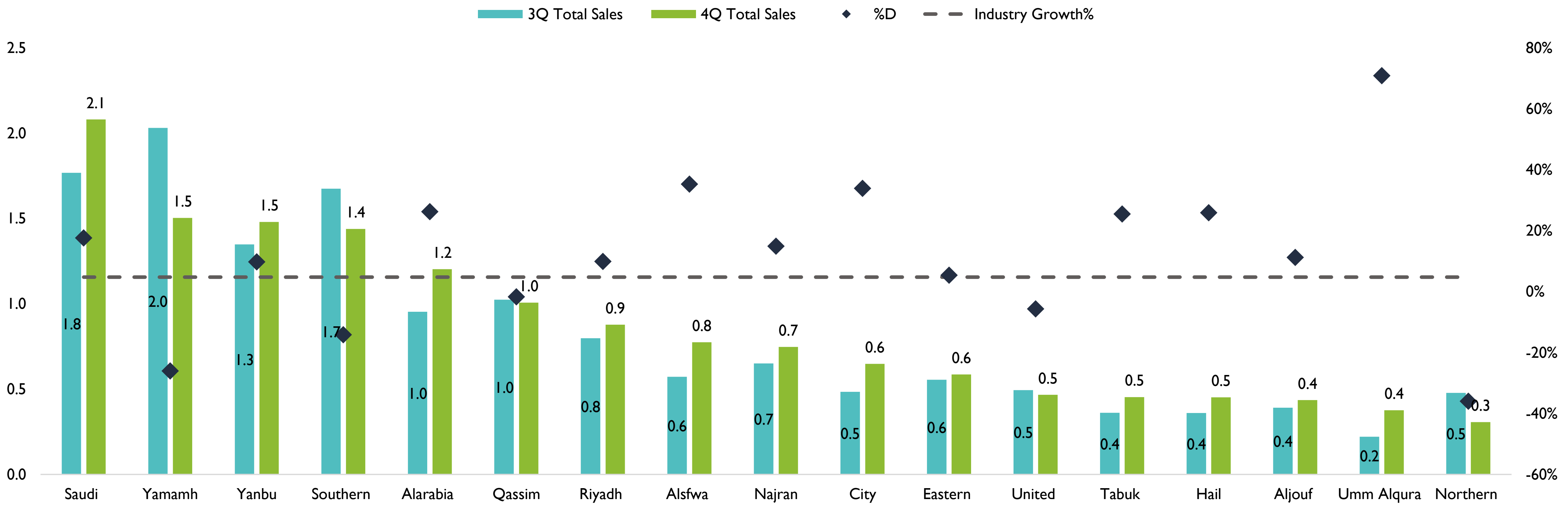
Eight cement companies listed in TASI achieved positive returns on a YTD basis, while six achieved negative returns. Yamama Cement topped the list, achieving the highest performance with 26%. Meanwhile, Southern cement was the worst performer with -17%.



Source: Bloomberg, Tharaa Financial Center
**Mkt Stock Price as closed in 31-12-2023*

Total Sales comparison on QoQ basis

On a QoQ comparison, total cement sales grew by 5% in 4Q-2023 compared to 3Q-2023, with Umm Alqura (+71%), Alsfwa (+35%), and City (+34%) outperforming the industry's sales growth by a big margin



Source: Yamama Cement, Tharaa

Disclaimer

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